How can we allocate resources to satisfy all economic players?

The decisions made by individuals determine how the limited resources of the economy are used including land, labor, machinery, oil and other natural resources. The key to understanding how these processes unfold lies in the role played by voluntary exchange in markets. In a voluntary exchange, both parties are winners.

Individuals make decisions that correspond to their own desires. Businesses make decisions that maximize their profit, and to achieve this goal, they try to produce the goods consumers want at the lowest costs. This process answers the queries: what to produce, how to produce and for whom to produce. As businesses compete for profit, consumers have a double win: the goods they get are what they want and the prices they pay for it are as low as possible. Overall, markets make efficient use of society's resources. However, in some areas there is a risk that the markets lead to outcomes that society may deem to be undesirable. There may be too much pollution, too much inequality, or insufficient priority given to education, health or safety. When we believe that the market is malfunctioning, public opinion tends to turn against the state.

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