Introduction to economics

What is Economics?

Economics is all about making choices when resources are limited. It helps us understand how people, businesses and governments decide what to do with their money, time and effort.

Example: Mouhamed is a university student who has limited amount of money and he needs to decide what to do with it and how to spend it yet he has to prioritize needs (food , transport) over wants (New clothes).

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Microeconomics (Small): Abranch that looks at individual decision-making. It's about how people and companies make choices, from everyday spending.
• Example 01 : If you've ever asked yourself:What's the best way to use my time and money?Should I buy a car or a house ?
Then you've already been thinking like a microeconomist.
Example 02 : Why does the Algerian company of 'Condor ' increase its prices?

Macroeconomics (Big): the branch that deals with an entire economy's structure, behavior, and performance rather than focusing on individual markets or agents.
Example 01 : what causes inflation?
Example 02 : what causes unemployment?

The difference between Economy, Economic, Economics :
Economy (Noun): The economic system of a country.
Economic (Adjective) : A descriptive word that relates to the economy.Example : Economic growth can create jobs .
Economics (Noun) : A study / social science of how people or governments use limited resources to satisfy their needs .Example: Youssef is studying economics at university.

The difference between Economics, business and management:

Economics : A science / study of how people, companies and governments distribute resources for a particular purpose.

Business: A field that deals with the commercial activities like selling , buying and producing products or services to make a profit.
Example : The Algerian company of ' Hamoud Boualem' sells soft drinks to make a profit.

Management: Is how can we organize our team and plan our tasks to achieve our goals .Example: AR or 'Amira riya' is a company that sells hijabs .the manager organizes the workes , take the orders and make sure customers receive their hijabs on time .

Inflation:
Inflation is an increase in the level of prices of the goods and services that households buy.There are several reasons that lead to inflation :
* when people and governments want to buy more products and services but the supply is not enough .Example : During Eid el fitr, all people want to buy new clothes, but if shops have a limited supply clothing prices may increase.

* when to cost of production (materials) increases in prices .Example 01 : when the price of sugar and flour increases, a bakery may raise the price of bread .
Example 2 : when the price of fuel increases transportation become more expensive.

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