

what is economics ?

- * Is the study of the use of scarce resources (that have alternative uses
- * Basically there are people and people need resources to fulfill their desires so people need to make choices about how they use those scarce resources....economics study these resources.
- * Economics is the study of money in another word for accounting

2 *Economics is also devided into two branches:

- macroeconomics (large/ wide)
- * studies entire Economy (deals with the economy as a whole, instead of individual aspects
- Microeconomics (small/ narrow)
- * Studies individual Agents and markets

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Each type Concerned with

*macroeconomics covers:

- Total consumption
- Total investment
- National income
- Employment level
- Balance of trade and balance of payment
- General price level

*Microeconomics covers:

- Consumer behaviour
- Firm's behavior
- Factor pricing
- Industry location
- price of a product

Application:

- Macroeconomic:
it applies to environment
or external issues

- Micoeconomic:
It applies to operational
or internal issues

3 *Importance of Economics:

- Macroeconomics:
- Microeconomics
- Maintains stability in the general price level and is helpful in solving problems of economy
- It as certain price of a product and other factors of production

4* Economy: is a system in which produce, sell, and buy things

- **Wants:** nice to have(phones, ball, a guitar..)
- **Goods:** are items that are tangible, objects we use; like your pen, your money,
- **Needs:** must have to survive (apple, house, water, cloths..)
- **Services:** an act done for someone, like flying, dentist