

Why It's Important to study Economics

Money, wealth, prices, wages, production, inflation, taxes, welfare, subsidy—words we hear quite frequently, but do we truly understand them? In light of what I have learned recently I think not. If we would take a few minutes to read about economics we would see that it is all about life. How we live, work and spend money. I believe that by studying economics that people become wiser about what is going on around them.

Economics teaches us about money, where it came from how it is created, why there is so much in circulation, why the government is in a debt, why our money is not worth much in other countries. Then there are times money is in demand and other times it is not. Why? We learn that inflation is created by the amount of money in circulation and how it affects us personally bringing high prices because the money has now lost more worth and recessions and depressions are a result of it. We also learn about free market and government controlled economies. And how having a large powerful government can have its good side because they have the ability to protect the people but on the other hand has become the controlling factor of the economy by how much money they decide to create.

We learn why situations such as the housing market blew up so quickly and why now it seems to be crashing, which is called the boom/bust cycle. That wealth is not money it is production and production is more important than work. For example you are paying an employee to do work but he works at a slow pace with the result of not producing much of a profit but if he works faster he will produce a greater profit for you. Hence production equals wealth, the quicker and better you produce items that people want the more profit you acquire. When you produce an item it does not have value unless people want it. This is how discount stores came about. Merchants would carry items that did not sell at full price because people did not want it bad enough, but at the low price it is a deal.

You understand an economist. The difference between a good one is he will look at the long term results and how it affects all people groups. And a bad economist who only looks at the short term results or certain people groups which can have long term destructive results.

These are a few reasons why I believe it is important for everyone to study the subject of economics and the sooner the better. In the long run you will also be wiser in the selection of the officials you put in Washington to run this country we live in.