

The Basics of Economics

Economics is the study of how people use resources to satisfy their needs and wants.

Every day, individuals and businesses make economic decisions. People buy goods and services, while companies produce and sell them. The government also plays an important role in the economy by regulating markets and providing public services.

There are two main branches of economics: microeconomics and macroeconomics.

Microeconomics focuses on individual consumers and businesses, while macroeconomics looks at the economy as a whole. Economists analyze supply and demand, prices, and market trends to understand how economies function.

Money and trade are essential to economic activity. Businesses produce goods, and consumers purchase them. Banks help people save money and invest in businesses. Governments collect taxes and spend money on public goods such as education, healthcare, and infrastructure.

Comprehension Questions

1. What is the main focus of economics?
2. How do individuals and businesses participate in the economy?
3. What are the two main branches of economics?
4. How do banks contribute to the economy?
5. Why does the government collect taxes?

Grammar Exercise (Present Simple)

1. The government ____ (regulate) markets.
2. Businesses ____ (produce) goods and services.
3. People ____ (buy) products every day.
4. Banks ____ (help) people save money.
5. Economists ____ (analyze) supply and demand.