

Market equilibrating process paper

[Science](#), [Physics](#)



Market Equilibrating Process Paper Economics helps to understand how our efforts to produce goods and the products themselves are related, including the monetary aspects. On the national level this is macroeconomics and on a more personal level it is microeconomics. According to McConnell, Brue and Flynn “ The market system permits consumers, resource suppliers, and businesses to pursue and further their self-interest. In competitive markets, prices adjust to the equilibrium level at which quantity demanded equals quantity supplied.

The equilibrium price and quantity are those indicated by the intersection of the supply and demand curves for any product or resource. An increase in demand increases equilibrium price and quantity; a decrease in demand decreases equilibrium price and quantity. An increase in supply reduces equilibrium price but increases equilibrium quantity; a decrease in supply increases equilibrium price but reduces equilibrium quantity. ”

Microeconomics and Macroeconomics According to Investopedia “ The field of economics is broken down into two distinct areas of study:

microeconomics and macroeconomics. Microeconomics looks at the smaller picture and focuses more on basic theories of supply and demand and how individual businesses decide how much of something to produce and how much to charge for it. People who have any desire to start their own business or who want to learn the rationale behind the pricing of particular products and services would be more interested in this area. Macroeconomics, on the other hand, looks at the big picture (hence " macro").

It focuses on the national economy as a whole and provides a basic knowledge of how things work in the business world. Personal Economics

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According to [www. bls. gov](http://www.bls.gov) “ Accountants and auditors help to ensure that firms are run efficiently, public records kept accurately, and taxes paid properly and on time. They analyze and communicate financial information for various entities such as companies, individual clients, and Federal, State, and local governments. Beyond carrying out the fundamental tasks of the occupation—providing information to clients by preparing, analyzing, and verifying financial documents—many accountants also offer budget analysis, financial and investment planning, information technology consulting, and limited legal services. ” I like my career, I am Accountant and I have been married for 7 years with 2 kids, I see how economics impact commerce; from small businesses, like mini markets or restaurants, to big businesses like Wal-mart or Target, each price variation reflects in a home having less acquisition power of products or services, this is the main reason why studying economics is very important and useful to companies and to myself.

According to McConnell, Brue and Flynn “ When price changes, total revenue will change in the opposite direction if demand is price-elastic, in the same direction if demand is price-inelastic, and not at all if demand is unit-elastic. Price elasticity of demand is greater (a) the larger the number of substitutes available, (b) the higher the price of a product relative to one’s budget; (c) the greater the extent to which the product is a luxury; and (d) the longer the time period involved. Summary Economics is useful tool for companies and people because we can understand our acquisition power in the market and the companies can make decisions about their future. References:

McConnell, Brue and Flynn (2009). Economics: Problems and Policies (18th ed.). McGraw-Hill <http://www>.

investopedia.com/terms/m/microeconomics.asp, Retrieved April12, 2010.

<http://www.bls.gov>, Retrieved April11, 2010.