

Economic icon: chris biehler

Economics



**ASSIGN
BUSTER**

Economics is the social science that deals with the allocation of scarce resources, working to obtain the greatest satisfaction from society's unlimited wants. Many factors that deal with economics are the concepts of demand and supply. While most people may not really realize how economics takes place in their everyday life, while it is very obvious that it does. My job of working at a McDonald's is very much related to what I have learned in our economic course. The law of Demand states that the quantity demanded of a good or service is inversely related to the price of a good or service.

To have a demand for something you must be willing and able to purchase the good or service at the various prices during that time period. This is related to my job in many ways. There are five factors that make up the non-price determinants of demand, Income, tastes and preference, the price of related goods, expectations and population. So with the concept of demand if a person wants McDonald's then they must be willing and able to pay for the food and services. The first non-price determinant being income. If a person's income changes they may not come to McDonald's as much anymore because they can now afford nicer goods or services.

Making McDonald's an inferior good. An inferior good is when there is an inverse relationship between income and demand. Another example may be now that your income has increased people may come to McDonald's more and buy a larger quantity of food, making it a normal good. Another determinant would be tastes and preferences, if people get in the mind set and McDonald's may cause obesity may increase, the demand for McDonald's may decrease while the demand for a healthier product may increase.

Another example is price of related goods. The two types of related goods are substitutes and compliments.

For example if price was to increase at McDonald's then people may go to Burger King to satisfy their fast food needs. Compliments would be if the price of burgers increase then the demand for fries may decrease because everyone knows that you do not go to McDonald's and not order french fries. Resulting in the rational customer going to buy other things. Another example is expectations, if people expect a pay bonus then, they may go out and buy things. A final determinant is population, the quantity demanded will increase if there are more people in society that are willing and able to buy McDonald's.

Not only is demand related to my life but supply is as well. Supply is the willingness and ability of producers to sell a good or service at various prices during that given time period. The law of supply is the quantity demanded of a certain good or service is positively related to its price. One determinant is relevant resources. Another determinant is a change in technology. If McDonald's had advanced machine that would cook meat faster than food would be able to cook much faster and service would be quicker making more customers come to our store. Another example is change in the use of product.

If the price of milkshakes increase, people may want to buy more ice cream resulting in our McDonald's being able to use the mix toward sundaes and cones. Another determinant would be change in expectations. Due to the summer months coming up McDonald's may increase or prepare to order

more cases of the strawberry lemonade. A change in a number of producers is another determinant. Meaning that as supply increase or decrease their may be an increase or decrease in producers. Taxes and subsidies are more determinants alone with the weather. If the weather is poor and the McDonald's floods the supply will decrease.

Another Thing that I find to relate to my life from what I have learned in our economic class is price floor. A price floor is a minimum is the legal minimum price below which a good or service may not be sold. For example minimum wage. As the prices in our economy increase, if there wasn't a price floor then McDonald's may want to offer lower wages, making it harder for a person to live. During our micro economics class there have been many aspects that I can relate to my life. This class is allowing my to expand my horizons and further understand economic concepts and how they apply to my life and the people's lives around me.