

How economics has changed my life essay sample

[Economics](#), [Currency](#)



They say that if you look at it things closely, you will see the essence of economics going about its daily routine. Indeed, from the man buying his morning coffee to the woman calling for a cab, the economic system is all around us. Not many people notice it (or are just apathetic about it). But surely, it's everywhere. Day and night - it never stops. The moment the sun sets in one part of the world, money starts circulating on the opposite side. The buying and selling of goods begins. Services now continue with their proceedings and processes. And infrastructure construction resumes. Truly, depending on how one views his or her own surroundings, one will be able to see the active nature of economics.

Economics, in the simplest sense, refers to the study of the production, distribution and consumption of goods and services. As a field of study, economics aims to comprehend the daily processes of the subjects mentioned. As such, the study of economics helps people understand the never ending activity of economics within their daily lives.

Apart from the study of the production, distribution and consumption of goods and services, probably one of the most important aspects of economics is the study or analysis of scarcity. Scarcity, in the economic sense, means the availability (or unavailability) of resources (insufficient) that are used to satisfy the needs and wants of the populace. As what the late Lionel Robbins - a British Economist of the late 20th century - had claimed, " Economics is the Science which studies human behavior as a relationship between ends and scarce means which have alternative uses." Using Robbins' definition, it can be deduced that the study of economics is

the study of man's choices over how to fulfill his needs and wants through the regulation and use of scarce natural resources.

In its activities, economics attempts to make full use of scarce resources efficiently. This nature of efficiency helps the adherents of economics - and in the general sense, the entire world - to understand the world around them. Simply said, it helps the person who is familiar with economics understand how or why a certain product's price goes up or down. Likewise, a person who understands the study of economics will be able to determine the economic health of his or her own country; thus, paving the way to understanding and interpreting some possible implications to the politics of the nation, its society and its environment. Truly, people who understand economics are people who understand how the world works (at least in terms of human resources and human activity).

Let us take, for example, the Stock Market. How does a stock price go up? Why does it go down? How do people profit from it? Oppositely, how do people lose money from it? Economically speaking, the Stock Market is or can be used as a determinant for the country's economic growth and development. As such, people who understand the Stock Market will be able to understand the aggregate economy of the country. However, before everything else, one must first understand the study of economics before one can understand the working's of the Stock Market. This statement only highlights the importance of economics in our daily lives.

Personally, my study of economics has helped me advance my life in many ways. For starters, it has helped me understand the law of supply and

demand. The law of supply and demand is undoubtedly one of the strongest foundations of every economy in every country in the world. As the law dictates, the higher the demand, the higher the supply and consequently, the higher the supply, the lower the demand becomes. Basically, the law follows a simple cycle of product prices fluctuating in response to the populace needs and wants. Understanding this law benefits me in more ways than one. For instance, I am able to anticipate whether a certain product's price will go up or down. By understanding that higher demand tempts sellers to increase their prices, I am able to expect such fluctuations and then make my monthly budgeting more versatile and frugal.

Likewise, I am able to anticipate whether a certain product's price might go down due to excessive supply and low demand. In that way, I am able to make certain changes in my spending habits by carefully predicting the right time prices will go down; thus, maximizing my available purchasing power. Indeed, knowledge about the Law of Supply and Demand can make an individual more frugal and less prodigal - simply said, it makes a person more "economic". This knowledge may seem to be irrelevant for some people. But personally, I find this knowledge an advantage against others. Being able to hold a sort of reading reference for possible future circumstances pertaining to product prices can truly serve as an edge over other consumers.

And this advantage does not stop there. The more a person studies the field of economics, the more he or she will understand the workings of the

economy and ultimately use it to his or her own advantage. Let us take, for example, the Banking System.

In the past, I found the system of banks and their proceedings to be an intricate process that is too much for the average person to understand and take advantage of. After understanding the basic foundations of economics, however, I was able to somehow comprehend the normal workings of the Bank. By being able to do so, I am able to take advantage of the Bank's perceived benefits without ironically putting myself within the economic damages of the Bank's perceived detriments. Furthermore, I am able to understand the workings of borrowing and paying loans - both in its deadly and beneficial aspects. Now armed with this knowledge, I am now able to perform financially competent within the economy of the country. I am able establish businesses with the help of the bank; of which, technically, results to the creation of jobs, the stimulation of buying and selling of products and materials and the circulation of money - all done accordingly in contribution to the aggregate economy of the nation.

The study of economics, as some historians and economists suggest, has been around since the time humans first initiated commercial relationships with different societies within their own kind. Indeed, humankind started out with some simple trade rules and processes. The most famous of all (and probably the most ancient) was the trade process known as barter. Barter is simply an act of exchanging one's goods in trade for another's. Many traders and/or merchants from different societies have used this method for centuries - trading valuable goods in exchange for the exotic, the

priceless for the unique and the old for the new. It is through this type of trading process that humankind first developed a sense of importance for this activity of buying and selling of goods. For one thing, security and trust was a problem. A lot of traders mostly lie about the quality (and sometimes the quantity) of their goods.

Some even resort to petty thievery and conning activities - mostly after the trade has been conducted. Furthermore, people faced problems with regards to the implications of their activities. Imagine a situation in the past where we assume that a Chinese trader decides to bring Jadestones to India. The traders of India are delighted. They then exchange their goods. The next week, the Indian traders demand to the Chinese traders to bring more Jadestones for the people of India somehow found it both exquisite and valuable. Since trade was done merely through barter, Jadestones poured into the Ancient Indian Society in exchange for more important goods such as rice, wood and other agricultural or mineral products of lesser value. The end result would be a disaster: Jadestones overwhelming the country without any way of determining its value to other foreign traders whom they wish to sell it to or who wish to acquire it. If the study of economics was prevalent back then, this situation could have never happened.

Speaking of commerce, history suggests that humankind eventually evolved from barter to the use of currencies through the development of ancient coins. Initially, currencies were first developed through the creation of small metal coins that were used to represent stored values of cargo and commodities. Eventually, these coins began storing value themselves. Coins

made from many different kinds of materials - ranging from plain metal to solid gold - started becoming valuable. Thus, came a different era where trading no longer requires the loss of one's goods in exchange for another. Coins of different kinds were now used to determine the value of the goods that were being taken - or in the economic sense, sold. Purchases and exchanges were now done in accordance with the value of the coins being exchanged. For instance, gold coins were used for large purchases and the backing of State activities. Silver coins represented large transactions between traders and merchants while copper coins represented common transactions between citizens.

Eventually, the era of coins was put to an end when the introduction of paper money and credit money began in as early as the 7th century in Ancient China. Being that major traders were now trading in huge volumes whilst bringing and using large amounts of coins during their trips in order to conduct their proceedings and processes, the weight of their carriages became intolerable. Thus, ancient traders and merchants resorted to putting their name and the amount of coins they had on paper - indicating to their counterparts and colleagues that that were the amount of coins they had (which, unfortunately, they cannot bring). It was less burdening for merchants and traders alike. In fact, the Ancient Chinese Emperors found it so convenient that they began establishing the act (the putting the amount on paper) as a business norm. Paper money was then regulated among the populace and among traders and merchants overseas.

The rest, as they say, was history. Governments, Empires and Monarchies alike began issuing a unit of currency for their paper money and no sooner, the era of currency trading began and at present, major international organizations such as the International Monetary Fund and others now regulates the entire foreign exchange system of the world. All of these were made possible through the study of economics. And for that, I can safely say that economics have already made an impact on my life even before I was born. I can only imagine what life would be if currencies were not yet introduced in the world of business.

Purchasing products would probably be a hardy task. Obtaining resources from other countries would also require intricate processes and mechanics. Ultimately, governments would probably find it hard to conduct businesses, regulate the economy and build infrastructures. The study of economics has helped me understand all these concepts and contexts (even though only in a minimal level). Indeed, though the existence of these ancient currencies may have been one of the earliest foundations of the development of the study of economics, it cannot be denied that it was the study of economics which made the nature of these currencies become more comprehensible.

The creation of paper money and credit money has benefited humankind in many ways. First of all, people are now able to carry with huge amounts of money with as little weight as possible. Second, the value and goods can now be easily determined (coupled with the law of supply and demand). Finally, business transactions and salary payment can now be easily

conducted. All these benefits have undoubtedly manifested themselves generally from the study of economics.

The study of economics have helped me changed my life in more ways than one. Apart from making my life a lot easier (as compared to the absence of the knowledge of it), it has also made me change my view of a lot of things. Studying economics has made me understand how the country's economy runs. It helped me understand how banks and other financial institutions work. Furthermore, it has also helped me understand the daily workings of everyday life - from the buying and selling of goods to the acquiring and paying of debts. As such, I am able to see things in a more "economic" view. And indeed, it has made my life more fascinating, if not complex.

Learning economics is not an easy task. Economics, in general, covers a lot of topics and sub-topics ranging from microeconomics to macroeconomics. As such, it is important for its recipients to devote as much time as possible in order to - not necessarily master but - be adequate about it. For one thing, economics is not a walk in the park. With all its benefits and privileges comes a different set of detriments and sacrifices. I am not implying, though, that those who do master all the concepts and contexts of economics will be the ones who'll practically lead better lives than others - that is a different issue.

I am implying, however, that those who do master economics in all its wonders and intricacies will lead very different lives as compared to those who are completely ignorant or apathetic to the knowledge. As said before, economics is all around us. It never sleeps. Its processes and activities are

present in every society, in every community. It is a sort of quasi-invisible force that, if viewed consciously, would guide our everyday lives. As such, it is important to note that having the knowledge of economics is better than having none.

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