**Basic Economic Concepts - Poem**

Economics is the study of

Unlimited desires,

And how to deal with all of those,

As resources expire

So many wants we have,

Yet resources are so few,

So who is dealt just what,

And who then gets to choose?

Microeconomics is the study of

People and business contemplation,

While macro looks at economic problems

Within entire nations

Positive statements are then drawn,

From scientific method and conclusion,

While normative is opinion based,

That are based off one's illusions

Yet some things are so commonly known--

As some resources become lost,

To maximize production,

Comes with an opportunity cost

Scarcity is the issue--

Limits in resources force one to choose,

And with every opportunity,

There is opportunity to lose.

There are three factors of production,

That must become well known--

The first of which is all the land,

And all the resources that it owns.

The second one is labor.

This involves all that humans do--

All of their physical tasks,

And their mental knowledge too

Finally, there is capital--

The equipment and machines

That maximize all of the production,

Which maximizes green.

As the production is taking place,

Maximum efficiency is clear

For it can all be charted

On the production possibilities frontier

When production lies inside this curve,

Inefficiency is to blame!

However, points outside the line,

Simply cannot be attained!

As technology increases though,

Or more resources come to sight

The maximum production curve

May then shift to the right.

Another part of economics

Is the ability to trade

But both parties must see benefits,

So that deals can then be made.

But as people look out for themselves,

They somehow help their fellow man!

A concept derived by Adam Smith,

He calls the 'invisible hand'

See, one may work hard to provide

All that he may desire,

And in doing so, produces goods,

For others to acquire

As these new goods are created,

And production, too, expands,

The prices are then determined

Where the supply meets the demand!

The law of demand then states,

As prices continue to rise,

Demand then goes from high to low,

This should come as no surprise.

However, as the prices increase,

More are willing to provide,

And where the supply meets the demand,

The price equilibrium shall lie.

When the demand is great,

But the prices are too low,

A shortage will soon be the result,

And up, the prices go!

However, when the demand goes down,

And the supply and price both exceed,

A surplus of too many goods,

Will drop the price, indeed!

The economy is complicated,

But the circular flow model shows

The flow of all the resources,

And where each product goes

From the homes and individuals,

Come the factors that production needs,

And in return, wages are paid,

To spend just as they please.

This is the factor market,

The firms then produce the goods,

To send them to the product market,

For people to purchase, as they should!

Yes, economics can be very tough!

Yet, if ever you seem lost,

Then give up your free time, and study more--

Your opportunity cost!