

Abstract. Economic Theory

Economics is the social science that aims to describe the factors that determine the production, distribution and consumption of goods and services.

Economics focuses on the behavior and interactions of economic agents and how economies work. Consistent with this focus, primary textbooks often distinguish between microeconomics and macroeconomics. Microeconomics examines the behavior of basic elements in the economy, including individual agents and markets, their interactions, and the outcomes of interactions. Individual agents may include, for example, households, firms, buyers, and sellers. Macroeconomics analyzes the entire economy (meaning aggregated production, consumption, savings, and investment) and issues affecting it, including unemployment of resources (labor, capital, and land), inflation, economic growth, and the public policies that address these issues (monetary, fiscal, and other policies).