What Economics Means to Me

Prior to taking an economics class, I thought that economics dealt with only the stock market and people who had the means to invest. Little did I know that economics entails understanding the distribution of limited resources; the manufacturing of products, and how society’s consumption of goods and services determines the supply and demand that essentially impacts how an economic system works. Now I understand that even my community, which has its own microeconomic system, contributes to the macroeconomic system.

I’ve realized that even though I live in a rural community, our agricultural region is part of the backbone that keeps the economy afloat. It contributes to the basic nutritional needs of mankind, supports economic development, as well as employment opportunities.

I live in the San Luis Valley which is comprised of smaller rural communities. A majority of the people depend on farming and ranching to earn a living. I learned that our agricultural communities impact everyone on the macro scale. Each community specializes in growing certain crops such as potatoes, barley, and alfalfa. Although these are not on large scale production, the micro production contributes to the aggregate supply.

My dad operates a small ranch where he raises cattle. Running a small operation means that the profit margin is seen only once a year, so economic decisions must be weighed carefully and with much thought put into the process. Since his resources will be used as food consumption, the timing of when the product goes to market is often dependent on the demand of the consumers at any given time.

Although I didn’t think about supply and demand when ordering a hamburger, my dad has to make economic decisions based on these factors. Smaller decisions by a producer must be made prior to the consumer buying a product. Questions like should I invest money into a different breed of cattle, or do I invest in new equipment to run the operation more efficiently, must be answered. My dad has to weigh his options on where to place his investments. Economics has helped me understand why my dad makes certain decisions at the end of his fiscal year.

Prior to my economics class, I didn’t fully interpret the implications of how economics impacts even a small ranching operation. I started to ask for more information from my dad. My conversations with him are more meaningful now, because of understanding the economics behind his decisions. I now comprehend how even the smallest ranching operations are impacted by bigger markets, and the economy as an aggregate.

With the Coronavirus pandemic, an extreme amount of jobs have been lost and unemployment rates are skyrocketing. Kathy Bostjanic, Chief U.S. financial economist at Oxford Economics stated, “It’s as if the economy as a whole has fallen into some sudden black hole.” In one of the economic books I read that, “Although industrial production may be at a halt or is reduced during a depression, agricultural production will survive as it continues to produce the basic necessities of life.”

Under the new circumstances caused by the virus, this information may not relate to the nation's current situation. Dairy farmers are now forced to dump milk, and tomato growers are having to let their crops rot. During this time period farmers, economists, and lay people are forced to revert back to the fundamentals of economics and answer the question: How will people make choices as we face scarcity and balance the supply and demand as a nation?

Economics has helped me to recognize how decisions impact every person's financial stability and it is more
evident now than ever. Every decision that I or a consumer makes will set off an economic chain reaction.

I ask myself, how will this impact the surrounding agricultural communities two or three months from now? Will the economy of the United States find efficiency with limited means? Will it rebound to help all those impacted, thrive and become financially stable again? How will the lack of resources impact all societies? How will the economic equation be different for me?

I look forward to gaining more economic knowledge in hopes of providing answers, because economics has changed dramatically.