**Branches of Economics:**

1. **Microeconomics:**
   * Focuses on individuals and businesses.
   * Studies supply, demand, prices, and how markets work.
   * Example: How a coffee shop sets prices.
2. **Macroeconomics:**
   * Looks at the economy as a whole.
   * Includes topics like inflation, unemployment, GDP, and government policies.
   * Example: How a country's economy grows or shrinks over time.

**Basic Economic Concepts:**

* **Scarcity:**  
  Resources (money, time, raw materials) are limited, so choices must be made.
* **Opportunity Cost:**  
  The value of the next best alternative that is given up when making a decision.
* **Supply and Demand:**
  + **Supply:** How much of a product is available.
  + **Demand:** How much people want the product.
  + Prices change based on the balance of supply and demand.
* **Incentives:**  
  Rewards or penalties that influence decisions. For example, sales encourage people to buy.

**Types of Economies:**

1. **Market Economy:**
   * Businesses and consumers decide what to produce and buy.
   * Prices are set by the market (supply and demand).
2. **Command Economy:**
   * The government controls production and pricing.
   * Example: North Korea.
3. **Mixed Economy:**
   * Combines market freedom with government involvement.
   * Example: Most countries today (e.g., USA, UK).

**Why Economics Matters:**

* Helps us understand how money flows in society.
* Informs decisions on saving, spending, and investing.
* Shapes government policy on taxes, trade, and welfare.