Interactive Learning Resource

Macro and micro in economics

Pod 12 LiWei Chen. Tingting Li

**Two of the following contexts are present in your group of learners:**

* English language learner (ELL)
* single parent who is working full-time and has 2 kids in elementary school

**A description and rationale for the learning design you chose**

Our learning goal is to teach learners to understand the macro and micro economy, so that they will not be at a loss when facing some economic problems in their daily lives. At the same time, we use the video PPT word to help them understand these contents, and complete the learning through continuous learning of the resources and exams we provide.

**An overview of your assessment plan**

|  |  |
| --- | --- |
| Proficiency  | Rank level |
| The learner's reading of the topic description. | 10%  |
| Understanding the question (part 3) | 15%  |
| Question and answer  | 35%  |
| List of Macro and Micro economic  | 60%  |
| list of resources | 100%  |
|  |  |
| Quiz of mic and mac | 100% |

Two grades will divide by 2 to get the result of study level.

100-88 A

88-76 B

76-64 C

64-50 D

50-40 F

40-0 E

Quiz

How is the current national income determined? (15)

What caused unemployment? (25)

How does the global economy affect the national economy? (25)

How is the current national income determined? (35)

1.

YouTube video link: https://www.youtube.com/watch?v=PHe0bXAIuk0

Macroeconomics is a field of economics that uses general statistical concepts such as national income, investment and consumption of the economy as a whole to analyze the laws of economic operation. Macroeconomics is relative to microeconomics.

Macroeconomics includes macroeconomic theories, macroeconomic policies, and macroeconomic econometric models.

1) Macroeconomic theories include: national income determination theory, consumption function theory, investment theory, monetary theory, unemployment and inflation theory, business cycle theory, economic growth theory, and open economy theory.

2) Macroeconomic policies include: economic policy goals, economic policy tools, economic policy mechanisms (that is, how economic policy tools achieve the established goals), economic policy effects and applications.

3) Macroeconomic econometric models include different models based on theories of various schools. These models can be used for theoretical verification, economic forecasting, policy formulation, and policy effect testing.

2 The degree to which the macro economy is important in a country.

YouTube video link: https://www.youtube.com/watch?v=MKO1icFVtDc

1) How is the current national income determined?

Macroeconomics will focus on the process of determining the total output of the current period, that is, the issue of determining national income. The national income index reflects the current situation of a country's entire economy. The level of national income determines the level of employment and living standards of an economy. The growth and fluctuation of a country's economy are mainly reflected in the growth and fluctuation of national income. Therefore, the determination of national income is the core issue of macroeconomics. Other analyses of macroeconomics are based on the research of national income determination.

(2) What determines the long-term economic growth of a country?

One of the important factors for a country’s long-term economic growth is population growth, which means a steady increase in the number of available workers; another important factor is the increase in average labor productivity. The output per unit of labor put into production is called the average labor productivity.

The output growth rate (especially the output growth rate of each worker) determines the degree of wealth and poverty in a country. This determines that an important task of macroeconomics is to clarify what factors determine growth.

(3) What causes the fluctuation of a country’s economic activities?

Macroeconomists use the term business cycle to describe the process of sharp contraction or expansion of economic activity in the short term. During the decline phase of the cycle, national output may decline or grow slowly. This phenomenon is called a recession. Even if the recession is mild, it means a difficult economic period for most people. Macroeconomics will explore what causes the cycle and how to resolve the impact of the cycle.

(4) What caused unemployment

The important effect of the recession is the rise in unemployment that accompanies the recession. Unemployment refers to people who are able to work and are actively looking for work but cannot find a job. Unemployment prevents members of society with the ability to work. This not only causes a huge waste of social labor resources, but more importantly, the unemployed do not receive income compensation, and their lives are directly threatened. Unemployment, economic growth, and economic cycles are the three major themes of macroeconomics. The measure of unemployment is the unemployment rate, which is equal to the ratio of the number of unemployed to the total number of laborers (the number of people who are working and those who are looking for work). Unemployment rate can be kept high, even in periods when the overall economic situation is good, there will be certain reasons for unemployment, which is another important issue to be studied in macroeconomics.

(5) What caused the price increase?

Inflation refers to an economic phenomenon in which the prices of many commodities continue to rise over a period of time. The percentage increase in the average price level within a year is called the inflation rate. If the inflation rate calculated by consumer prices is 10%, then on average, the price of goods will increase by 10% every year. When the inflation rate reaches a very high level. Prices change every day or every hour, and economic performance tends to deteriorate. High inflation also means that the purchasing power of money is quickly lost, which forces people to scramble to spend money (as long as they can get it). Continuous price increases have caused people's real income to fall, and at the same time national income is redistributed due to price changes. In this distribution, the main victims are those who receive fixed income. Inflation makes the price relationship in the economy disordered, and people are unpredictable about the future, which affects social investment and savings, which in turn affects output and people's income in the next period. Inflation will eventually cause economic recession and hinder economic growth.

(6) Can government policies improve a country’s economic performance?

The economic operation of a country depends on many factors, including natural resources, human resources, capital stock, technology, and residents' economic choices (including individual choices and collective choices). In addition, there is another important factor that affects economic performance, which is the government's macroeconomic policy. Macroeconomic policies can affect the performance of the entire economy. Fiscal policy and monetary policy are the two main macroeconomic policies. Fiscal policy is formulated by the state (or local administrative unit), and changes in government expenditure and taxation are used to influence economic policy behavior. Monetary policy refers to actions taken by the central bank to influence currency and other financial conditions to achieve macroeconomic goals.

(7) How does the global economy affect the national economy?

How the economic relationship between two countries affects a single economy and the entire world economy is an international economic issue that macroeconomics cares about. The economy of almost every country today is an open economy, or an economy that has extensive trade and financial relations with other countries. Corresponding to an open economy is a closed economy, which does not carry out economic exchanges with other countries in the world.

Macroeconomics studies international trade patterns in order to better understand the links between national economies, and also studies trade imbalances between countries. Since the reform and opening up, China’s economic exchanges with other countries have always been an important part of economic life. Export growth has shown a significant contribution to China’s economic growth, especially after China’s accession to the World Trade Organization (WTO). National economic relations will be closer. China imports goods produced abroad and is bought by Chinese residents. China exports products made in China and sells them to other countries. The determinants of the volume of imports and exports, as well as the determinants of currency and financial relations and capital flows between countries, are also problems that macroeconomics must solve.

3. Macroeconomics in the stock market

In the case of inflation, the government will adopt a tightening monetary policy, that is, to control and reduce fiscal expenditures. Tighter monetary policy will result in less money, and interest rates will go up. When interest rates go up, everyone will definitely save money, which will result in less money in the stock market. On the other hand, rising prices have led to the purchase of raw materials, equipment purchases, and wage increases for business operations. These are all costs, and the profits of the company are reduced.

Inflation 5% is a limit, and the impact will be obvious when it exceeds 5%. Inflation below 5% is not bad for the stock market. On the contrary, proper inflation is good for the stock market, because inflation is too much currency, and proper inflation is more currency, and more currency is beneficial to the economy, and it is also the living water of the stock market. Inflation is a degree. Too much is not good. , Too little is not good. We can make good use of inflation. When the currency is just beginning to release money, it is good. Let the market be active, let the stock market be active, continue to oversell, continue to release water, inflation will become bigger and bigger, money will become worthless, and assets will begin to depreciate. , It began to have an adverse effect on the stock market.

The business cycle has 4 stages, recession, crisis, recovery, and prosperity. According to the textbook, a recession is the beginning of a bear market, a crisis is the main decline stage of a bear market, and recovery is the bull-bear transition stage, which can also be understood as the stage of absorption, and prosperity is the stage of bull market pull-up. In fact, the actual situation is very complicated. When the economy is booming, the stock market is already very good. Naturally, there are no cheap stocks. The boom cycle is actually not suitable for buying stocks.

Economic crisis, recession, but stocks are cheaper, but buying stocks is easier to make money

The most important point is that economic prosperity is actually good for the real economy. There is a lot of money, but it's all in the real world. There may not be much money in the stock market. During an economic crisis, the real economy is not good. On the contrary, money will invest in the stock market and monetary policy will stimulate. In other words, during an economic crisis, the currency will be loose and money will be issued to rescue the real economy. However, the actual situation is that the real economy is not No, the money is actually invested in the virtual economy, which is the stock market

1. Macroeconomics in daily life

Macroeconomics mainly includes a single country (or economy) as a unit, the overall long-term and short-term economic analysis. All of the policies are designed to achieve four economic goals: low unemployment rate, low and stable inflation rate, Gini coefficient close to 0, and stable economic growth. However, before analyzing these four indicators one by one, we generally will first introduce some macro concepts, the first is circular flow of income.



In an ideal economic system, regardless of issues such as import and export, the flow of money between producers and consumers will form a perfect closed loop.

Consumers and producers, the transmission of information has also become a flow of money. The simple point is that the consumer buys commodity A from the producer, the producer then pays the consumer, and the consumer continues to consume.

In reality, however, the total amount of money flowing in the market changes.



For example, if money is deposited in a bank, there will be less money in the market. Or after paying taxes, the money becomes less. In the same way, after the export earns foreign exchange, it is transferred back to the currency of one's own country, so that the money in the market becomes more. Either the government or the enterprise has invested, and the money in the market will naturally increase. Therefore, the money in the market is constantly flowing, and its total amount is constantly changing.

1. National policy changes triggered by macroeconomics.

Observing the global economy, the current world economy is still in a down cycle, demand is sluggish, global industrial chains continue to shrink, and overcapacity has become a worldwide problem. The typical characteristics of the down cycle have not changed significantly, showing the characteristics of demand shrinking, capacity shrinking and market shrinking. However, in sharp contrast to this, the currency is always in an expansion cycle, showing the basic characteristics of countercyclical macro-control policies.

In the past two decades, the monetary policies of the world's major economies have presented a unique phenomenon, that is, the money supply is always in an expansion state, which poses new challenges and propositions to the traditional economic cycle theory. According to the traditional economic cycle theory, when the economy is in an expansion cycle, demand is strong. In order to prevent inflation, monetary policy tends to be cautious. The supply of course shows an expansion trend, which is a demand-driven money supply expansion, showing the characteristics of a benign expansion. When the economy is in a recession cycle, the money supply is typically in a state of contraction, mainly because aggregate demand and total supply are both in the contraction stage, and the money supply will shrink accordingly. However, after the 1990s, due to the increasing degree of global economic integration caused by the wave of globalization, currency synergy is very obvious, and it is difficult for a country's independent monetary policy to achieve the effect of macro-control. In order to minimize the impact of the down cycle, all countries adopt loose monetary policies to minimize the high cost of downside risks. The unique phenomenon is that the economy is in a prosperous cycle because there is incremental demand and the money supply is not reduced. ; The economy is in a recession cycle. In order to prevent economic turmoil and deep economic recession caused by asset price drops, central banks of various countries continue to implement loose monetary policies to smooth out cyclical fluctuations and reduce the impact of economic recession risks. Therefore, the money supply continues to expand.

According to the traditional classic theory of the central bank, the central bank’s policy objectives mainly focus on economic growth, full employment, price stability, and balance of international payments. Due to the deepening of the integration of the global economy and financial markets, maintaining asset price stability and balancing capital flows have also become an important aspect that the central bank must pay attention to. It forms a symbiotic effect with the other four goals and enhances the degree of financialization of the global economy. In order to prevent systemic financial risks, the monetization of economic policies and the easing of monetary policies have become the common choice of all countries in the past two decades.

The economy exhibits a cyclical rhythm. No matter how much the peak difference between prosperity and recession is, the money supply always expands, leading to asset price revaluation, which in turn triggers a complete alienation of economic and financial theory, and asset prices are eventually transformed from economic phenomena into currency phenomena. When the economy is in a recession cycle, asset prices need to be repaired, but monetary expansion has caused asset prices to be unable to repair, or the extent of repair is not enough; once the economy enters a prosperous cycle, asset prices are the first to rebound, and the degree of bubble continues to deepen.

Looking at the global macro economy, the following trends are mainly presented: On the one hand, the monetization of economic policies is a global trend. Since the 1990s, the money supply of various economic entities has continued to expand, and the growth rate of money supply has exceeded that of the economy, and the trend of monetization of economic policies has become increasingly prominent. On the other hand, monetary policy is counter-clockwise to investment. In the long run, continued currency expansion will definitely bring about asset price bubbles. Due to the continuous promotion of profit-seeking behavior in the market, risk and return factors are adjusted in different directions. Market participants will respond to the stimulus of monetary policy to make strategic responses beyond leverage. The continuous expansion of currency is equivalent to making a bottom line for highly leveraged venture capital. Promise. When all market investors, especially participants in factors of production, realize that there is a bottom-keeping behavior in the market, their risk awareness will be weakened, and the behavioral financial choices that resonate at the same frequency in the market will become a consensus. This is the internal motivation for the U.S. stock market to record new highs. After the outbreak of the new crown epidemic, the U.S. stock market would have made in-depth adjustments consistent with economic growth expectations and corporate profitability. However, the Federal Reserve quickly implemented an ultra-loose monetary policy to hedge against systemic risks that may be caused by financial market turmoil. Therefore, from the current situation It is difficult to see the US stock market bottoming out a second time.

**6. Brief commentary about each topic and activity**

In the second part of the economic theme is microeconomics, in the first 4 pages is a brief introduction to microeconomics, so that learners understand what microeconomics is, and examples of microeconomics. And know the relationship between microeconomics and markets. The equilibrium point is in the relationship between supply and demand in microeconomy.

Next, it introduces the importance and inevitability of microeconomy to the country. As the creator and maintainer of the order of economic activities, the country regulates the microeconomy. The state is the arbiter who enforces the rules of economic activity to regulate and regulate market transactions and market processes. As the moderator of the economic process, the state regulates and guides the microeconomic process. The state is a direct participant in microeconomic activities and controls the microeconomy. As for the inevitability, in order to avoid the market economy falling into a state of losing control, it is necessary for the state to adjust the micro-economy through public supply, public guidance and public management, so as to make up for the market failure.

Next is the relationship between microeconomy and stock market. The relationship between microeconomy and stock market is mutual. Microeconomy refers to the operation of a single enterprise or business unit, and the listed company is an independent single business entity. The financing, refinancing and economic barometer of listed companies will directly affect the stock market.

The next is the relationship or influence of microeconomics on individuals. Understanding microeconomics helps to understand the reflexivity of the market, that is, the self is influenced by the self. Besides, it can also understand some enterprises and their decision-making methods, which is conducive to in-depth understanding of finance and effective understanding of financial behaviors such as savings in daily life.

Finally, the role or influence of microeconomics on life. The theory of microeconomics is extracted from daily life, so people's behavior in daily life must imply the theory of microeconomics. Microeconomics can understand people's economic behavior and help them make rational decisions, when buying consumer goods, microeconomics can help us analyze consumer decisions based on the underlying trends in the economy and the selling season.

**7. One interactive activity for each learning outcome/topic based on a resource aligned with that topic (blog post, video, article, etc)**

Microeconomics:

1. Website: https://www.investopedia.com/terms/m/microeconomics.asp

Topic: Microeconomics

1. YouTube video: https://www.youtube.com/watch?v=nJbWj\_kHCJQ

Topic: Microeconomics and Macroeconomics | Definitions, Differences and Uses

1. YouTube video: <https://www.youtube.com/watch?v=720uyg0Dd_M>

Topic: Introduction to Supply and Demand

1. YouTube video: <https://www.youtube.com/watch?v=QjtFeNZJZeY&t=101s>

Topic: What are some examples of Microeconomics

**8. An overview of your assessment plan.**

Online learning evaluation is the value judgment of the learning process and results of learners in online education. According to the different assessment time, it can be divided into formative assessment and summative assessment, as long as the assessment object focuses on the learners' online learning process and learning effect. Online learning evaluation should run through the whole process of learners' learning, and continuously provide support services and quality assurance for online learning in dynamic implementation, so as to promote the smooth progress of online learning.

As for the methods of learners' course evaluation, we can roughly divide them into three categories: teachers' evaluation of learners' learning, learners' self-evaluation, and learners' evaluation among themselves. First of all, the learners' proficiency in reading the introduction to the topic is 10%, the Q&A discussion is 40%, and the macro and micro economic tests are 50%, making a total of 100%. The learner's mastery of the whole course is assessed according to the grade level.

**9. An overview of your plans to design for inclusion of diverse learners (choose two from the list above, and specify in your resource).**

In the list of different learners above, we selected English learners and single parents who work full time and have 2 children in primary school. First of all, network distance education is an educational form of systematic teaching and communication between students and educational organizations, which mainly adopts a variety of media ways. It is the education of transmitting courses to one or more students outside the campus. Modern distance education can effectively develop the characteristics of distance education, so that the place and form of learning flexible.

For English learners, the use of network distance teaching, learners will not have too much learning pressure, can learn easily. The diversified forms of network teaching can make learners really relaxed and attractive in knowledge learning. For example, in the literature or video resources in the course, English learners can translate the literature to enhance their understanding if they do not understand it. Or when watching video resources, you can set subtitles to assist learning.

For full-time single-parent learners with children, online education can break through the limitation of time and space. Interpersonal communication is not restricted by space physical characteristics, and learning time is not restricted by commuting or daytime and night. Online courses can not only break the time and space limit but also break the age limit of students. In today's society with fierce competition for talents, there are many adults who still need to continue to learn and enrich themselves. Online distance learning provides a perfect opportunity for these people. In our course resources, we also set up quizzes that can be taken at any time, with no specific date limit. Full-time learners can be left to work on their own time without worrying about time constraints.

**10. A rationale for your technology choices.**

In the courseware, we not only introduce macroeconomics and microeconomics through words, but also insert video resources to help learners understand. Using video resources can achieve dynamic, is conducive to reflect the concept and process, can effectively break through the teaching difficulties. Besides, it can arouse students' emotion, attention and interest from multiple angles, which is helpful to understand concepts and master methods. Video resources can also be watched repeatedly by learners, which is conducive to breaking through the difficulties in teaching and overcoming forgetting. At the same time, video resources have a large amount of information and capacity, which can save space and time and improve teaching efficiency.

# Reference

DavisBen. (2021.May,15,). How macroeconomics can be applied in your daily life? MVOrganizing: https://www.mvorganizing.org/how-macroeconomics-can-be-applied-in-your-daily-life/#:~:text=You%20encounter%20macroeconomics%20everyday%20through,countries%20affect%20you%20as%20well.

Explaining the World Through Macroeconomic Analysis. (2021 June,24). Investopeida: https://www.investopedia.com/insights/macroeconomic-analysis/

TEAMINVESTOPEDIATHE. (2020 October,20). What Macroeconomic Problems Do Policy Makers Most Commonly Face? Investopedia: https://www.investopedia.com/ask/answers/020315/what-macroeconomic-problems-do-policy-makers-most-commonly-face.asp

Team, T. I. (2021, October 22). *Microeconomics definition*. Investopedia. Retrieved November 9, 2021, from <https://www.investopedia.com/terms/m/microeconomics.asp>.

*Microeconomics & Macroeconomics | Definitions ... - youtube*. (n.d.). Retrieved November 9, 2021, from https://www.youtube.com/watch?v=nJbWj\_kHCJQ.

*Introduction to supply and Demand - YouTube*. (n.d.). Retrieved November 9, 2021, from https://www.youtube.com/watch?v=720uyg0Dd\_M.

*What are some examples of Microeconomics - YouTube*. (n.d.). Retrieved November 9, 2021, from <https://www.youtube.com/watch?v=QjtFeNZJZeY&t=101s>