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macro Economics - ECO 219

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Answer to the question no-1

Briefly discuss macroeconomics and microeconomics there are given below:-

<u>Macroeconomics</u>:- Macroeconomics was Practiced due to various defects and content changing form of micro economics. Due to 1930s worldwide theory of full employment. Prof. Keynes came up with a new employment theory. He said that national and global Problem should be approached from macro economists point of view. They also have accepted the importance of micro economics.

<u>Definition of macroeconomics</u>:- it is essential to understand the following definition for understanding the concept of macro-economics.

(i) Prof. Boulding - macro economics deals not with the individual quantities as such but with aggregate of these quantities not with individual incomes but with national income not with individual output but with national output.

As marshall during the study of the Jungle Likewise Gardner and Ackley specifically representing all the other trees of the

Jungle. Thus macro economics is a study on a broader bias rather than concentrating on micro elements.

Characteristics of macro-economics :- The analysis of the above definitions give the following characteristics of macro economics :-

(i) macro Approach :- macro economics having a macro approach does not give importance micro variables. National and international Problems are solved with its assistance. macro economics stresses on the importance of dynamic economy while micro analysis on the static economy.

(ii) macro analysis :- macro analysis is the bases of macro economics. For example, the subject matter of macro economic includes the effect of monetary and fiscal Policy of the government and not its effect on one particular dividual or industry.

(iii) Group welfare rather than individual welfare :- Group welfare is the Prime objective of macro economics making it more significant than individual welfare.

(iv) Interdependence :- change in one unit does not affect the level of equilibrium in the other in micro economics while in macro units are mutually related.

Need and use of macro economics :-

(i) Helps in the determination of Public economics Policy.
(ii) The scale of economic development.
(iii) useful in studing micro economics.
(iv) useful in the study of complicated economy.

Micro economics :- classic economics have established and developed micro economics the word micro has been derived from a Greek word- mikros. it means micro or small. As the name suggests micro economic studies theories related with individual produces, individual firms and individual industries.

Definition of micro-economics :-

(i) Prof. Boulding - micro economics is the study of particular economics organisms and other interaction of particular economic quantities and their determination.

The definitions of the above economics clearly indicate that in micro economics is a study of behavior of some particular economics unit. For example, with the rise in price of a commodity. The study of these types of private or personal to producer increase its production. in this condition it is essential to study micro economics.

Characteristics of micro economics :-

(i) Study of individual units :- micro economics helps in the analysis of individual incomes individual Production with group or macro events.

(ii) Study of small variable :- small variable froms Part of study of micro economics. The effect of these variables is so insignificant that the changes in them do not affect the economy.

(iii) Study of dissеminations of individual Price :- micro economics is also known as Price theory. thus, individual Prices of various commodities are influenced by demand and supply are determined under the supply of the commodity in this reference.

Use and need of micro economics :-

(i) Essential for whole economy.
(ii) Helpful for whole economy
(iii) Helpful in formulating economic Polices.
(iv) Investigation of condition of economic welfare.

So, macro economics and micro economics are the most important for economics.

Answer to the question no-2

Capitalism is an economic system based on the private ownership of the means of production and their operation for profit. central characteristics of capitalism in include capital accumulation, competitive markets, price systems private property property rights recognition, voluntary to exchange and wage labor. in a market economy, decision-making and investments are determined by owners of wealth property, or ability to maneuver capital or production ability in capital and financial markets-whereas prices and the distribution of goods and services are mainly determined by competition in goods and services markets.

in a capitalist economy, capital assets such as factories, mines, and railroads-can be privately owned and controlled, labor is purchased for money wages, capital gains accrue to private owners, and prices allocate capital and labor.

Although some form of capitalism is the basis for nearly all economies today, for much of the past century it was but one of two major approaches to economies organization

Pillars of capitalism :-

(i) Private Property, which allows people to own tangible assets such as land and houses and intangible assets such as stocks and bonds.

(ii) self-interest, through which peope act in pursuit of their own good with regard for sociopolitical pressure. Nonetheless, these uncoordinated individuals end up to benefiting society.

(iii) Competition, through firms freedom to enter and exit markets, maximizes social welfare that is the joint walfare of both producer and consumers.

(iv) freedom to choose with respect to the consumption, production, and investment.

(v) limited role of government, to protect the rights of private citizens and maintain an orderly environment that facilites proper functioning of markets.

The extent to which these pillars operate distinguishes various forms of capitalism. in free markets operate with little or no regulation. mixed capitalist economies predominate today.

Answer to the question no - 3

Briefly Discuss mixed economies with perspective of Bangladesh there are given below:- In Bangladesh, the adoption of the mixed economic system means that the business firms whether in private sector or public sector must work towards the improvement of the economic lot of the people most of the world's major economies are now ~~e~~ mixed economies. The U.S consists of both private and the government owned entities, sometimes, the government gets involved to help the economy. Two examples of government assistance in the U.S. are welfare and unemployment benefits. These provide financial assistance for people who are in need. There are many types of welfare programs including housing aid, aid for children, healthcare etc. A mixed economy is a system that combines characteristics of market; command and traditional economies. it benefits from the advantages of all three while suffering from few of the dis-advantages.

Firstly, it protects private properties

secondly everyone is free to live, work, produce, buy and sell whatever they choose.

Thirdly, self-interest drives the buying and selling of goods and services, including employment. Sellers want the highest price and buyers want the best value for their money.

Fourthly, The law protects competition.

Fifthly, Prices are allowed to float along with supply and demand.

Finally, the primary role of government is to make sure that everyone has free access to a free market.

A mixed economy can also take on all the disadvantages of the other types of the economics, just depends on which characteristics the mixed economy emphasizes. For example, if the market has too much freedom, it can leave the less competitive members of society without any government support.

However, central planning of government industries also creates problems. The defense industry could become a government subsidized monopoly or oligarchy system.

The fear of expropriations, as the government and the private sector coexist. there may be a degree of fear in this regard. The same thing happens with the decisions that the government can make regarding taxes, since in this matter they take unilateral decisions frequently. That could put the country into debt, slowing down economic growth in the long run. The taxes are higher as there is more government intervention in the economy, as the government seeks to the ensure their income.

In bottom line, very few economists would argue that the government should try and intervene in all areas of the economy private business and financial incentives play an important role in a well function-ing economy even if the desire is to promote greater redistribution. And most importantly, a mixed economy will work well depends on how the economic to systems are managed.

However, it's helps the economies and mixed economies with perspective of Bangladesh.

Answer to the question no-4

How economic Planning impact economic environment there are given below:-
In the western world economic Planning refers to various forms of Programming the economic activity of a country under government initiative and supervision. Economic Planning is thus more than government intervention, it requires the Participation, on a voluntary basis of Private economic agents and governments at various levels, it workes more or less through market mechanisms and essentially implies an interaction in the formulation of plans between individual economic to agents on the one hand, and government on the other.

Economic Planning has two major economic impact:-

(1) In reduces uncertainty by making to forecasts about economic conditions and by Providing market information. These forecasts are more or less detailed and are made public. This aspect of

Planning we call the information impact.

② It modifies the content of economic decisions both in private and public sectors either because new goals of economic policy are formulated and the accepted, or because government interven tion acquires a new dimension. The result is a change in the economic structure of the country. this aspect of planning the intervention effect, is not discussed in the present paper.

Environment economics is a sub-field of economics concerned with economic planning impact. it has become a widely studied subject due to growing environment concerns in the twenty-first century. The economic planning of environment undertakes theoretical or empirical studies of the economic impact of national or local environmental policies around the world. Particular issues include the costs and benefits of alternative economic planning environmantal policies to deal with air pollution, water quality, toxic substances, solid waste, and global warming.

Environmental economics is distinguished from ecological economics in that ecological economics emphasizes the economy as a subsystem of the ecosystem with its focus upon preserving natural capital. one survey of German economists found that ecological and environmental economics are different schools of economic thought, with ecological economists emphasizing strong sustainability and rejecting the proposition that human made capital can substitute for natural capital.