



RECENT DEVELOPMENT IN MICRO & MACRO ECONOMICS

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ABSTRACT:

Micro & Macroeconomics studying about consumer behavior, producer's behavior, distribution theory and Income & Employment theory respectively. Economics is a behavioral science. So, it study about demand theory , supply theory , market equilibrium , condition for equilibrium etc. , when we think about producer's side there are three type of market – perfect competition , Monopoly and monopolistic competition , micro economics think about equilibrium condition for profit maximization how much of price and production should be? Theory of distribution think about the condition for optimum level of rent, wages, interest, and profit.

Micro economics was developed in classical thinking prof. Ragnar Frish of also university has explained on Micro Economics 'micro' word derived from macroeconomics. Greek word 'mikros'. It means small. Prof. Boulding says that 'micro economics is the study of particular economic organisms and their interaction and of particular economic quantities and their determination.

Henderson and Quandt says that micro economics is the study of economic actions of individuals and defined group of individuals.

Micro economics is essential for whole economy. Market demand and supply is the aggregate of individual demand and supply. Suppose we want information regarding the position of textile industries in the national economy, we must know about various firms within the textile industry. Thus, micro economics helps to understand macroeconomics.

Macroeconomics having a macro approach. National and international problems are solved.

Macroeconomics total size and shape. For example the subject matter of macroeconomic includes the effect of monetary and fiscal policy of the government and not its effect on one particular individual or industry.

Macroeconomics think group welfare rather than individual welfare. Macroeconomics working in international trade, national income and employment, general price level, money and finance etc. Macroeconomics framing economic policies for removing unemployment, Growth development. To compare two countries living standard Macroeconomics is useful.

Macroeconomics use the theories of micro economics like equilibrium of firm in various market , law of diminishing marginal utility , consumer and producer's behavior ,equilibrium of market by demand and supply . The various economic methods are show the interdependence economic elements the macroeconomics gives true picture of whole economy.

The gain for teaching and learning economics is for personal satisfaction, Social benefits, intellectual exploration. Economic theories are working with science and art. That why? and how ? the resources are limited and wants are unlimited ,so, what to produce? , For whom to produce? How to produce? How to distribute?

The study of economics is important to intellectual exploration also.

Economic theories are working with its assumption, the less and realistic assumptions giving realistic theories.

The systematic logic of economics can use the mathematics like IS – LM Model, Utility theory, law of demand and supply income and employment theories of classical & Keynes.

Economic problems deals with various economic problems like poverty, unemployment etc.

Economics is both a positive as well as normative science. In its positive role macroeconomics is concerned with

- Monitoring the economy
- Business cycles
- Economic Growth

The first objective is deals with economic goals for an economy like growth, price stability, social justice, and independence from foreign powers. The concept of aggregate demand and aggregate supply is explain business cycle and economic growth.

In monitoring economy the economics deals with level and growth in national /per capita income, unemployment rate and inflation rate.

The international organisations like the World Bank, IMF, also the part of macroeconomics areas GNP, Purchasing power parity theory, by this we can say that americans are 14 times richer than Indians. If we can say that it is not true the indicators are non – market economy, black / parallel economy, services/ territory sector.

Unemployment rate data based on willingness to work and time worked only it is concerned with income and productivity. GNP, PPP, HDI, is very important study now in macro analysis. Business cycles and stabilization policies we can know by the past history that great depression 1929–33, stagflation: 1974 – 75, 1980 – 82, prosperity: 1984 – 88, 1992 – 2000, Recession: 2001.

A good macroeconomic theory must explain the all these facts the revolutions of macroeconomics has started after Keynesian model (1936), then Philips curve (1958) , Role of price expectations and theory of natural rate (M. Friedman 1968) , Rational expectation hypothesis(R. Lucas – 1973), some other development also include pigou effect(1943) , Mundel – Fleming model(1967) , Real business cycle (kidland and Prescott : 1982) , New Keynesian economics(1980s).

Micro economics also working with causal relationship with mathematics and economics. It works with derivatives, partial derivatives, and integration, it is useful to determine optimum condition for consumer, firm – working in various markets, and pareto's optimality. It is useful to analysis and prediction.

In current time catastrophe theory is important. The mathematician R. Thom create this theory.

In this theory we talk about the change of qualitative properties of the system agents during the jump changes. This theory focused on phase transfer during which bifocular effect appears. This jump change (catastrophes) is exist due to mechanical , physical , biological , economic and ecological systems creates the basic ideaof catastrophe theory.

Other chaos theory say the present stage can develop rapidly very different future stage. It is work of the French physian H. Poncare(after 1980s) . If something is chaotic then, similarly as with a roulette ball the final position of the ball is unpredictable. Thus, forecasting the future of any chaotic system is practically impossible. E. g. earthquakes. It is can be butterfly effect also in this complex dynamic situation. Small movement can cause big results.

Now, we are going to discuss for teaching method for economics. From last sometimes we know that the research evaluates an interdisciplinary approach to teaching economics through an innovative teaching method. The research use art, cooperative and experimental learning and project method in teaching the lessons. The literature review is also very important in research. We can make certain concept clear. The experimental learning is also important. We should go through student interest by making film – video – ppt class – chalk and talk method, we can discuss the topic. We can give the assignment, evaluate by various methods of exam like written on exam – MCQ – VIVA etc. We can develop a formulation of research questions. Description and presentation of research results, by using of statistical method taking sample and forecast about population.

Now current economic theory game and decision theory is developed in new dimension of economics.

The world economy is witnessing prosperity over time. Not merely the per capita income on upward trend, poverty is falling, income inequality are declining. Economics can lead politics also. However economics cannot forecast natural calamities like earth quake or human made problem like strike etc.

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