


MACROECONOMICS

The image features a solid blue background with a gradient from light blue at the top to a darker blue at the bottom. In the bottom right corner, there are several white, parallel diagonal lines of varying lengths and positions, creating a sense of motion or a modern design element.


MACROECONOMICS

- ▶ In the 1930s one of the world's strongest economies suffered a devastating collapse. It was the American economy, and the disaster was the Great Depression.
 - ▶ In other words, governments had to have an understanding of macroeconomics.
- 
- A decorative graphic consisting of several parallel white lines of varying lengths, slanted upwards from left to right, located in the bottom right corner of the slide.


- ▶ There are some different aspects between microeconomics and macroeconomics. Microeconomics looks at supply and demand for a single product or industry, macroeconomics follows supply and demand patterns for the whole economy




MACROECONOMICS IS NOT ONLY ABOUT KNOWING WHAT'S HAPPENING IN THE ECONOMY

- ▶ After the great depression governments realized that an economy needs to be managed. They aim to have steady growth, to control inflation, and to avoid recessions.
 - ▶ Despite the difficulties, they have special mechanisms which help them to do this.
- 
- A decorative graphic consisting of several parallel white lines of varying lengths, slanted upwards from left to right, located in the bottom right corner of the slide.


FISCAL POLICY

- ▶ The first mechanism is fiscal policy. Fiscal policy refers to government spending and to the tax system.
 - ▶ With the help of these two mechanisms, governments can have a huge effect on the growth of the economy.
- 
- A decorative graphic consisting of several parallel white lines of varying lengths, slanted upwards from left to right, located in the bottom right corner of the slide.


MONETARY POLICY

- ▶ The second of these mechanisms is monetary policy. With its monetary policy, a government sets interest rates and also controls the amount of money that circulates in the economy.
 - ▶ These interest rates have a big impact on the economy.
- 
- A decorative graphic consisting of several parallel white lines of varying lengths, slanted upwards from left to right, located in the bottom right corner of the slide.

ADMINISTRATIVE APPROACH

- ▶ The third mechanism is administrative approach. This is a range of things that governments do to increase the supply of goods and services to the economy but without increasing prices.
 - ▶ There are a number of ways governments try to do this.
- 
- A decorative graphic consisting of several parallel white lines of varying lengths, slanted diagonally from the bottom right towards the top right, located in the lower right quadrant of the slide.

IN THE END...

- ▶ With the combination of these methods , governments try to steer or guide the economy on a steady and predictable path.
 - ▶ They aim for gradual economic growth and to avoid disasters like the Great Depression.
- 
- A decorative graphic consisting of several parallel white lines of varying lengths, slanted upwards from left to right, located in the bottom right corner of the slide.