

**Microeconomics versus Macroeconomics**

**Part Two**

Use the words in bold to complete the article:

**unemployment money supply economy interest rate GDP (gross domestic product) save inflation**

Macroeconomics comes from the Greek word macros, meaning big.

In macroeconomics, we are interested in the economy as a whole.

For example the country's ………………………………….rate, changes in prices of goods or ………………………….., national income which is often referred as GDP.

Some questions we try to answer in macroeconomics are what happens if ……………………………………………………. increases? What causes the economy to grow over time?

So in a nutshell macroeconomics studies the ………………………….. as a whole. When you hear macroeconomics, think big.

You know what?

Microeconomics and macroeconomics are interrelated.

To understand macroeconomics, we've got to understand microeconomics for instance a typical question we ask in macroeconomics is when ………………………………………. go down, how will ……………………………….. change?

To answer this question we need to first understand microeconomics.

How will a consumer respond to an interest rate drop? Will consumers start ……………………….. less?

How will a firm respond to an interest rate drop? Will a firm start investing more?

Once we understand the behaviors of individual agents, we can then understand the economy as a whole.



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<https://www.youtube.com/watch?v=wvwgIiP4gjY>

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Some questions we try to answer in macroeconomics are what happens if **money supply** increases? What causes the economy to grow over time?

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