Driving Question:
How is macroeconomics about wellbeing, and why does it have to be a global endeavor?

Name:_______________________________________________

Professor: Dr. Tamara Stenn                  Office: EAB 007
### INTRODUCTION

1. What does (macro) **Economics** mean to you? (write or draw your response)

Note what you know and what you want to know about **macroeconomics** and **wellbeing**.

<table>
<thead>
<tr>
<th>What you know</th>
<th>What you want to know</th>
</tr>
</thead>
<tbody>
<tr>
<td>Macroeconomics</td>
<td>Macroeconomics</td>
</tr>
<tr>
<td>Wellbeing</td>
<td>Wellbeing</td>
</tr>
</tbody>
</table>
Getting ready to learn...

**SELF ASSESSMENT & GOAL SETTING**

Self-Assessment & Goal Setting I - Move forward with strength, intention, and courage

"If you don't know where you are going, any road will get you there." – Lewis Carroll

1. **Map where you are now** in the World of Learners - moving towards mastering the 12 outer skills (darkest color). Use your MS Word "draw" tools to circle where you are.
2. Identify the areas in any domain(s) that present barriers to your academic success.

3. How will you overcome these barriers (challenges)? Write a strategy for each (up to 4).

<table>
<thead>
<tr>
<th>Barrier</th>
<th>Strategy for overcoming</th>
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</tbody>
</table>

**Areas of Challenge**

- **Motivation:** Choose an item.
- **Social-Emotional:** Choose an item.
- **Self Regulation:** Choose an item.
- **Academic:** Choose an item.
4. **Rewards! Changing Habits to Achieve Goals**

In order to think about how to create a new habit, it is important to consider what you can use to cue yourself to take action, what the action will be, and what reward will satisfy your effort enough to continue the process until you have established the new habit.

<table>
<thead>
<tr>
<th>Cue:</th>
<th>New Action:</th>
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<tbody>
<tr>
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</table>

<table>
<thead>
<tr>
<th>Reward:</th>
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<tbody>
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</table>

5. **Summarize and Declare:** This is a fast-paced hybrid class. You need to be organized, motivated, and stay up to date. Set a plan. How are you going to move forward with strength, intention, and courage? Write (1 paragraph), draw (1 PP slide), or record (60 seconds) your Plan for Success.
UNIT 1 - DEFINING SUSTAINABILITY

We have a capitalist system - but is it sustainable?
The core idea of sustainable development is that economic growth is not enough for human wellbeing.

Economist Jeffrey Sachs explains, "It makes no sense to promote economic growth that hurts the poor while benefitting the rich, and that threatens the life-support systems of clean air and water, bountiful oceans, abundant biodiversity, and a safe climate." (Sachs began his economics career promoting economic growth – with both amazing and devastating results)

Sustainable economic development is about balancing people's needs with the planets' resources. This may or may not align with Capitalism. They are two distinct things. People and policy can make Capitalism more sustainable. Here’s one way how...

- The following are the United Nations Sustainable Development Goals. Countries, firms, and households worldwide are working to meet these goals by 2030 to ensure a viable, healthy, and meaningful future for the people and the planet.

1. Use the following web site to define the 17 different goals
<table>
<thead>
<tr>
<th>Goal</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. NO POVERTY</td>
<td></td>
</tr>
<tr>
<td>2. ZERO HUNGER</td>
<td></td>
</tr>
<tr>
<td>3. GOOD HEALTH AND WELL-BEING</td>
<td></td>
</tr>
<tr>
<td>4. QUALITY EDUCATION</td>
<td></td>
</tr>
<tr>
<td>5. GENDER EQUALITY</td>
<td></td>
</tr>
<tr>
<td>6. CLEAN WATER AND SANITATION</td>
<td></td>
</tr>
<tr>
<td>7. AFFORDABLE AND CLEAN ENERGY</td>
<td></td>
</tr>
<tr>
<td>8. DECENT WORK AND ECONOMIC GROWTH</td>
<td></td>
</tr>
<tr>
<td>9. INDUSTRY, INNOVATION AND INFRASTRUCTURE</td>
<td></td>
</tr>
<tr>
<td>Goal</td>
<td>Definition</td>
</tr>
<tr>
<td>------</td>
<td>------------</td>
</tr>
<tr>
<td>1.</td>
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<td>2.</td>
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<td>3.</td>
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<td>4.</td>
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<td>5.</td>
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<tr>
<td>6.</td>
<td></td>
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<tr>
<td>7.</td>
<td></td>
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<tr>
<td>8.</td>
<td></td>
</tr>
<tr>
<td>9.</td>
<td></td>
</tr>
</tbody>
</table>

2. **Circle** the goals you feel are **most obtainable now**? Why?

3. **X-Out** the goals you think are most difficult. Why?
4. **How are you doing?** Taking a personal look.

A full report of **every nation in the world** and **every state in the US**, and their work towards achieving the UN Sustainable Development Goals is here: [https://sdgindex.org/](https://sdgindex.org/)

**A.** Choose your **home state** and see where you match up: [https://sdgindex.org/reports/sustainable-development-report-of-the-united-states-2018/](https://sdgindex.org/reports/sustainable-development-report-of-the-united-states-2018/)

- Which of the goals is your state (or country) **doing well**?

- Which ones are **more challenging**?

- Is this surprising or not? Why?

**B.** How does the **US** match up to the rest of the world? [https://dashboards.sdgindex.org/#/](https://dashboards.sdgindex.org/#/)

- Which of the goals is the **US** **doing well**?

- Which ones are **more challenging**?
**ACTION**

**What is your role?**

1. Choose **two** Sustainable Development Goals you want to specialize in. Which two Goals inspire you the most? Why?

2. Choose **three** out of the **170 Actions** that you will do this week. Keep track of **when** you do them and the **result** of your action.

<table>
<thead>
<tr>
<th>Action</th>
<th>When done</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**SDGs AROUND THE WORLD – Goal #8**

Other countries, too are working to create a more just and sustainable world for the future. The United Nations Development Program (UNDP) tracks and supports countries working to achieve the SDGs, one step at a time.


- What are the issues that are being addressed by this goal? Write all that you can find.

- How do you think these issues are related to Economics?
• Go back to page 2 in your workbook. Given what you know now, note 3 things you would change about your original understanding of economics?

1.

2.

3.

STORYTELLING – GOAL #8 IN ACTION

1. Choose a Goal #8 - Goals in Action story and read it carefully – 3 times. Each time, note as many facts as you can about the story.

Include
• Where the story took place (country and place):

• Who the main characters were:

• What the problem was:

• What the solution was:
• **Which SDGs** were addressed (look on the front picture of the story)

• Summarize the story in 1 paragraph.

2. **Economic conflicts** come when there is a misalignment of wants and needs. How did your place become as bad off as it did? List 3 things that caused economic challenges:

1.

2.

3.

Who owned these challenges and successes: Government? Citizens? Businesses? Someone else? How? What did they or did they not do? What are their needs and fears (concerns)? Map them out on the next page.
Mapping

In the centre circle, define briefly the issue, the problem area, or conflict in neutral terms that all would agree on and that doesn't invite a "yes/no" answer e.g. "Filing" not "Should Sal do filing?"

In the sectors of the large circle, write the name of each important person or group.
Write down each person's or group's needs. What motivates him/her?
Write down each person's or group's concerns, fears or anxieties.
Be prepared to change the statement of the issue, as your understanding of it evolves through discussion or to draw up other maps of related issues that arise.
CIA WORLD FACTBOOK – THE DATA BEHIND THE STORY

Why are these things happening? What more can we learn about your country's economic background? What led it to be where it is today?

1. Explore your country in the CIA World factbook. 
   https://www.cia.gov/the-world-factbook/
   - Read the country's Economic Overview

2. Create a timeline of significant economic events. Include at least 10 entries. Google additional information if you need to.
QUIZ 1

Create a 3-minute persuasive "Country Economy Pitch" about why your country should be the one picked to study for the rest of the semester. Include compelling information about:

- How your country approached the SDGs (UNDP site)
- Your country's economic history (World Factbook)
- Your country's challenges (mapping).
- Why your country is the best one for an economic study

Present this in a single PP slide, 3-minute Pitch and a 1-2 page written report. Students will vote on the "winning pitches" and choose our forever countries for the rest of the semester.

TEAMS

Economics is dense, deep and something to be explored together. By working in small groups with proper social distancing, you can pool your knowledge, skills, and experience to better understand the macro-economic environment we are in.

As a group, you will develop and present your final project
As an individual, you will continue your workbook exercises and team support

You will be graded on all of the above:

- Individual work
- Teamwork
- Final project
- Your own self assessments

Choose your forever country: For the rest of the class, we will be applying specific economic theories and analysis to 6 different countries with 3 people working on each country. Based on the countries we have been studying in our class, which 6 should we keep? Which country do you want to work with? You will choose.

FINAL PROJECT

Your final project will be a Country Portfolio with Macroeconomic analysis and interpretation of its path towards greater sustainability and wellbeing.

This quiz is the first part of your Country Portfolio.

You and your group will create the Country Portfolio together – based on the work you do individually in your coursepack.
UNIT 2 – ECONOMIC MEASUREMENT & ANALYSIS

For this Unit – we use our CORE classroom text to learn some basic methods of economic measurement and analysis.

Text: CORE The Economy. Unit 1: CAPITALIST REVOLUTION

1. Define the following keywords

<table>
<thead>
<tr>
<th>Gross Domestic Product (GDP)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Disposable Income</td>
<td></td>
</tr>
<tr>
<td>Purchasing Power Parity (PPP)</td>
<td></td>
</tr>
<tr>
<td>Technological progress</td>
<td></td>
</tr>
<tr>
<td>Capitalism</td>
<td></td>
</tr>
<tr>
<td>Capital goods</td>
<td></td>
</tr>
<tr>
<td>Labor market</td>
<td></td>
</tr>
<tr>
<td>Demand-side</td>
<td></td>
</tr>
<tr>
<td>Supply-side</td>
<td></td>
</tr>
</tbody>
</table>

2. Introduction: Summarize the 5 ways that Capitalism revolutionized the way we live (p. 1)

1.

2.

3.

4.

5.
3. **Wealth**: The image below is referred to as **History's Hockey Stick**. It shows how countries' wealth has been growing over the centuries. (p. 2-3)

![GDP per capita graph](image)

1. When Moroccan scholar **Ibn Battuta** traveled through Africa and Asia in the **1300's** what did the different economies look like? Why?

2. If Battuta were to travel to these same countries again in 2000, what would he find? Why?

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**AS A GROUP – exercise 1**

Research your country's history again. This time use **Wikipedia** and search "Economy of ____" (your country's name). Look at its long term economic growth and industry. Note the essential things that pushed it forward. When did it enter into the "industrial revolution"?

- Add new data to the Country Timeline you made with the CIA Factbook data.
- Save this in your **country portfolio** (google folder)
- Share your portfolio with Prof. Stenn by sending an invite to: tamarastenn@landmark.edu

Now we know your country better! Let's see how economics can help us to understand it more.
1.1 Inequality: Just because someone lives in a wealthy country, it does not mean that they are wealthy. (p. 3-5) Why?

1. Explain what the graph tells us about population, wealth, and inequality in India, China, and the US.

India
- Population-
- Economy-
- Inequality-

China
- Population-
- Economy-
- Inequality-

US
- Population-
- Economy-
- Inequality-

Income Inequality is measured by the 90/10 Ratio, which compares the average annual Income of citizens in the bottom decile of earners to an average annual income of citizens in the top decile of earners.

Review: Distribution Curves and Deciles
A decile is an equal segmentation of the overall population. In our CORE case, it is the entire population divided by 10 and arranged in accordance to wealth. In a population with an equal distribution of wealth, the curve is relatively flat, with a symmetric distribution on either side. This is called a Normal Curve. As wealth accumulates, the curve gets steeper. As wealth shifts to a few, the curve becomes skewed.
As wealth shifts to a few, the distribution curve becomes skewed. With growing inequality worldwide, we see more skewed distribution curves in every country.

The deciles in the CORE excel spreadsheet show the values of the different deciles of the distribution curve of income. By comparing the value of the poorest (those to the left of the distribution curve) to the richest (those at the right of the distribution curve), one can better measure the extent of inequality present in society. The 90/10 ratio expresses this. The higher the ratio number, the greater the inequality in a country.

To determine the 90/10 ratio:

$$\frac{\text{Decile 10 data}}{\text{Decile 1 data}}$$

The 90/10 ratio is the division of the Decile 10 data over Decile 1 data:

- **Decile 1 data**: average annual Income of the poorest 10% of the country's population
- **Decile 10 data**: average annual Income of the richest 10% of the country's population

### The richest citizens

<table>
<thead>
<tr>
<th>Country</th>
<th>Year</th>
<th>Decile 1 Income</th>
<th>Decile 10 Income</th>
<th>Mean Income</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Singapore</td>
<td>2001</td>
<td>$1,963</td>
<td>$89,245</td>
<td>$21,799</td>
<td>413,800</td>
</tr>
<tr>
<td>Singapore</td>
<td>2012</td>
<td>$3,543</td>
<td>$65,425</td>
<td>$22,801</td>
<td>531,240</td>
</tr>
</tbody>
</table>

2. Determine the $\frac{90}{10}$ ratio for Singapore in both 2001 and 2012. Show your math.

2001: $\frac{89,245}{1,963} = 45.463 \approx 45.5$

2012:
• Is inequality growing in Singapore?

• What happened to Singapore's population at this time?

• What was its growth rate? (1.00 - 2001 population/2012 population) x 100%
  
\[
(1 - \frac{413,800}{531,240}) \times 100% = (1 - .7789) \times 100% = .2211 \times 100% = 22%
\]

Thought Question: How might you explain the changes in Singapore's inequality and population?

<table>
<thead>
<tr>
<th>The poorest citizens</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Country</strong></td>
</tr>
<tr>
<td>Burundi</td>
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<tr>
<td>Burundi</td>
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<tr>
<td>Burundi</td>
</tr>
</tbody>
</table>

3. Determine the $\frac{90}{10}$ ratio for Burundi in 1980, 2001 and 2012. Show your math

1980:

2001:

2012:

• Is inequality growing in Burundi?

• What happened to Burundi's population from 2001 to 2012?

• What was its growth rate during this time?

<table>
<thead>
<tr>
<th>The largest economy</th>
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</thead>
<tbody>
<tr>
<td><strong>Country</strong></td>
</tr>
<tr>
<td>United States</td>
</tr>
<tr>
<td>United States</td>
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<tr>
<td>United States</td>
</tr>
</tbody>
</table>

4. Determine the $\frac{90}{10}$ ratio for the US in 1980, 2001 and 2012.

1980:

2001:

2012:
• Is inequality growing in the US?

• What happened to the US population from 2001 to 2012?

• What was its growth rate during this time?

5. Singapore is the richest country in the world. Why? [https://www.youtube.com/watch?v=5CUz81Y6LO0](https://www.youtube.com/watch?v=5CUz81Y6LO0)

**AS A GROUP – exercise 2**

Determine your country's $\frac{90}{10}$ ratio in 1980, 2001, and 2012.

Answer:

• Is inequality growing in your country? How much?
• What happened to your country's population from 2001 to 2012?
• What was its growth rate during this time?
• Looking at your country's history, note the essential things that you think may have pushed it forward.
• Save this new data in your country portfolio (google folder)

1.2 Measuring Income. Just because someone is rich does not mean they are happy.

1. What else (besides $) defines wellbeing and happiness? List it here:

3. Circle the things (above) that can be a part of a country's GDP (Gross Domestic Product).

4. What else makes up a GDP?

<table>
<thead>
<tr>
<th>Goods</th>
<th>Services</th>
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<td></td>
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</tbody>
</table>
The GDP is the value of each good and service made in a country. These values are known as the nominal GDP. In economic terms, the nominal GDP is expressed in this equation:

$$\sum p_i \cdot q_i = p_1 q_1 + p_2 q_2 + \cdots$$

where $p_i$ = price of good $i$  and  $q_i$ = quantity of good $i$

**Example:**

good = computers  \( p_{\text{computers}} = 1,500 \)  \( q_{\text{computers}} = 12.4 \text{ million} \)

The total nominal value of computers = $(1,500) \cdot (12.4 \text{ million}) = 18,600 \text{ million}$

**Tip: Converting millions from words to numbers:**
- Add 6 zeroes to the end of the number $18,600 \text{ million} = 18,600,000,000$
- Simplify to the nearest decimal: $18.6 \text{ billion}$

5. Determine the Nominal GDP for each of these annual figures (US, 2019).

<table>
<thead>
<tr>
<th>Average price US Haircut: $36</th>
<th>59.05 million Americans had 4 or more haircuts in 2018 for a total of <strong>236.2 million haircuts</strong>. The average price per haircut was $36. Total value of all haircuts: ((236.2 \text{ million} \times 36))</th>
<th>$8,503.2 million $8.5 billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average price of US yoga class: $12</td>
<td>6,000 yoga studios in the US, offered 15 classes a week average in 2018 for a total of _________ classes.</td>
<td>Nominal GDP</td>
</tr>
<tr>
<td>Average cost of a book in US: $16</td>
<td><strong>695 million books</strong> sold in the US in 2018</td>
<td>Nominal GDP</td>
</tr>
<tr>
<td>Average cost of a US toothbrush: $1.76</td>
<td><strong>268.11 million</strong> US people used manual <strong>toothbrushes</strong> in 2016</td>
<td>Nominal GDP</td>
</tr>
<tr>
<td>Average cost of a US loaf of bread: $2.50</td>
<td>11.44 million Americans used 5 packages of bread (or more) a month in 2018, resulting in _________ million loaves of bread.</td>
<td>Nominal GDP</td>
</tr>
<tr>
<td>Average cost of a car in the US: $36,718</td>
<td>US automakers sold more than <strong>17 million</strong> cars.</td>
<td>Nominal GDP</td>
</tr>
</tbody>
</table>

6. What was the total GDP of the US in 2019 (you can google this)?

7. What was the total GDP in the US in 2020?
8. What do you think led to this change? Why?

9. **Disposable Income** is what is left after you have paid your living expenses and taxes. What are some things you can buy with Disposable Income in the US (name 5 things)?

10. Some economists like to use Disposable Income as a measurement of wellbeing. What are the things which **Disposable Income** cannot measure (list at least 3)?

1.3 Growth revisited

- **Population size** affects a county's economic size; the larger the population, the larger the economy.
- **A per capita GDP** divides a country's GDP by its total population to create a figure that can be used to compare economies amongst different sized countries.
- Changes in GDP indicate the health and development of a country.

- A country's **growth rate** is determined by the **per capita change in GDP** using the following equation:

\[
\text{Growth rate} = \frac{\text{change in income}}{\text{original level of income}} \times 100\%
\]

Change in Income is expressed as follows: \( \frac{Y_{a} - Y_{b}}{Y_{b}} \times 100\% \)

where

- \( Y_{a} = \) income most recent year
- \( Y_{b} = \) income latest year

1. Use your data set from 1.1 to determine the Economic Growth Rates in the following countries:

- **Note:** Mean Income is the same as **per capita** Income.

**Example – Singapore** (data below):

\[
\text{Growth Rate} = \frac{Y_{2012} - Y_{2001}}{Y_{2001}} \times 100\% = \frac{22,801 - 21,799}{21,799} \times 100\% = \frac{1,002}{21,799} \times 100\% = 0.04569 \times 100\%
\]

Round to the nearest 10th = 0.05 \times 100\% Move the decimal 2 spaces to the right = 5\% growth rate
The richest citizens

<table>
<thead>
<tr>
<th>Country</th>
<th>Year</th>
<th>Decile 1 Income</th>
<th>Decile 10 Income</th>
<th>Mean Income*</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Singapore</td>
<td>2001</td>
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<td>$ 3,543</td>
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<td>$ 22,801</td>
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</tr>
</tbody>
</table>

- Determine the economic **Growth Rate** for Singapore between 2001 and 2012.

\[
\frac{22,801 - 21,799}{21,799} \times 100\% = 5\%
\]

- What do you think are reasons (rationale) for Singapore's Growth Rate you calculated? Reference the CIA World factbook for possible reasons.  

The poorest citizens

<table>
<thead>
<tr>
<th>Country</th>
<th>Year</th>
<th>Decile 1 Income</th>
<th>Decile 10 Income</th>
<th>Mean Income</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Burundi</td>
<td>1980</td>
<td>$ 37</td>
<td>$ 1,326</td>
<td>$ 269</td>
<td>412,6544</td>
</tr>
<tr>
<td>Burundi</td>
<td>2001</td>
<td>$ 27</td>
<td>$ 1,354</td>
<td>$ 280</td>
<td>694,6720</td>
</tr>
<tr>
<td>Burundi</td>
<td>2012</td>
<td>$ 44</td>
<td>$ 1,589</td>
<td>$ 326</td>
<td>1,012,4572</td>
</tr>
</tbody>
</table>


1980 - 2001

2001 - 2012

- What do you think are the reasons (rationale) for Burundi's Growth Rates you calculated? Reference the CIA World factbook for possible reasons.

The largest economy

<table>
<thead>
<tr>
<th>Country</th>
<th>Year</th>
<th>Decile 1 Income</th>
<th>Decile 10 Income</th>
<th>Mean Income</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>1980</td>
<td>$ 3,392</td>
<td>$ 37,949</td>
<td>$ 14,817</td>
<td>227,200,000</td>
</tr>
<tr>
<td>United States</td>
<td>2001</td>
<td>$ 3,793</td>
<td>$ 59,115</td>
<td>$ 19,531</td>
<td>285,000,000</td>
</tr>
<tr>
<td>United States</td>
<td>2012</td>
<td>$ 3,681</td>
<td>$ 58,839</td>
<td>$ 19,706</td>
<td>314,100,000</td>
</tr>
</tbody>
</table>


1980 - 2001

2001 - 2012
• What do you think are the reasons (rationale) for the US's Growth Rates you calculated? Reference the CIA World factbook for possible reasons.

AS A GROUP – exercise 3


In the World Factbook look up your country's:
• GDP Composition by Sector
• GDP Composition by end-use
• Agricultural products
• Industries
• Labor force by occupation
• Unemployment rates

• Save this new data and your Quiz 2 ideas in your country portfolio (google folder)

QUIZ 2 – the state of your country

Format:
• 1-page thought essay, 12 point font, double spaced.
• 3-min. podcast
• Explained image

Think – What is the CIA World Factbook information telling you about your country? Is it wealthy? Growing? Does it have a diversified economy? Is it safe? Is it a place where you would want to live and work? Why or why not. Include at least 3 quantitative reasons supporting your opinion on the state of your country. Use data you created or learned with proper APA citations.

• Use this APA format for your in-text citation
Bolivia's Real GDP was $100.445 billion in 2019 (CIA, 2021).

• Use this APA format for your end of paper References:
UNIT 3 - ECONOMIC THEORY & POLITICAL ECONOMY

In this Unit, we learn some of the theory, rationale, and context behind the macroeconomic models and practices that drive our economies today.


<table>
<thead>
<tr>
<th>Adam Smith: Defining Labor</th>
<th>Labor is the source of a nation's wealth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adam Smith: Early Life and Education</td>
<td>Born 1723 in Scotland, where there was a pin factory in his small town</td>
</tr>
<tr>
<td></td>
<td>Attended University of Glasgow, Scotland. Majored in Philosophy (economics) at Balliol College, Oxford, UK.</td>
</tr>
<tr>
<td>Mercantilism vs. Physiocracy</td>
<td><strong>Mercantilist Doctrine:</strong> Nation’s wealth = gold + silver (national hoarding)</td>
</tr>
<tr>
<td></td>
<td><strong>Physiocracy:</strong> Natural law, laissez faire, laissez passer – let it be, let it happen (open markets and trade)</td>
</tr>
<tr>
<td>Basis for &quot;The Wealth of Nations&quot;</td>
<td><strong>Industrial Revolution</strong> - the transition to new manufacturing processes in Europe and the United States, in the period from about 1760 to 1840.</td>
</tr>
<tr>
<td></td>
<td><strong>Industrialists</strong> – owners of industry</td>
</tr>
<tr>
<td>Two Basic Philosophies of Adam Smith</td>
<td>Economic action driven by personal interests</td>
</tr>
<tr>
<td></td>
<td>An &quot;invisible hand&quot; drives individual actions towards a common good.</td>
</tr>
<tr>
<td>Adam Smith's Labor Theory of Value</td>
<td>The division of labor (specialization) improves worker performance (production)</td>
</tr>
<tr>
<td></td>
<td>Labor is a means of exchange (creates value)</td>
</tr>
<tr>
<td>Adam Smith's Birth of Free Trade</td>
<td>Utility value – how useful a product is</td>
</tr>
<tr>
<td></td>
<td>Exchange value – how saleable a product is</td>
</tr>
<tr>
<td></td>
<td>• High wages provided means for exchange</td>
</tr>
<tr>
<td></td>
<td>• Owners took earnings from wages</td>
</tr>
<tr>
<td></td>
<td>• Wages drove all value and costs (price)</td>
</tr>
<tr>
<td></td>
<td>• The free markets, competition, and value determined prices (and wages)</td>
</tr>
<tr>
<td>Smith's Legacy: Father of Economic Liberalism</td>
<td>1776 – <strong>Wealth of Nations</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Economic Liberalism</strong> (freedom) – guided by markets</td>
</tr>
</tbody>
</table>

**THOUGHT QUESTION**
How does the Invisible Hand influence our Capitalist System today? Give an example.
CAPITALISM'S FOUNDER – Adam Smith 1723-1790

Answer the following:

1. Why was there a need for a new economic system in 1776?

2. What did Adam Smith mean by this statement?
"The businessman intends only his own gain, and he is in this, as in many other cases, led by an invisible hand to promote an end which was no part of his intention. Nor is it always the worse for the society that it was not part of it. By pursuing his own interest, he frequently promotes that of the society more effectually than when he really intends to promote it." – Adam Smith

3. What did Adam Smith mean by this statement?
"The annual labor of every nation is the fund which originally supplies it with all the necessaries and conveniences of life which it annually consumes, and which consists always either in the immediate produce of that labor, or in what is purchased with that produce from other nations." - Adam Smith, Wealth of Nations

4. What did Adam Smith mean by this statement?
"Is not from the benevolence of the butcher, the brewer, or the baker that we inspect our dinner, but from their regard to their own interest. We address ourselves, not to their humanity, but to their self-love and never talk to them of our necessities, but of their advantages." - Adam Smith, Wealth of Nations
1.4 Technological Revolution
Capitalism and free markets have given us permission to grow independently in any way we can – fostering innovation, creativity, and tremendous diversity and growth.

1. How has our world changed in the past 150 years that affected our economic abilities (name 3 things)?

2. Use the image to the left, explain how light changes the way in which we work.

3. What other new technology do you see changing our current economic situations? How?

1.5 The economy and the environment
1. Explain how the economy is about more than just a monetary exchange of goods and services. Refer to the image to the right in your answer. What is the role of society, the biosphere and the physical environment?

2. What is the connection between carbon emissions, atmospheric Co2, temperature change, and economic growth? Why do all have the same hockey stick shape?
AS A GROUP – exercise 4

Look at your country and its approach towards technology, growth, the environment, and development (or not). What do you see these graphs below looking like for your country in 5 years? 10 years? 50 years? Why? Please respond to this and put it in your Google portfolio.

- Why does your country have this type of future? What is driving its development and choices?
10.10 Varieties of Capitalism

1. In the US we have Capitalism within a **democratic** system. Not all Capitalism happens in democratic systems. And not all Capitalism happens equally. According to our text, what caused South Korea to rise to the top as a capitalist society?

2. What are **Property**, **Markets**, and **Firms** in economic terms?
   - Property –
   - Markets –
   - Firms –

3. What **conditions** can affect these three economic areas that would lead to a less dynamic (slow growth) of Capitalism?

4. This image shows the **circular flow** of the economy driven by the invisible hand.
   - Label on the image where you find Property, Markets, and Firms.
     - What drives this economy to move?
     - What is the role of **currency** in this model?
5. Here is the same model again, but with the **Government** placed in the center.

    ![Model Diagram]

- How is the **Government** interacting in this model?

- What happened to the **invisible hand**?

6. What is the **Government's role** in working with **Property**, **Markets**, and **Firms** to create favorable conditions for a dynamic (fast growth) Capitalism?

7. Does the Government have a responsibility to the **people** (households)?

8. Where does the **natural environment** fit into this model?
## Demand-Side and Supply-Side Economics

### 1. What is the difference between demand-side and supply-side economics?

<table>
<thead>
<tr>
<th>Demand Side</th>
<th>Supply Side</th>
</tr>
</thead>
<tbody>
<tr>
<td><a href="https://www.investopedia.com/terms/k/keynesianeconomics.asp">https://www.investopedia.com/terms/k/keynesianeconomics.asp</a> - Keynesian economics</td>
<td><a href="https://www.investopedia.com/articles/05/011805.asp">https://www.investopedia.com/articles/05/011805.asp</a> - Reaganomics (trickle-down)</td>
</tr>
</tbody>
</table>

**Rules:**

**Outcomes:**

**Example - How applied in the US:**

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### Rules:

### Outcomes:

### Example - How applied in the US:
QUIZ 3 – Political Economy

There are many ways of governance that exist in a capitalist economy. The USA largely subscribes to **Free Market** (Laisse Faire) economics, while countries such as Norway and Finland subscribe to **Democratic Socialism**.

1. Look at the two models’ differences in how each country’s political system manages property, markets, firms, and resource distribution.
2. Choose 1 model to map onto the circular flow model below.
3. Put the Government in the center and label the control mechanisms and their intended impact - how it works.
4. Decide which type of Government you would rather live under and why. Write this in a paragraph-long response, or a 1 min. voice recording.

<table>
<thead>
<tr>
<th>Ownership</th>
<th>USA – Government</th>
<th>Norway &amp; Finland - Government</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Laissez-Faire economics</td>
<td>Social democracy/socialism</td>
</tr>
<tr>
<td>Equality</td>
<td>Assets owned by private firms</td>
<td>Some industries nationalised</td>
</tr>
<tr>
<td>Prices</td>
<td>Income determined by market forces</td>
<td>Redistribution of income</td>
</tr>
<tr>
<td>Efficiency</td>
<td>Prices determined by supply and demand</td>
<td>Government may regulate some goods</td>
</tr>
<tr>
<td></td>
<td>Market incentives encourage firms to cut costs</td>
<td>Government planning may result in inefficiency</td>
</tr>
<tr>
<td>Taxes</td>
<td>Limited taxes/limited government spending</td>
<td>High progressive taxes / Higher spending on public services</td>
</tr>
<tr>
<td>Healthcare</td>
<td>Health care left to free-market</td>
<td>Healthcare provided by government free at point of use</td>
</tr>
<tr>
<td>Problems</td>
<td>Inequality, market failure, monopoly</td>
<td>Inefficiency of state industry, less incentives,</td>
</tr>
<tr>
<td>Advantages</td>
<td>Dynamic economy, incentives for innovation and economic growth</td>
<td>Promotion of equality. Attempt to overcome market failure</td>
</tr>
</tbody>
</table>

Money PaymentsGoods and Services

Product Markets

Business

Households

Resource Markets
AS A GROUP – exercise 5

Look up your country’s Government in the CIA World Factbook. Answer the following in a 2-page report and put it in your Google portfolio:

• What is your government type?

• How does it work (legislative, judiciary).

• Listen to your National Anthem – what does it tell you about the country?

• Look at the world economic systems (left). Where do you see your country fitting in that chart? Why?

UNIT 4 – HUMAN DEVELOPMENT AND WELLBEING

We have looked at how countries grow, are governed, and developed. We have also seen a need for sustainability, which each of our countries has achieved in a small way. We also know there is a lot more to go. Macroeconomics is about taking the long view at our sharing of resources and our well being.

At the start of class, we defined what wellbeing meant to us. Let’s look at that again.

1. What is essential for us to live a good quality of life that may not have an economic measurement?

The Human Development Index goes beyond the GDP to look at our health, education, and standard of living.

More information is here: http://hdr.undp.org/en

2. The UN Department of Economic and Social Affairs maps out countries' progress in meeting the SDGs. Look up your country https://country-profiles.unstatshub.org/alb#. What are you finding?
Macroeconomics is not just about economic growth - it’s about the health of ourselves and our planet. From 2020 through 2021, we realized how delicate our status is as a single species on a single planet. We have found we share many more similarities than differences – as rich, poor, privileged or not – we all are affected by the same pandemic. Each country may have fared differently, but collectively we are all reliant on each other for our survival.

The democratic process: From here, we will vote in which direction to take our class and country project – in search of the answer to our driving question: How is macroeconomics about wellbeing, and why does wellbeing have to be a global endeavor?

There are many options (get ready to vote):

- Examining well-being and human development from the works of Amartya Sen
- Honing in more closely on the SDGs
- Exploring the Human Development Report and recommendations
- Delving into the Legatum Prosperity Index: https://www.prosperity.com/
- Seeking out more models and explanations in CORE