Principles of Macroeconomics

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# Response One

What determines whether or not a resource is scarce? Why is the concept of scarcity important to the definition of economics?

Based on the definition of the economy, the word scarcity is important because this makes people think about the utilization of the available resources in a satisfying way to fulfill their needs and desires. In a scarce situation, people are limited to certain choices. A resource is considered to be scarce when the total amount at a price of zero is exceeded by the desires of people. In the economy, if there will be no scarcity, then it will mean that there will be no economic constraints. In an economy, no scarcity means that people will not be needed to make choices between their desires and competing needs. Scarcity is a source to create competition in the economy which also allows people to make more suitable choices (McEachern, 2016). Based on the basic concept of economics, scarcity creates the competitive behavior of people to make the best choices regarding their needs and desires with which they are being provided.

# Response Two

Why do economists pay more attention to national economies (for example the U.S. or Canadian economies) than the state or provincial economies (such as California or Ontario)?

In economic development, the national economic indicators are considered to be better in comparison with the state economies. The reason is that, state economies are only limited to regional economies. State economies cannot be considered to be one of the sources to know more about the economic situations at a macro level. The state economies are only concerned with economic fluctuations at a central level. For that purpose, to provide accurate information about the employment ratios, gross domestic product, per capita income (PCI), health services status at a macro level, national economies have to be more focused by economists. Economists emphasize on these basic indicators to provide economic information that is provided to people on macrolevel economies (Vidal et al., 2017). However, state economies are important too, but to provide a wider lens on macro levels, national economies are more appreciated. In case of the United States and California, economies at national levels are paid more attention because they are concerned with the overall economies.

Why doesn't the National Bureau of Economic Research identify the turning points in economic activity until months or even a year after they occur?

In any economy there occur fluctuations, which results in the different seasons and occurrences of other economic situations that may either help the economies to grow or decrease economic growth. Micro-level changes in the economies are not identified by the economists that will allow them to consider these changes as challenges. This also means that these small changes in production can be temporary in the economy. Economic depressions and recessions are necessary to be measured in a longer time, which will provide enough information to the economists, to know about economic stability (Hira, 2011). This economic stability may be either on a regional level or on a state level. It will be not easier to NBER to identify the turning points because of the nature of these economic changes occurring in economies and these may not be enough for the identification of problems. To identify turning points in the economies, there has to be a major change, which can be identified by NBER.

References

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