MICROECONOMICS vs MACROECONOMICS

Understanding the Economy: From Small Choices to the Big Picture (Thailand)

MICROECONOMICS

Focuses on individual parts of the economy.

EXAMPLE: A STREET FOOD STALL IN THAILAND

Consumers
Choose what to buy based on price, taste and income.

Businesses
Decide what to sell, how much to charge, and how much to produce.

Workers
Decide how much effort to put in and earn wages.

Specific Markets
Each stall competes with others selling similar food.

Questions Microeconomics Asks:

- Why do the prices of mango sticky rice change?
- How does the vendor decide the price?
- Why do customers choose one stall over another?
- What determines the worker's wage?

MACROECONOMICS

Focuses on the overall economic behavior of the country.

EXAMPLE: THAILAND'S ECONOMY AS A WHOLE

National Income (GDP) -
Measures the total value of goods and services produced in Thailand.

Money Supply & Interest Rates
The Bank of Thailand controls the money supply and interest rates.

Consumption, Saving & Investment
Households spend, save money, and businesses invest to grow.

Employment
The level of employment and unemployment affects people's income and living standards.

International Trade
Thailand exports rice, electronics, cars and tourism services; imports oil, machinery, etc.

Public Finance & Public Debt
The government collects taxes, spends on public services, and manages public debt.

Economic Problems
Includes unemployment, inflation, deflation and other development challenges.

Questions Macroeconomics Asks:

- Why is Thailand's economic growth increasing or decreasing?
- What causes inflation?
- Why is unemployment rising or falling?
- How do government policies affect the economy?
- How does Thailand's trade with other countries affect the economy?

SIMPLE SUMMARY ANALOGY

MICROECONOMICS
= Looking at one food stall in a Thai market.
(Focus on small parts)

Both are connected!
Decisions made by people and businesses (micro) affect the whole economy (macro), and the economy as a whole affects individual choices.

MACROECONOMICS
= Looking at Thailand's whole economy from above.
(Focus on the big picture)