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Micro & Macro Economics

Both microeconomics and macroeconomics involve examining economic behavior, but they differ in terms of the scale of the subjects being studied.

Microeconomics is the field of economics that looks at the economic behaviors of individuals, households, and companies. Macroeconomics takes a wider view and looks at the economies on a much larger scale—regional, national, continental, or even global. Microeconomics and macroeconomics are both vast areas of study in their own rights.

KEY TAKEAWAYS

- Microeconomics and macroeconomics are two fields of study involving looking at behavior in certain areas of the economy over a period of time.
- Microeconomics is specific and smaller in scale, looking at the behavior of consumers, the supply and demand equation in individual markets, and the hiring and wage-setting practices of individual companies.

- Macroeconomics has a broader focus, such as the impact of fiscal policy, big picture causes of unemployment or inflation, and how government actions impact nationwide economic growth.

Microeconomics vs. Macroeconomics

Because microeconomics focuses on the behavior of small units of the economy, it tends to limit itself to specific and specialized areas of study. This includes the balance of supply and demand in individual markets, the behavior of individual consumers (which is referred to as [consumer theory](#)), workforce demand, and how individual companies determine wages for their workforces.

Macroeconomics has a much broader reach than microeconomics. Prominent areas of research in the field of macroeconomics concern the implications of fiscal policy, [locating](#) the reasons for inflation or unemployment, the implications of government borrowing and economic growth on a nationwide scale. Macroeconomists also examine globalization and global trading patterns and perform comparative studies between different countries in areas such as living standards and economic growth.

While the main difference between the two fields concerns the scale of the subjects under analysis, there are further differences.

Macroeconomics evolved out of classic economic theory and microeconomics, as a means of explaining nationwide economic developments and behavior.