MACROECONOMICS AS AN ECONOMIC SCIENCE

Abstract: This article discusses the constituent parts of economic theory, as well as microeconomic processes.

Key words: Microeconomics, macroeconomics, direction, subject, science, indicator, term, subject

Macroeconomics as one of the constituent parts of economic theory is the science of the behavior of the economy as a single whole. It examines the causes of cyclical fluctuations and the relationship of the dynamics of production volumes, inflation and unemployment.

The basis of macroeconomics are microeconomic phenomena and processes. This means that:
• Macroeconomic indicators are the result of a summary of indicators of the economic activity of individual households and firms; • macroeconomic patterns reflect trends in mass behavior at the micro level; • in building macroeconomic models, it is assumed that households and firms make optimal microeconomic decisions;
• macroeconomic processes are the result of the interaction of economic agents and state economic policy.

Economic policy is the purposeful influence of the state on production, income, employment, inflation and other macroeconomic parameters by changing the money supply, the level of taxes and government spending.

Macroeconomic factors (such as the level of market interest rates, inflation, unemployment, etc.) affect households' savings, investment, consumer spending decisions, which, in turn, determines the size and structure of aggregate demand. Therefore, micro- and macroeconomic processes are closely interrelated.

Unlike microeconomics, macroeconomics uses aggregated values in its analysis: gross domestic product (rather than the output of a separate firm), the average price level (and not the prices of specific goods), the market interest rate (and not the interest rate of an individual bank), the inflation rate, employment, unemployment and the like.

The main macroeconomic indicators are:
• real GDP growth rate;
• inflation rate;
• unemployment rate.

Modern economic theory includes two components: political economy and economics (economy).

The term "political economy" goes back to the book of the French economist, mercantilist Antoine Montchretien, Sierra de Watteville, "Treatise of political economy" (1615). The emergence of the term "economics" (economy) is associated with the name of the English economist of the second half of the nineteenth century. Alfred Marshall. Initially, economics had one component - microeconomics; since the 30s. XX century., With the birth of Keynesianism,
there was another component of it - macroeconomics. Thus, at present economics is subdivided into microeconomics and macroeconomics.

Microeconomics is the science of decision making by rational subjects, studying the behavior of individual economic subjects. The concept of "microeconomics" is interpreted ambiguously. Some economists believe that microeconomics deals with individual firms, decision-making, the motives of entrepreneurs. Other authors argue that microeconomics studies not only the problems of an individual firm, household, but also the industry, as well as the use of resources, pricing for goods and services.

Macroeconomics - the study of the overall level of national output, unemployment and inflation; it deals with the properties of the economic system as a whole, studies the factors and results of the development of the country's economy as a whole.

As an independent scientific direction, macroeconomics began to emerge from the beginning of the 30s. XX century, while the formation of microeconomics refers to the last third of the XIX century (L. Walras, C. Menger, A. Marshall). The foundations of macroeconomics were laid by John Maynard Keynes.

J. Keynes in his book The General Theory of Employment, Interest and Money (1936) proved the possibility of the existence in the market economy of a steady state of high unemployment and underutilized production capacities, but at the same time the correct fiscal and monetary policy of the state can affect production, thereby reducing unemployment and reducing the duration of economic crises. Consequently, Keynes justified the need for state regulation of the economy as a whole. Keynesian economic theory has become dominant in the field of macroeconomics and public policy.
Starting from the postwar period and up to the 60s, any macroeconomic policy analysis was based on Keynesian postulates. The ideas formulated by Keynes were developed by his followers - J. Hicks, A. Hansen, P. Samuelson.

However, new theoretical developments have undermined the former importance of Keynesian macroeconomic theory. The most weighty criticism of Keynesianism was represented by the monetarist trend, which was headed by M. Friedman.

The term “macroeconomics” was introduced into scientific circulation relatively recently, but the macroeconomic analysis of general economic trends has been central for many centuries. Thus, the French economist-physiocrat F. Quesnay in his Economic Table (1758), for the first time in economics, made an attempt to analyze social reproduction from the point of view of determining the balance proportions between natural and cost elements of a social product. Certain aspects of macroeconomic analysis are contained in the work of the English economist D. Hume in his monetarist approach to the balance of payments. K. Marx used the macroeconomic approach to the analysis of social reproduction in his model, which he expounded in Volume 2 of Capital (1885), in which he proceeded from the correspondence between the natural-material and cost structures of the total social product.

Macroeconomics has specific goals and uses appropriate tools.

The goal system includes the following elements:
- a high and growing level of national production, i.e. real gross domestic product (GDP);
- high employment with small involuntary unemployment;
- a stable price level in combination with the determination of prices and wages through the interaction of supply and demand in free markets;
- achieving zero balance of payments.
The first goal is that the ultimate goal of economic activity comes down to providing the population with goods and services. The aggregate measure of national production is gross domestic product (GDP), which expresses the market value of final goods and services.

The second goal of macroeconomic policy is high employment and low unemployment. The unemployment rate fluctuates during the economic cycle. In the depression phase, the demand for market power declines and the unemployment rate increases. In the recovery phase, labor demand is rising, and unemployment is declining. However, meeting the needs of all for decent work is a difficult task.

The third macroeconomic goal is price stability in the presence of free markets. A common measure of the general price level is the consumer price index (CPI), which takes into account the cost of purchasing a fixed set of “baskets” of goods and services.

The fourth goal concerns an open economy and means the achievement of a general economic equilibrium at the level of full employment with a zero balance of payments.

The ratio of the main macroeconomic goals determines the main macroeconomic goal reflecting the main objective of macroeconomic policy, the implementation of which acts in two forms:
- intermediate macroeconomic objectives;
- tactical macroeconomic goals.

The first regulate the values of key macroeconomic variables, the second carry out the transformation of the national economy.

The state has at its disposal relevant instruments that it can use to influence the economy.

A policy tool is an economic variable that is under the control of the state and contributes to the achievement of one or several macroeconomic goals.
Macroeconomics performs a theoretical-cognitive function when it explains the patterns of development of the national economy, the processes and phenomena of the economic life of society. It provides an opportunity to understand why some countries are developing rapidly, while others are lagging behind; why in some periods prices are relatively stable, while in others high rates of inflation can be traced; why all countries are facing recessions and depressions. Macroeconomics, which performs a theoretical-cognitive function, is called positive macroeconomics. The theoretical-cognitive function of macroeconomics is aimed at identifying patterns inherent in the functioning of the economic system, which is based on the commodity form of production and pluralism of property.

Macroeconomics is not limited to a simple description of economic laws: its theoretical-cognitive function is complemented by a practical function. Its essence lies in the fact that macroeconomics produces recommendations for the conduct of economic policy. Macroeconomics helps statesmen to solve a lot of complex issues that arise in front of them. For example, such: whether to raise taxes to cope with the deficit; is it advisable to raise the minimum wage; whether the government should be a little tougher to control the activities of commercial banks; whether to support the hryvnia. Advice to political leaders on such issues is provided by professional macroeconomists who are advisors to presidents and prime ministers. If these advisers have deep knowledge and can offer productive solutions, then the economic policy measures are well thought out and bring the desired results.

Its theoretical and educational function is closely connected with the theoretical-cognitive and practical functions of macroeconomics. Its content is the formation of economic thinking, economic psychology and economic culture of people. To appreciate the importance of this feature, just read the newspaper or listen to the news release. In the media, we often encounter such titles: "Gross
domestic product of Ukraine in 2000 began to grow," "Lack of net investment in the oil and gas complex" or "GDP deflator in the US economy is growing more slowly than the CPI." If we are not familiar with the language of macroeconomics, then these titles will seem nonsense. The study of macroeconomics makes it possible to understand this language, which is necessary for all members of society. Older citizens who live in retirement are interested in how quickly prices will rise. Graduates of universities who are looking for work worry whether growth will continue in the national economy and whether firms will hire workers. To make the right decisions, voters need to know the state of affairs in the national economy. Macroeconomic studies provide an opportunity to understand why Ukraine, which is rich in black soils and other resources, has not yet been able to provide a decent life for the majority of its citizens and what needs to be done to achieve the level of well-being that exists in developed countries. Macroeconomics helps to form a new economic culture that meets the realities of a market economy. Its main features are the desire for savings, economical housekeeping, discipline, responsibility for the results of their work, etc.

Finally, macroeconomics performs a methodological function. She formulated her scientific ideas about the mechanism of functioning of the national economy and understandably-categorical apparatus using other economic sciences - sectoral and functional.

If the subject of a scientific discipline answers the question that ana studies, then the method is how to study this science.

A method is understood as a combination of methods, techniques, forms of studying the subject of this science, i.e. specific research toolkit.

Macroeconomics, like other sciences, uses both general and specific study methods.

General scientific methods include:
• scientific abstraction method;
• method of analysis and synthesis;
• the method of historical and logical unity;
• system-functional analysis;
• economic and mathematical modeling;
• combination of regulatory and positive approaches.

However, each science uses its own, specific research methods, has its own terms and principles. For example, in chemistry the concept of a molecule is used, in physics - a quantum, in mathematics - an integral, a radical, etc. Macroeconomics uses its own concepts, the main of which are called categories. Along with the development of macroeconomics, some categories die, others are modified. In other words, categories are historical.

**LITURATURE:**