

International macro post

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ESSAY, MACRO & MICRO ECONOMICS INTERNATIONAL MACRO POST Various macro and microeconomic policies are based on the learnt theories. Critical analysis of articles by economists offers an insight into the existing relationship among macro and micro-economic variables. Taking the article Rebirth of Egypt by Merit, Terence and Mark on Oct. 23, 2014 (<http://www.project-syndicate.org/commentary/egypt-economic-indicators-reforms-by-merit-al-sayed-et-al-2014-10>) key economic concepts can be seen in real life application (Dwivedi, 123-5). The article explores macroeconomic challenges that Egypt as a country has after the Egyptian revolution. It highlights how the aftermath has made GDP growth rates tumbled while the inflows of foreign unswerving investments have dried out. The article also explores the failures of the government for decades during the dictatorial regime. The country has to establish conventional macroeconomics to guide in managing economic growth and economic development instead focusing on GDP and neglecting other economic concerns such as inflation, unemployment and externalities.

In their final submission, the article highlights possibility of hope for the 'New country'. Despite the challenges that the country has gone through in the last three decades leading to massive capital flight. The article underscores the need to review the economy while at the same time impose sound economic policies i. e. monetary and fiscal policies that would reclaim the country's lost balance of payment (BOP) and country's currency reserves. They retaliate the fact that Egypt as a country still can create a favorable environment for economic growth and entrepreneurial change.

One key issue that the article explores according to my understanding is the

link between civil war or the revolutions and their impact on macroeconomic policies and objectives such as economic growth of the country. It is essential to analyze the impact through domestic investment. The capital stock of any given country epitomize its accumulated stock of machineries, firms that are there in the country at any point in time, and this are what adds to productive power in the economy. If capital stock rises so will economic growth at its all-time high. According to neo-classical economists capital stock, originates from investment and depreciation. Egyptian revolution affected capital stock in two ways. First it reduced the existing stock of capital since during the period of revolution roads, ports and factories were destroyed. Secondly, the level of capital stock is affected by investment that must be more than the depreciation on the stock present. Since the war reduces the level of investment by the massive capital flight and increasing depreciation, it is proper to support the article facts and justification of Egyptian fallen economic growth during this period. Revolution also lowers the rate on return on investment in the economy (Dwivedi, 34-5). It reduces the productivity of factors of production, and these effects go a long way in support of portfolio substitution away from domestic to direct foreign investment.

The article rebirth of Egypt presents a rich understanding of various macroeconomic doctrines that are based on the learnt theories in emerging economies throughout the world especially in developing countries. Critical analysis of the online source offers an insight into the existing relationship among macro variables of importance such as investment and capital stock on GDP and as such important to any economic scholar (Dwivedi, 87-9).

Work cited

Dwivedi, D N. Macroeconomics: Theory and Policy. New Delhi: Tata McGraw-Hill, 2001. Print.