Research on the Ideological and Political Design of the Course of “Macroeconomics”

Yi Yuan

School of Economics, Guangzhou College of Commerce, Guangzhou, 511363, China

Abstract

In the ideological and political teaching of the courses of each chapter of "Macroeconomics", links are set up to establish a target system, pave the way for basic knowledge, conduct case discussions, and apply ability training. This article takes "macro-economy under open conditions" as an example. Based on the knowledge of balance of payments, the action learning method is used to organize students to focus on discussing the "domestic cycle as the main body" proposed by my country's 14th Five-Year Plan, and a series of results have been reached. After unifying our thinking and understanding, we propose action plans such as adopting a strategy of balancing foreign trade, making good use of my country's super-large domestic market advantages, and gradually eliminating the "double surplus" of my country's international balance of payments. Through the ideological and political teaching of the curriculum, college students are trained to continue to pay attention to the society, and to consciously link their growth into a talent with the destiny of the country's development, so as to achieve the fundamental purpose of teaching and educating people.

Keywords

Macroeconomics; Curriculum Ideology and Politics; Fourteenth Five-Year Plan; Focus on the Domestic Big Cycle; Action Learning Method.

1. Introduction

The ideological and political course originated from General Secretary Xi Jinping’s important speech on “make all kinds of courses and ideological and political theory courses run in the same direction and form a synergistic effect” at the National University Ideological and Political Work Conference on December 8, 2016. The core of the speech is to require the general requirements of the three sentences of "the basic principles of being a man and doing things, the requirements of socialist core values, and the ideals and responsibilities of realizing national rejuvenation" are integrated into the whole process and all aspects of various courses and education and teaching. [1] In the specific teaching process, curriculum ideology and politics cannot be implemented independently. It must start with the establishment of goals and proceed in the same direction. This article takes "Macroeconomics under Open Conditions" as an example to illustrate the ideological and political design ideas of the entire course.

2. Clarify Four Teaching Goals

In an open economy, the ultimate goal of the government’s macroeconomic policy is to achieve both internal and external economic equilibrium, that is, the macroeconomic is at a level of full employment, and there is no inflationary pressure, the economy grows in equilibrium, and the international balance of payments is balanced. As a major trading country in the world, changes in the external environment have further deepened the economic impact of our country, and our country's impact on the world economy has also increased significantly. If a country's economy has internal or external imbalance, it needs to adopt a corresponding combination of
fiscal, monetary, and foreign trade policies to make the macroeconomic trend toward equilibrium.

2.1. **Knowledge Goals**

(1) Grasp the connotation of international balance of payments.
(2) Understand the impact of real exchange rates on net exports.
(3) Clarify the economic meaning of BP curve movement.
(4) The economic effects of fiscal policy, monetary policy and trade policy under different exchange rate systems.

2.2. **Ideological and Moral Goals**

(1) Deeply understand the new pattern of “domestic cycle as the main body, domestic and international double cycle” established by my country’s 14th Five-Year Plan, [2] do a good job in defending national interests in future economic work and avoiding national economic interests from being violated. The theoretical preparation for necessary losses.
(2) Guided by the issue of "double surplus", creatively enrich the macroeconomic control system suitable for the national conditions of China’s big country, educate students to love their motherland, and create a lofty sense of mission.

2.3. **Capability Goals**

(1) Simple application: the balance of payments and the international economic ties reflected in it.
(2) Comprehensive application: use the Mundell-Fleming model to analyze the policy effects of fiscal policy and monetary policy under open conditions.

2.4. **Quality Goals**

(1) Correctly understand the natural and social attributes of macroeconomics, select the essence and discard the dross, and let the results of macroeconomic theory guide practice serve the construction of my country’s socialist market economy.
(2) Train students to have meticulous logical thinking, patient and meticulous observation habits, and team spirit of cooperation and mutual assistance. In the ever-changing international market, they should be alert to risks such as foreign trade and foreign exchange.
(3) Cultivate students’ innovative thinking, as well as a conscientious, rigorous and pragmatic work style.

The knowledge goal occupies a basic position in the above four teaching goals. Without the achievement of the knowledge goal, the other three teaching goals cannot be developed at all. The ideological and political goals of the curriculum are mainly embodied in the ideological and ethical goals. In grasping the balanced concept that the international flow of products and services and the international capital flow are two sides of the same coin, the reality of my country’s foreign trade economy is proposed: current account surplus, capital account should be It is a deficit, but it is actually a surplus. It inspires students to learn with problems, understand the new pattern proposed by the 14th Five-Year Plan, and earnestly pay attention to the trend of China’s foreign trade reform and opening up.

3. **Grasp the Difference Between An Open Economy and A Closed Economy**

The open economy and the closed economy are relatively speaking. A closed economy refers to an economy that does not trade with other economies in the world; an open economy refers to an economy in which goods, labor, and capital are freely traded with other economies in the world. Under the conditions of an open economy, the role of various macroeconomic policies has undergone fundamental changes. The effectiveness of monetary and fiscal policies mainly
depends on the degree of international capital flow and the exchange rate system implemented at that time. The effect of policy measures is much smaller than in a closed economy. This is reflected in the model, which is the multiplier of the open economy. The number is much smaller than the multiplier of the closed economy.

In international merchandise trade, the flow of goods is bound to be accompanied by the flow of capital. In order to purchase foreign goods, importers of a country must use their own currency to exchange foreign currencies. For example, if a British importer wants to buy American goods, he must use British pounds to buy U.S. dollars. The same is true for international financial transactions. When British people buy American financial assets (bonds, stocks, etc.), they also need to use British pounds to buy U.S. dollars. In this way, international commodity and asset transactions have produced transactions between currencies of various countries, forming the foreign exchange market. The exchange of commodities and financial assets between a country and foreign countries forms the country's balance of payments. The difference between net exports and net capital outflows is called the balance of payments and is denoted by BP. When a country's balance of payments is in balance, the balance of international payments is equal to zero, that is, BP=0, and an external equilibrium state is reached; if BP>0, it is a surplus of international payments or a surplus of international payments; if BP<0, It is a balance of payments deficit or a balance of payments deficit.

4. **Action Learning Method: A Profound Understanding of the "Domestic Cycle as the Main Body" Proposed by the 14th Five-Year Plan**

4.1. **Case Material**

From October 26 to 29, 2020, the Fifth Plenary Session of the 19th Central Committee of the Communist Party of China was held in Beijing. The "Proposal" proposes to accelerate the construction of a new development pattern with the domestic cycle as the main body and the domestic and international dual cycles mutually promoting each other. This is a major strategic deployment focusing on my country's long-term development and long-term stability. It will have an important and far-reaching impact on my country's realization of higher quality, more sustainable and safer development and the promotion of world economic prosperity.

4.2. **Use Action Learning to Carry Out Case Discussions**

Action learning method is a team learning method, shared learning method, and crowdfunding learning method. It is a pragmatic learning method that starts from problems and highlights group discussions. [3] In order to highlight the problem orientation, the 49 members and 10 teams in the class were divided into 2 camps. One camp was the reporter group responsible for asking questions and generalizing and propagating, and the other was the spokesperson group responsible for answering. In accordance with the "list of issues", "problem focus", "cause analysis", "countermeasure formulation", "determining the topic", "clear goal", "planning", "actual action" and other links, focus on why our country should "do domestic Group discussions and press release exercises were conducted on the theme of "Great Cycle as the Main Body". The use of this new type of teaching method is conducive to unifying students’ thinking and understanding on the one hand. Only when the problem of ideology and understanding is solved first, and the theory is sober, will they be conscious in action and politically firm; on the other hand, the action learning method has It is helpful to mobilize the enthusiasm of students, highlight the main status of students, and realize the mutual learning and learning between students and the teaching and learning between students and teachers.
4.3. The Unified Understanding Obtained after the Discussion of the Action Learning Method

4.3.1. Take the Domestic Cycle as the Main Body, Not to Close the Door to Engage in Closed Operation

After China's accession to the WTO, the rapid development of import and export trade has attracted worldwide attention. In the future, China's foreign trade policy will no longer be comprehensively export-oriented, but will encourage both exports and imports, encourage the organization of thousands of small and medium-sized enterprises in the industrial chain, and make full use of both domestic and international markets. This kind of resources actively promotes the coordinated development of domestic and external demand, imports and exports. Among them, the domestic big cycle is a solid foundation for the domestic and international double cycle.

4.3.2. The Foreign Trade of Guangdong Province Has Been Ranked First in the Country for Many Years. Can it Implement A Self-circulation?

The answer is no. One of the outstanding advantages of a major country's economy is that it is internally recyclable, and the construction of a new development pattern is based on a large domestic cycle based on a unified national market. It is not that all localities engage in small self-circulation. Three or forty years ago, 70% of international trade was trade in finished products. Your country sells tractors to me, and I sell machine tools to you here; by 2010, 40% of the trade volume is finished products, and 60% of the trade volume is trade in intermediate products, including parts, raw materials, and various intermediate products. Trade: By 2018, more than 70% are intermediate products of parts and raw materials. [4] The international division of labor is becoming more and more refined. A product can be completed in different parts of the world and delivered to a certain company for assembly and processing at a certain point in time. Which element is the most difficult to flow across borders? To complete the final processing and assembly links, there is almost no inventory in this process, or the inventory is extremely low, which requires a huge industrial chain, supply chain, and organizational control capabilities. Looking at reform and opening up from the perspective of reform and opening up, Guangdong Province is the leader of my country's internal circulation, and will advance reform and opening up from a higher starting point, higher level, and higher goals. In 2020, Guangdong Province has made new progress in the high-quality development of foreign trade. Imports and exports are 7.08 trillion yuan, accounting for 22% of the country. The scale has exceeded 7 trillion for three consecutive years, and it will continue to rank first in the country. [5] The 14th Five-Year Plan of Guangdong Province and the 2035 long-term goals are proposed to build a strong province in trade. The in-depth development of the "Guangdong Trade Global" plan proposed in the 2021 Guangdong Provincial Government Work Report is a highlight. Through this plan, Guangdong will make every effort to promote enterprises to use online exhibitions to explore the international market, support enterprises to negotiate online, organize online exhibitions, and take the initiative to grasp Order and promote cooperation. [6]

4.3.3. Does the United States Suffer Serious Losses in Sino-US Trade?

The answer is no. The main trade products in the world are no longer produced by companies in one country or region, but sold to another country, often dozens of countries, hundreds of companies, and thousands of parts and components are combined with each other. The formation of a product, this process has resulted in the rapid development of service trade. On the one hand, my country's service trade is a shortcoming. In terms of quantity, in 2018, my country's service trade exports were US$200 billion and imports were more than US$500 billion, with a deficit of around US$300 billion. The total service trade deficit between all countries in the world is 700 billion U.S. dollars, and we account for 300 billion, accounting for 40% of the world's deficit; structurally, my country's service trade is mostly labor-intensive,
with 200 billion U.S. dollars in service trade exports. Among them, a considerable part is tourism and labor-intensive service trade. Most of the more than 500 billion US dollars in foreign countries are capital-intensive, resource-intensive, knowledge-intensive, and high-value-added. [7] From the current account of the balance of payments, in 2020, the trade volume between China and the United States reached 586.7 billion U.S. dollars, an increase of 8.3% year-on-year. Among them, China exported 451.8 billion U.S. dollars to the United States, an increase of 7.9% year-on-year; imports from the United States were 134.9 billion U.S. dollars, an increase of 9.8% year-on-year. Americans always said they were losing money. But our trade in services still has a deficit of 300 billion US dollars. When the two are added together, there is actually only a surplus of 100 billion US dollars. [8]

On the other hand, when each country’s domestic goods are exported abroad, the money flows back to the country, and in the process of exchanging the country’s currency, it will become foreign exchange reserves. If foreign currencies are used for settlement but there is a persistent trade deficit, then the country will eventually experience a foreign exchange crisis and trigger a domestic economic crisis, which is a tragedy that has repeatedly occurred in Latin America and developing countries. But the foreign exchange reserve is like human fat, too little to withstand the cold; but too much fat, it will become fat. As of the end of December 2019, China’s foreign exchange reserves were US$31,079 billion. [9] The greater China's trade surplus with the United States and the greater the balance of foreign exchange reserves, the greater the damage of over-issuance of RMB. At the same time, based on my country's huge foreign exchange reserves, China is the second largest creditor nation of the United States. The United States continues to issue bonds and borrow money, activates the printing press, and uses various means to reduce the devaluation of the U.S. dollar reserves of countries around the world. As of August 17, 2020, the total amount of US Treasury holdings in China is above US$1 trillion, and it is still the second largest overseas holder of US Treasuries. [10] The depreciation of the U.S. dollar is obviously not cost-effective to my country, which holds U.S. Treasury bonds.

4.3.4. For Large Countries, NX Should Be Equal to Zero

The national income accounting identity shows that the net capital outflow is always equal to the trade balance. But the intuition behind this important relationship can easily be overlooked. In the era of the gold standard, the currencies of various countries are linked to gold. If a person goes abroad to do business, foreign countries cannot use their own currency. He can buy foreign goods by changing his own currency into gold and then using gold into foreign currency. This is true for businessmen, and so is the national government. Selling products to foreigners to make money is called exporting, and spending money on foreign products is called importing. If the export turnover exceeds the import value, this is called a balance of payments surplus. With the continuous development of international trade, it is not the resource endowment of mainstream economics that dominates international economic relations, but a currency economy. Due to historical reasons, after the establishment of the Bretton Woods system, the U.S. dollar was linked to gold and became the "US dollar." The currencies of all countries in the world are no longer linked to gold, and the U.S. dollar is often used as a reference in international trade. Although after the US dollar crisis occurred in the 1970s, the US dollar and gold were no longer linked 1:1, but the US dollar’s status as a world currency has been maintained. As long as it is for foreign trade, countries around the world will continue to need US dollars. As a result, the United States crazily printed banknotes and issued Treasury bonds, but the domestic inflation rate in the United States was not high, mainly because the income generated by the United States (product demand) was greater than the supply of products, and the products of various countries were exported to the United States to make up. The United States is the world’s largest consumer market, and the United States has a trade deficit with most countries in the world.
5. Strengthen Student Application Training

After the detailed knowledge is taught, comprehensive training is required for the content of this chapter. This means that after receiving guidance and learning the knowledge stored in the book, students must focus on the application of knowledge and demonstrate and propose action-solving actions under uncertain conditions. The ability of the plan, and remind students to continue to pay attention to the follow-up information of the corresponding plan, accept the practical test of the actual macroeconomic policy and the results of social activities, and put the curriculum ideological and political education into their hearts and minds in the silence.

5.1. Adopt A Foreign Trade Balance Strategy

In the past, we often used the amount of exports and the amount of foreign investment as indicators of opening up. In the future, we will focus on promoting the opening up of rules and systems.

When the Bretton Woods system collapsed, the trade deficit was the gain, and the export-oriented economic model or the international circular economy development strategy was transformed into a "self-questioning" development model, forming the exporting country's "import is the gain, while The cruel reality of "Export is a loss". This is the deepest historical origin of why our country wants to build a new development pattern with a "domestic cycle as the main body". Its destiny was doomed half a century ago when the Bretton Woods system collapsed.

The core logic of my country's 14th Five-Year Plan is to shift from the "international cycle" to the "domestic cycle." In other words, when a country cannot use its own currency for international trade settlement and pricing, it should adopt a foreign trade balance strategy. Only in this way can the country's fiscal capacity be fully guaranteed and used to meet the needs of expanding domestic demand. Historical experience shows that the internationalization of a country's currency is mainly achieved through the use of domestic currency to settle the trade deficit in international trade. Therefore, my country should gradually promote the internationalization of the RMB mainly by implementing a new foreign trade strategy that balances trade and even has a slight trade deficit.

5.2. Make Good Use of My Country's Super-large-scale Domestic Market Advantages

Once my country implements a new foreign trade strategy of trade balance, the source of economic growth cannot generally come from external demand, it can only come from the broad development of the domestic market. This is a fundamental measure to break the hegemony of the U.S. dollar with the main domestic circulation. At present, most countries in the world still regard the export-oriented economic development model as the only way to economic development. The market is the scarcest resource in the world. Taking advantage of my country's super-large domestic market will provide countries around the world with broader market opportunities. What General Secretary Xi Jinping pointed out: "We must give full play to the advantages of the domestic super-large-scale market, and add impetus to my country's economic development by prospering the domestic economy and unblocking the domestic cycle, and drive the recovery of the world economy."

5.3. Gradually Eliminate the "Double Surplus" in My Country's Balance of Payments Pattern

Double surplus, that is, both the current account and capital account of the balance of payments have a surplus. The current account surplus means that import and export trade and exports exceed imports. The capital account surplus means that inbound and outbound investment and foreign capital inflows are greater than domestic capital exports. In theory, the current account
and the capital account are complementary, and it is impossible to have a surplus at the same time. Along with the net export surplus of products and services, the net capital outflow should have been a deficit. As a result, my country’s net capital outflow is a surplus, that is to say, a lot of hot money from abroad has poured in. China's export-oriented development strategy based on foreign direct investment is a product of history, and the policy of actively introducing foreign direct investment (rather than borrowing) and actively exporting foreign exchange was completely correct at the time. Now that China's economy has developed to a new stage, in order to improve China’s opening-up level, we must adjust China’s development strategy and economic structure. For a long time, China has basically maintained a capital account surplus, mainly foreign direct investment. This was the main reason for the increase in China’s foreign exchange reserves until the previous few years. From the perspective of foreign investors, the rapid rise of China's economy and the resulting profits and profit prospects are naturally the primary reason. However, under normal circumstances, the foreign exchange brought by foreign direct investment should be used to purchase foreign machinery, equipment, technology and management, and should usually be converted into a corresponding trade deficit and should not lead to an increase in foreign exchange reserves. The conversion of foreign capital inflows into an increase in foreign exchange reserves means that although we ourselves have sufficient resources to purchase foreign machinery, equipment, technology and management, foreign direct investment has replaced domestic investment. The occurrence of this phenomenon is related to the underdevelopment of China's capital market and various preferential policies for foreign investment. China's double surplus is related to various institutional defects, price distortions, and macroeconomic imbalances. We should abolish preferential policies for foreign direct investment and implement national treatment for domestic and foreign investment. Take effective measures to stop local governments from engaging in vicious competition for the introduction of foreign capital. Further advance the reform of the price system so that prices can fully reflect the scarcity of domestic resources. Governments at all levels formulate emergency plans to make full preparations for the structural adjustment of export enterprises and minimize the impact of structural adjustment on economic and social stability.

6. Conclusion

"Macroeconomics" was introduced into the university lecture halls of our country with the urgent need for economic theory to establish a socialist market economic system. As a basic compulsory course for college economics majors, "Macroeconomics" is also an important window for contemporary college students to examine the world. One, the curriculum ideological and political is particularly necessary. In the ideological and political teaching of each chapter of "Macroeconomics", the author generally sets up the establishment of a target system, basic knowledge foreshadowing, case discussion, application ability training and other links. Individual chapters adjust specific links or methods according to the content, for example, the case method is changed to the scenario simulation method. In the curriculum ideological and political design, the professional and ideological and political elements are organically combined, and the four major teaching goals are implemented to make the learning of professional courses form a closed-loop management and synergistic effect. Curriculum ideological and political has potential and long-term influence on the growth of college students. "In ancient and modern times, at home and abroad, every country has cultivated people in accordance with its own political requirements. The world's first-class universities have grown up in the development of serving their own countries." Marxist standpoints, methods, and the concept of resolutely safeguarding the core interests of the country should be run through the whole process of "Macroeconomics" teaching, so that the "Macroeconomics" course can make up for the inherent shortcomings and deficiencies of the subject in the teaching, It has achieved
a high degree of unity of knowledge transfer, value guidance, and ability training, and cultivates college students to consciously connect themselves to the future development and destiny of the country.

References


[10] Xi Jinping: Speech at the Peking University Teacher-Student Symposium, N. (People's Daily, China 2018-05-03(2)).