



Le Zhuo(Noah)

Interests: Date Science, ECON, Statistics

Le Zhuo (Noah) is a freshman at Duke Kunshan University without any actual majors, but he has a passion to enter into the world of economics and business. As a result, he takes this course to serve as his first step to a whole new field even he didn't study anything about economics before.

In this course, he highly expects to learn the concept of economics and gain a rational way of thinking. Moreover, he is eager to find out the relationship between market and economics and the potential bond between policy and finance.

By the way, Le is a native in Kunshan so if anyone wants to go out and have some fun, he is always available(only if he doesn't have numerous essays to accomplish).XD

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Undergraduate Class of 2024 | Duke Kunshan University

People face trade-offs



Le Zhuo

Trade-offs reflect a decision-making situation where people weigh the importance of two completely contradictory events and choose one which they think will be more beneficial to perform. For instance, once you have finished your lunch and you know that this is the time to do some fitness, but suddenly a sense of sleepy flood into your mind that you just want to take a nap right now. Maybe you can gain mental satisfaction by sleeping but on the other hand, you are sure to shape your body through fitness. Then this is the time for you to make a trade-off to decide which option you prefer.



A decorative graphic on the left side of the slide consisting of two overlapping parallelograms. The front one is blue and the back one is a light green color. They are positioned diagonally, with the blue one in front of the green one.

How Market Works

Round Table Conversations



Author: Le Zhuo
Contributor 1: Siqi Mao
Contributor 2: Yuhe Mu
Contributor 3: Jiyuan Wang



Summary

Background:

In 2008-2009, because of climate warming and environmental deterioration, the global sugar production witnessed a sharp decrease. Especially in India, less rain in the monsoon season and imbalance of rainfall and drought made the sugar production in India, serving as one of the biggest sugar-producing countries, slumped. The supply of sugar dropped steeply but the world's demand remained the same. As a result, the supply couldn't meet the demand and the price of sugar, without doubt, rose dramatically.

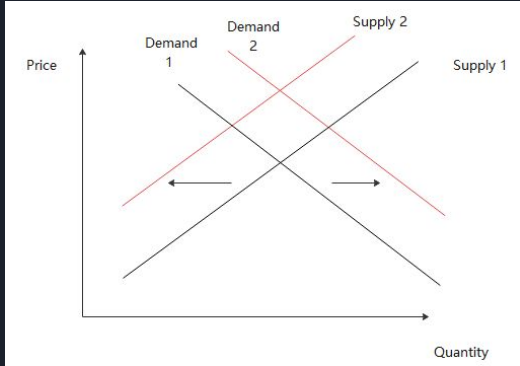
Research questions:

- What's the outside shock
- How do supply and demand change
- How do equilibrium price and quantity change

Conversations: Outside Shock

- Due to the massive emission of greenhouse gases and the unregulated consumption of fossil fuel, climate warming developed gradually and the environmental degradation worsened. Consequently, weather worldwide changed unpredictably and had caused numerous global issues.
- Undoubtedly, sugar, functioning as a kind of crop, live on the water. Whereas, as is mentioned above, the terrible weather condition led to less rain in the monsoon season and imbalance of rainfall and drought in India, one of the biggest sugar-producing countries. Because of this, the sugar industry in India was caught in a dilemma and could do nothing but facing the fact that the sugar production dropped dramatically and bankrupt seemed unavoidable.
- Jumping to the demand side, with the development of social welfare, people tended to pursue much more excitement than before, among which alcohol played a huge part. Serving as one of the sources of alcohol, sugar's demand increased relatively.

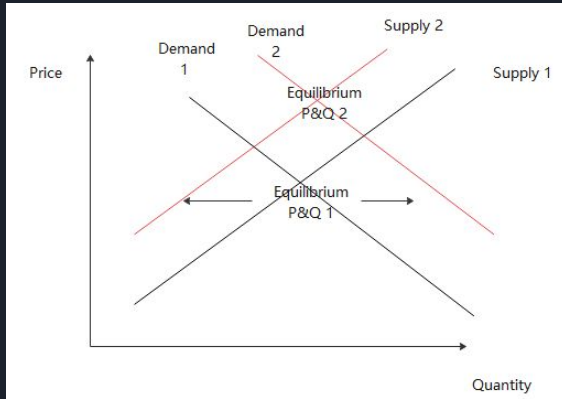
Conversations: Supply and Demand Change



Picture 1

- As pic 1 shows
- Supply Line 1 and Demand Line 1 are original sugar conditions.
- Supply Line 2 and Demand Line 2 are conditions after climate change.
- Le Zhuo: Because of the terrible weather condition, the supply of sugar decreased sharply. As more and more people are pursuing new recreation and excitement, the demand of sugar rose gradually.
- Siqi Mao: Supply and demand are both increasing but demand is getting much higher than the supply. Luckily, it slows down and gradually becomes stable and makes it possible to manage to balance these.

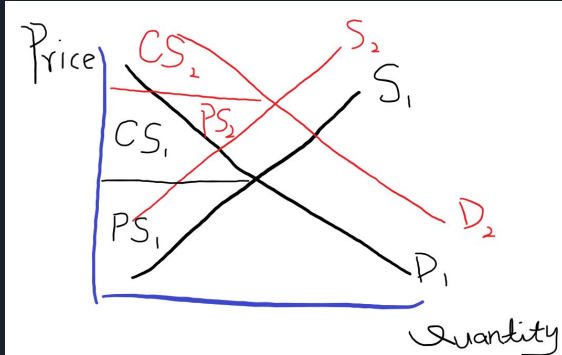
Conversations: Equilibrium Price and Quantity Change



Picture 2

- Le Zhuo: As pic 2 shows that equilibrium price and quantity are relatively lower at first (Equilibrium P&Q 1). Whereas, since the new supply and demand appear, equilibrium price went higher than before and equilibrium quantity also went a little bit higher (Equilibrium P&Q 2)
- Siqi Mao: The market is not fixed and changes in a specific area. The balance is what we are trying to do, but the changeable market is likely to have elasticity since people have to consume sugar. Maybe when the price gets out of control, some people won't buy it. However, sugar is necessary regardless of the increasing price. In this market, whether we want to consume slightly influences the price with the high control of the government. Although the market doesn't have so much competition, it is still full of challenges.

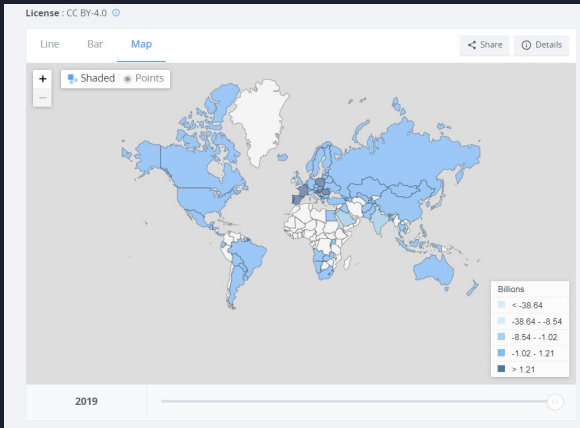
Changes in Consumer Surplus and Producer Surplus



Picture 3

- As is shown in Pic 3, consumer surplus does change, as well as producer surplus. However, considering the different changing degrees of demand and supply, precise comparison between them are impossible, let alone total surplus. That is to say, whether consumer/ producer surplus increase or not is undetermined.

Changes in net capital account in Canada from 1960 to 2019



Definition: The net capital account records acquisitions and disposals of non-produced non-financial assets, such as land sold to embassies and sales of leases and licenses, as well as capital transfers, including government debt forgiveness.

Dynamics: It can be seen that during the first few years only Canada had the data since the other countries were not recorded. And the negative data of Canada means that citizens of Canada buy foreign assets more than output theirs. As time went by, more data were recorded, and the data of Canada became positive as it had enormous natural resources due to its large territory, enabling citizens to purchase assets within their country. Then, as the world became more open year by year and the free trade policy sprung up, as well as the fewer resources in Canada, Canadians began to purchase more assets abroad. Consequently, it led to a negative net capital account again.

Picture 4:

<https://data.worldbank.org/indicator/BN.TRE.KOGT.CD?end&view=map&year=2019>

Linkedin Post:

<https://www.linkedin.com/in/%E4%B9%90-%E5%8D%93-6a006b1b6/detail/recent-activity/>

What it means: The net capital account is associated with the openness of the world and the trade policy. It measures the transaction in natural resources and tells us a story about one country's balance of payment to some degree.

Lessons learned: As the world becomes more open, almost every country holds a negative net capital account.



Personal growth as an economist

During the seven-week course of ECON 101, basic knowledges of economy were provided. Not very professional though these knowledges are, this course brings out my interest in economy. Meanwhile, professor Luyao Zhang taught us with a relatively different teaching pattern, creating a relaxed atmosphere in class with her sweet smile and frequent interactions. Luyao introduced me to a whole new world of economy, which is full of mysteries and surprises. Not only fundamental knowledges have I gained in this class, but also joy and fun.

ECON 101 explained how economy works in real life more explicitly to me and pushed me to dig further in this area. Many essential tools to measure the economy condition were provided and equipped me with skills to analyze economy, helping me take the first step to become an economist.



Why economists attract me deeply

- Reasons to become an economist

Previously, I define an economist as a master in both monetary and fiscal area. Whereas, during my learning process in ECON 101 with Luyao Zhang, I got to know that an economist deals with not only money and business, but various subjects that may seem to be completely different from economy, such as philosophy, art, and even humanity. It means that to become an economist requires all kinds of knowledge and case analyzing from diverse perspectives. To me, it implies turning into a comprehensive person and taking command of all kinds of things. Although to reach the target may be hard, I regard this as a growing and fulfilling process that is really meaningful because the happiest thing around the world is to invest in yourself and enjoy the achievements that you make.



Simulation on Nobel Prize Award Remaks

There is a phenomenon in current world that 20% people own 80% GDP. It is something connected to Pareto Principle which has been proved true but to some degree, discouraging. Considering the inequality beyond the phenomenon, I expect one day I can come up with some new methodologies to deal with this and fix the inequality relatively.