Macroeconomics Research on International Finance and Open Economy

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[Abstract] With the continuous development of China’s economy, the financial industry has also achieved great development. Consumer finance is not only an important part of China’s economy, but also plays an important role in regulation and assistance in social and economic development. From the perspective of labor economics, the exploration and research of consumption is more conducive to improving people’s consumption level. This paper makes a brief analysis of this strategy in order to better promote the development of consumer finance.

[Keywords] International financial theory; Cross-time analysis; Open economy; Macroeconomics

1. Introduction

In recent years, the theoretical knowledge of international finance has developed rapidly. Especially since the reform and opening up, the progress of research methods for cross-time equilibrium has led to the integration of more micro-theoretical knowledge into the study of a series of international financial issues. Because consumer finance not only has a direct impact on the country’s economic development, but also closely is related to the consumption situation of all levels. The progress of international finance today is mainly reflected in the following aspects: First, the core micro and macro-economic knowledge theories are widely used in the trend of the international economy; secondly, the scholars of inquiry use theoretical knowledge and analysis of past experience to deeply study some of the ancient topics in the international economy.

2. Analysis of Current Account Cross-time Equilibrium

2.1 Cross-time Equilibrium Model

The change process of exchange rate basic knowledge contains a special part, which is the study of the intertemporal equilibrium of daily accounts, and uses the most reasonable rise to the open economy. In the early days of reform and opening up, many scholars built a cross-time modeling of daily accounts, in which money and investment represent the most reasonable implementation measures in the future. In Keynesian academic inquiry, exports are basically based on the average income standard at the time and the payment decisions that generate pure interest. In the
approach of cross-time equilibrium research, the reasons for these problems are ignored. This model is different from the rising pattern of the early open economy.

Such a model can solve the problem of change in a short period of time, such as the short-term and long-term effects of economic conditions, and can also study the cross-border budgetary constraints of a country and cross-time budgetary constraints on government departments.\(^1\) The simplest difference between an economy in an open area and an economy in a closed area is that an open area economy can introduce or transport items from any country in the world.

### 2.2 Iterative Model

This model requires differences between consumer groups of different age groups. Based on this model, the following inference can be made: the magnitude of population fluctuations and the impact of taxes are also fundamental factors affecting national economic levels and daily accounts. For example, some factors that have led to a lower US savings rate and a higher daily account deficit based on the iterative model research framework are its large-scale over-budget and successive large-scale pension payments in the era of reform and opening up.

Another perspective is that Japan’s rising savings rate and rising daily account balances can also be counted as part of its younger labor force. If this is the case, with the large number of laborers leaving in the early 21st century, Japan’s daily account balances may drop rapidly.\(^2\) In the past records of international finance, the micro-basic issues of macroeconomic measures were not taken into account, while the micro-basic issues were the top priority for ensuring the internal linkages between economic initiatives; In the past, international financial records could not explain the changing economic problems with a single structure, and the study of international capitalist market integration was not so thorough.

### 2.3 Inter-temporal Equilibrium Analysis

When the economic income of a country and a region is floating in a short period of time, it can be avoided by foreign borrowing and the rapid reduction of investment. Similarly, countries and regions can participate in domestic and foreign output-type investment projects and external borrowing projects if they are rich in storage. The way of cross-time exchange on such resources is cross-time trade. On the basis of an open economy, many macroeconomic practices have little to do with its cross-time trade, and cross-time trade can generally be reflected by the balance of income and expenditure in daily accounts. The model makes decisions by observing the vital reasons for interference costs and input practices and the actual interest rate. It can study the floating situation of partial cross-time equilibrium such as daily accounts.
Most importantly, most of the previous records did not examine many of the current important economic initiatives and issues, such as: daily account issues, government over budget issues, investment currency crashes, and so on. The Intertemporal Research Approach gives a theoretical inquiry structure that can analyze the effects of some external equilibrium interactions, external persistence and true equilibrium exchange rates. All of these are obtained by intermingling with the intertemporal equilibrium generated by the national economy. The intertemporal approach can study the welfare outcomes of initiatives in an open economy.

3. Effective Strategies for the Development of Consumer Finance From the Perspective of Labor Economics

3.1 Improve Household Consumption Levels

From the perspective of labor economy analysis and observation, there is a close relationship between the consumption level of residents and consumer finance. First of all, the state should pay attention to financial consumption, improve the consumption level of residents through reform of the distribution system, and give enterprises support and encouragement. At the same time, the government departments should also formulate some preferential policies that can stimulate residents to consume according to the actual development of the region, thereby enhancing the consumption level of consumers and promoting the development of China’s economy.

Secondly, establish and improve the social security system, reduce the psychological burden of consumers, and give residents a certain social security when they consume. Thirdly, it is necessary to use the regulation function of the market economy to select economical and high-quality products in a highly competitive market to attract consumers, thereby enhancing residents’ desire for shopping and improving the consumption level of residents. Finally, improve and innovate the consumer financial loan system, improve the living standards of residents, and then increase domestic demand through consumption, and finally achieve the role of promoting China’s economic growth.

3.2 Design a Scientific and Reasonable Consumer Financial System

With the continuous advancement of the times, the single-form products of consumer finance can not only meet the needs of household consumption, but also cannot adapt to social and economic development. Therefore, according to the economic development of different regions and the gap in income of residents, we should create a variety of products to serve different consumers and improve their spending power. According to China’s actual consumption situation, scientifically allocate consumption resources, so that more consumers can appreciate the benefits brought by consumer finance to people’s lives and promote China’s economic growth.
3.3 Create a Good Consumer Environment

In order to create a good consumption environment, first of all, we must play the leading role of the government. According to China’s consumption environment, there are still many blank points in the relevant legal system of China’s financial consumption, and further supplements are needed. Therefore, relevant government departments should establish and improve financial laws and regulations to maintain a safe and good consumer atmosphere. At the same time, we must give consumers a certain guarantee, and further strengthen the transparency of consumer finance, so that consumers can feel at ease, and constantly improve and change the consumer’s consumption concept, so that consumers’ consumption can be a benign cycle and achieve a win-win situation.

4. Improve the Overall Quality of the Frontline Employees in Consumer Finance

From the perspective of labor economics, high-quality consumer finance staff has a direct impact on the development of consumer finance. The overall quality of staff is directly related to the effectiveness of consumer finance development. In today’s rapid social and economic development, the requirements for the quality of consumer finance staff are getting higher and higher. Therefore, for the rapid development of consumer finance, we must pay attention to the improvement of staff quality. First of all, it is necessary to carry out regular education and knowledge training for practitioners, strengthens their own professional knowledge and ability, improve the emphasis of employees on their comprehensive quality, and then actively promote and improve them. At the same time, it is necessary to improve the professional ethics of the staff, and require the consumer finance practitioners to strictly follow the relevant consumer financial regulations, examine their own behaviors and actively reflect on their work attitudes. Secondly, it is also possible to establish and improve a long-term assessment mechanism, and conduct regular assessments of relevant employees of consumer finance to not only understand the employees’ work attitudes and abilities, but also enhance their sense of responsibility, so as to carry out efficient consumer finance work, and ultimately promote the improvement of household consumption levels.

5. Conclusion

Open economic macroeconomics always assumes that there is no investment in international trade. However, the introduction of international trade investment may have great benefits for improving the previous exchange rate model, which can explain the inextricable fog of international macroeconomics. All in all, the
development of international finance still needs the unremitting struggle of future generations. From the perspective of labor economics, the analysis of China’s consumer finance development shows that consumer finance is very necessary for China’s development and an important factor to promote China’s economic development. At the same time, it is of great significance to the improvement of China’s resident level. Therefore, in today's social situation, the prospects for the development of consumer finance are very broad. We must pay attention to financial consumption in order to better improve the consumption level of consumers and improve the quality of life of residents. At the same time, it is also conducive to the rapid development of China’s economy.

References