

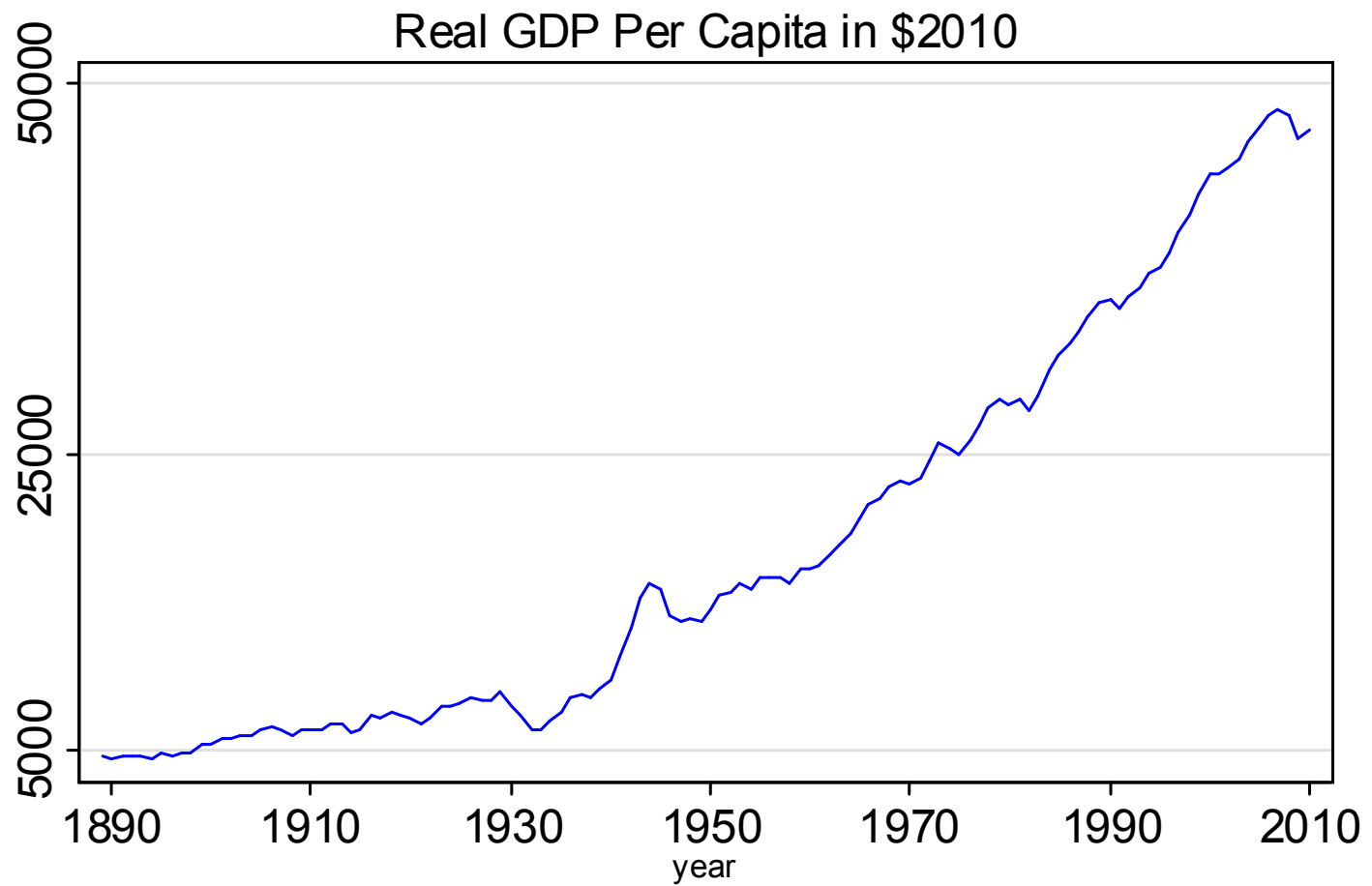
Introduction to Macroeconomics

I. Macroeconomics: What is it?

Definition: Macroeconomics studies the economy as a whole - **general equilibrium**. It studies the outcomes of the interactions of all microeconomic agents.

II. Long-Standing Macroeconomic Issues

A. Long-Run Growth

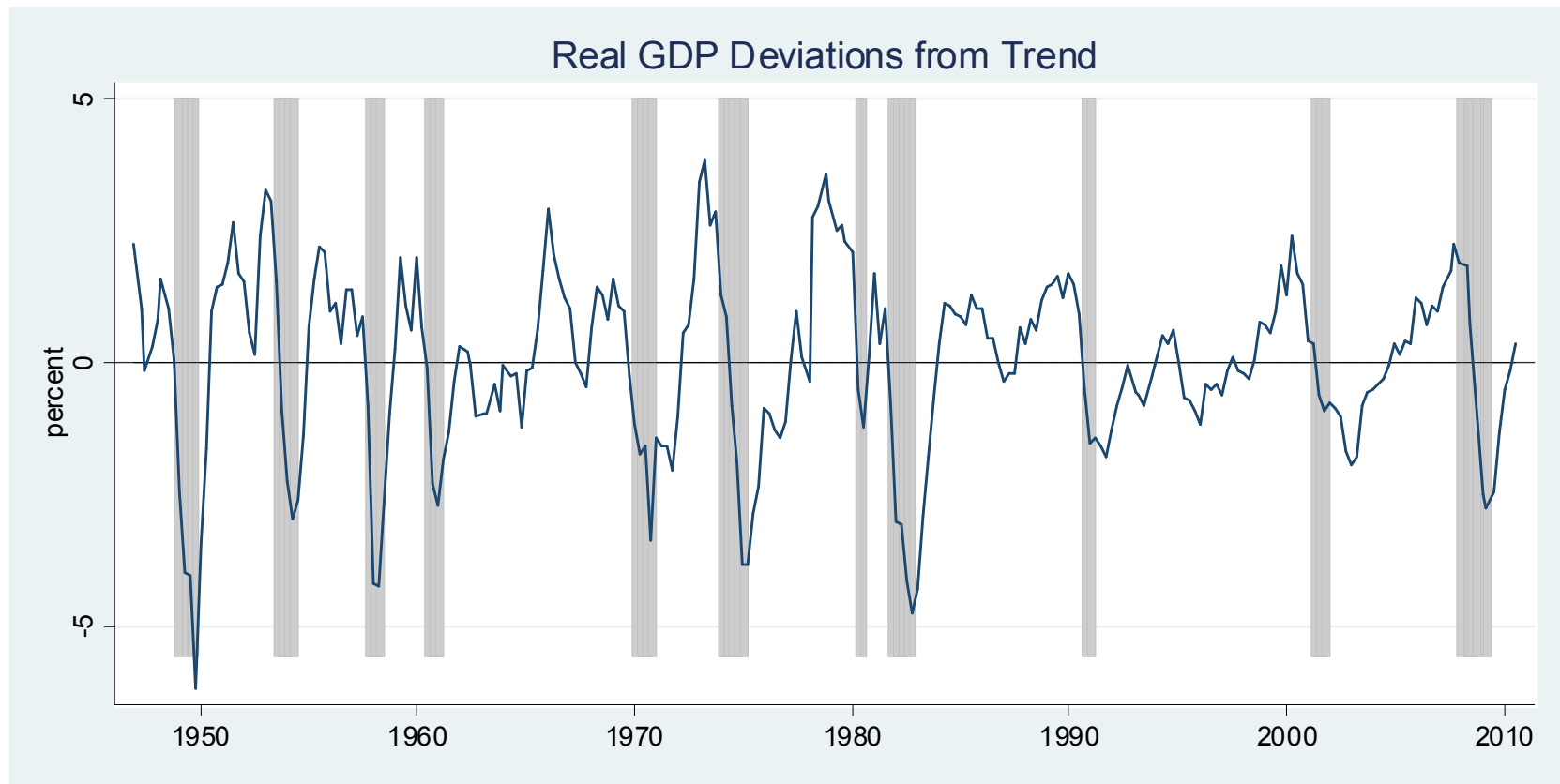


B. Standards of Living

GDP Per Capita in 2008, PPP, from IMF

Norway	\$53,738	Korea	\$26,692
US	\$47,440	Mexico	\$14,495
UK	\$36,358	China	\$ 5,970
France	\$34,205	Zimbabwe	\$ 268

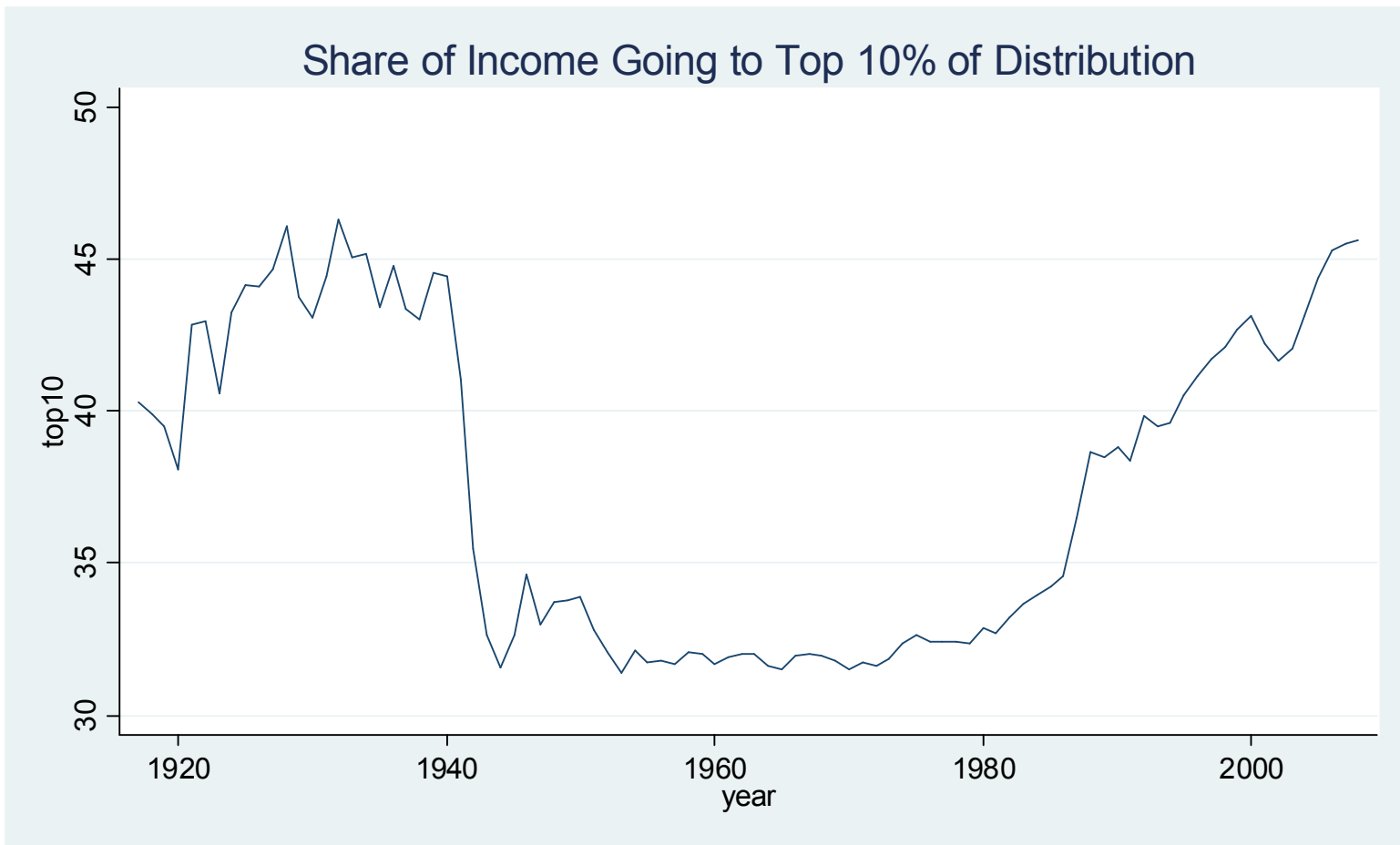
C. Business Cycles



Shaded areas are official recessions.

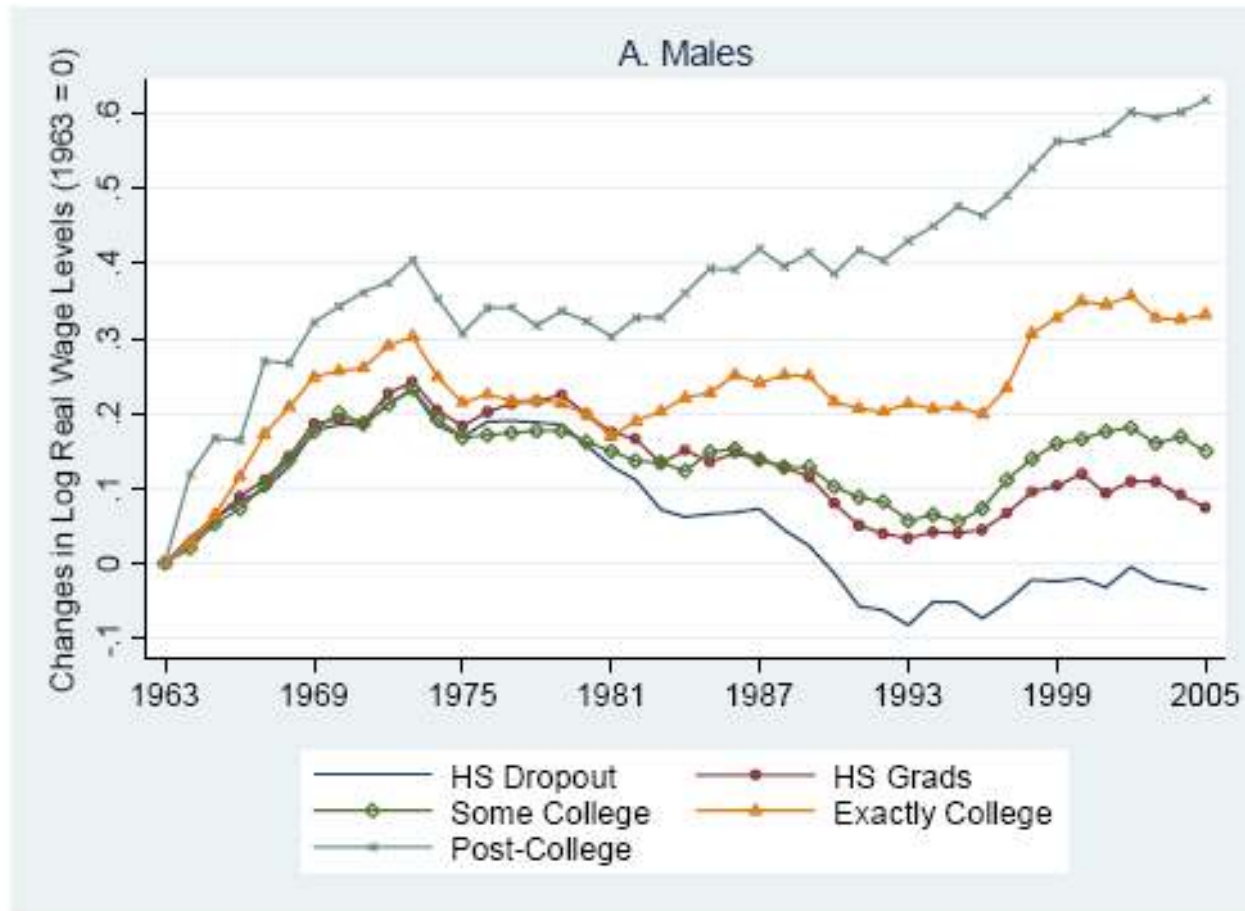
D. Inequality

Income Share of the Top 10% of the Income Distribution,
1917 - 2008



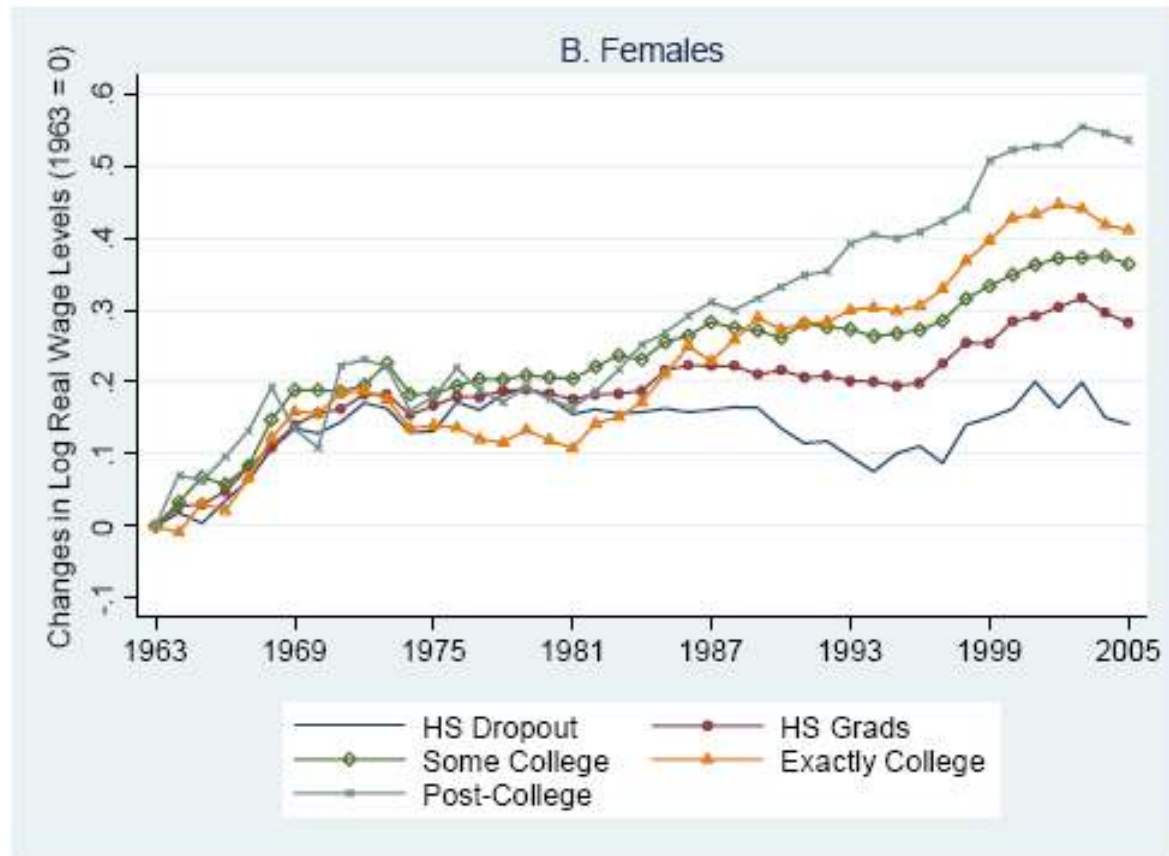
D. Inequality - continued

By education



D. Inequality - continued

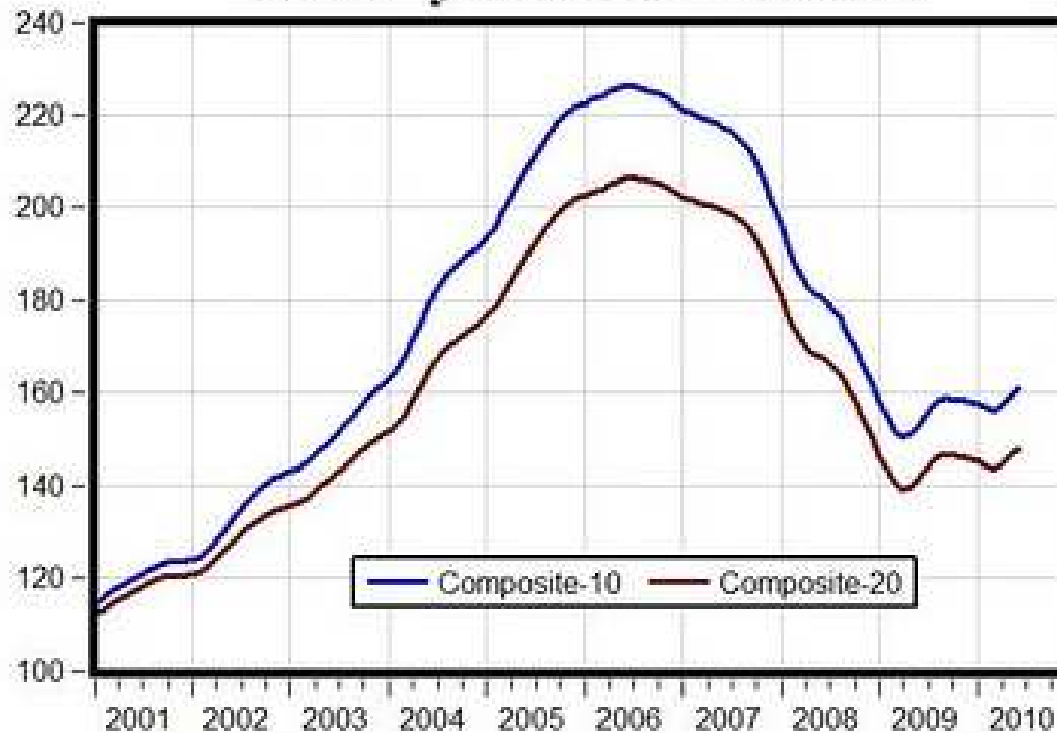
By education



III. Current Hot Macroeconomic Issues

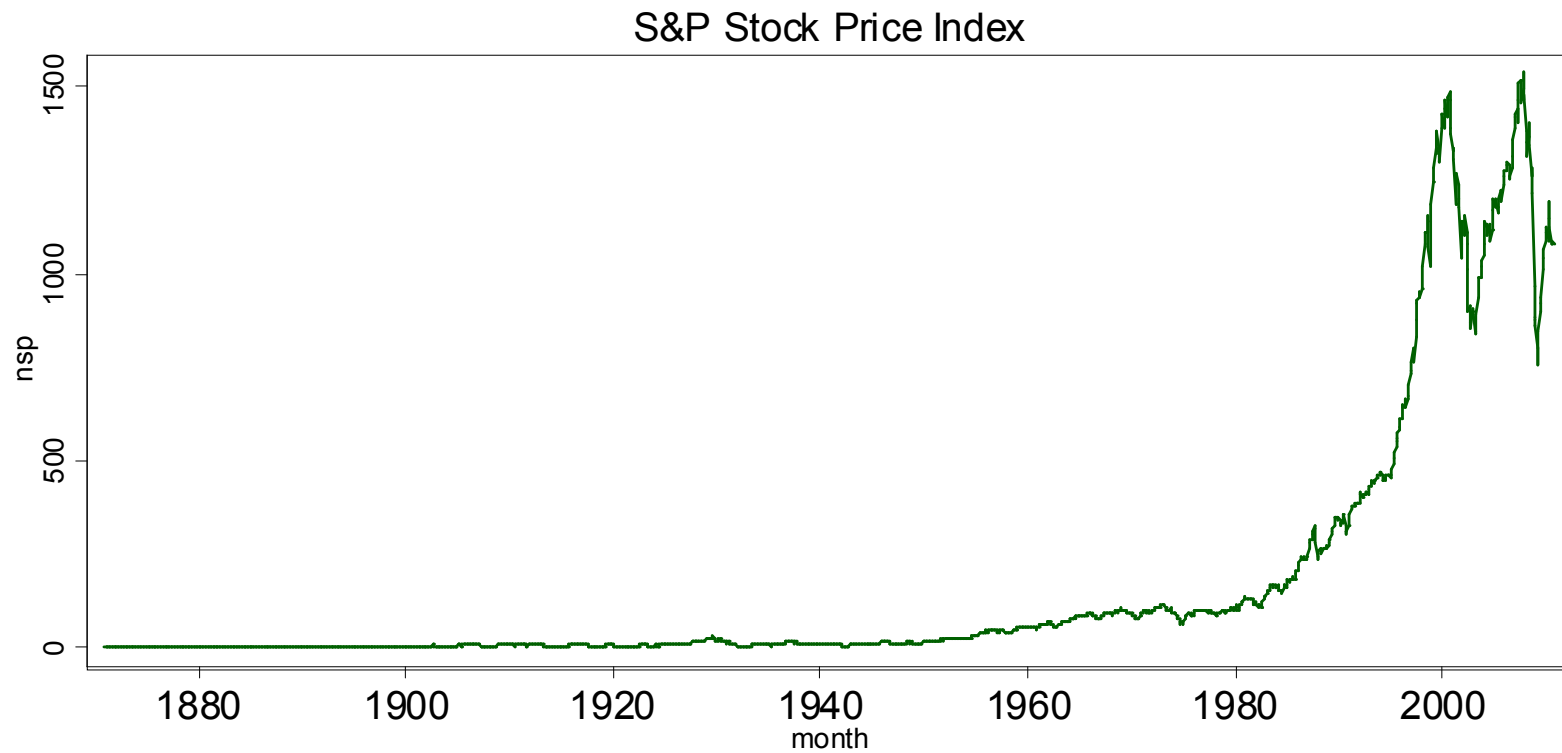
A. House Prices

**S&P/Case-Shiller Home Price Index
Composite-10 and Composite-20 Indexes
January 2001 to June 2010**



III. Current Hot Macroeconomic Issues

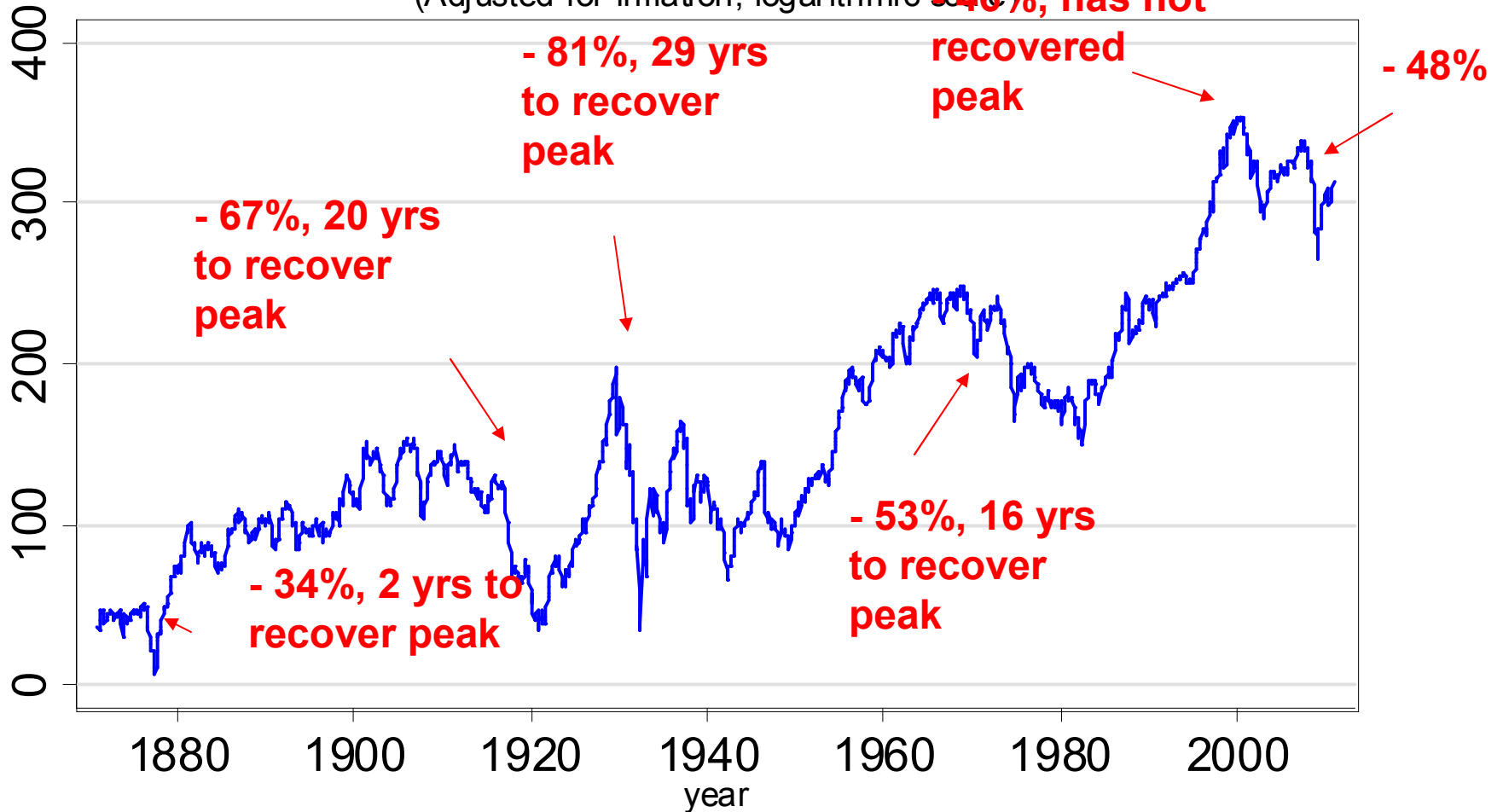
B. Stock Prices



Log Real S&P Stock Price Index

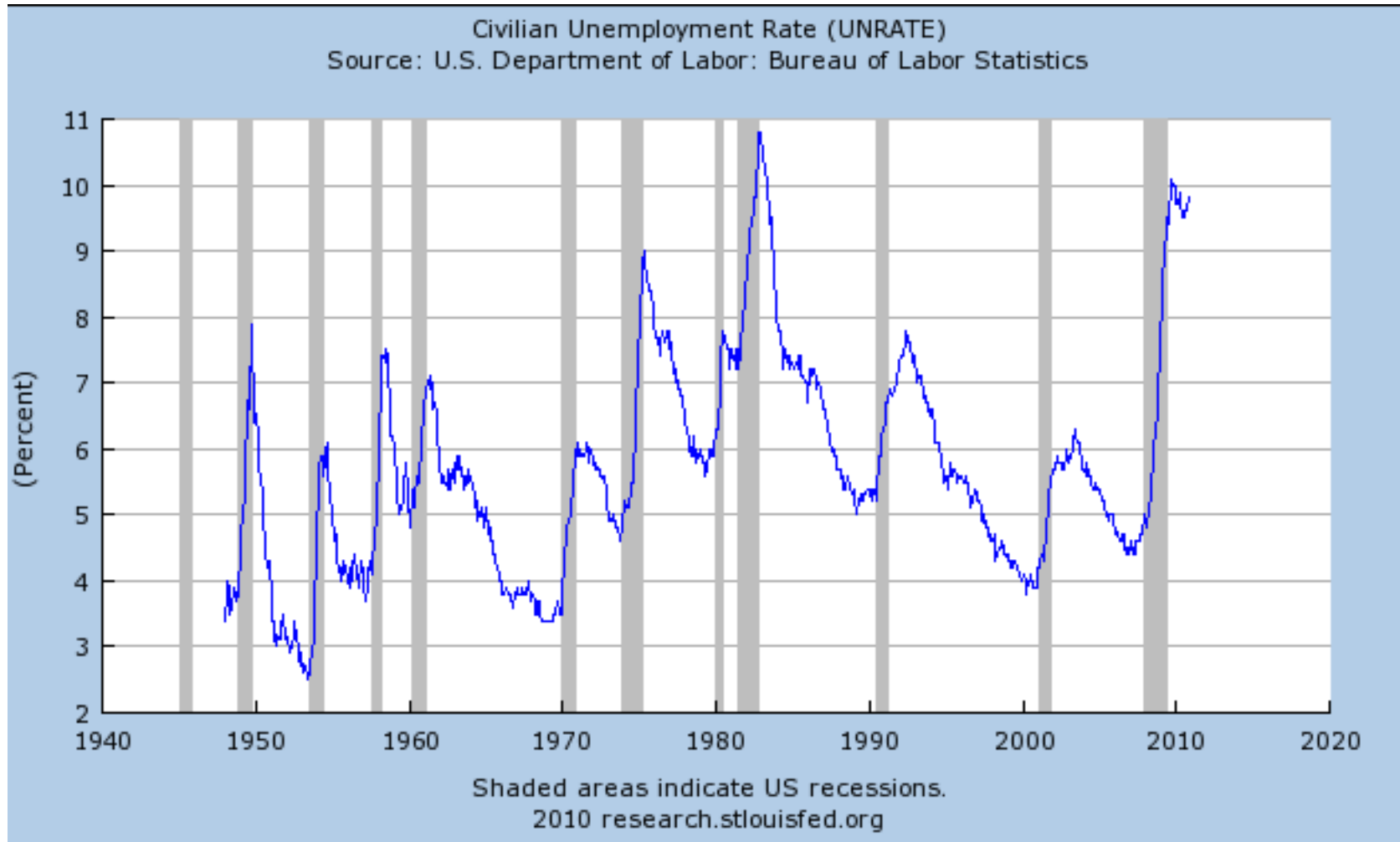
S&P 500 Stock Price Index

(Adjusted for inflation, logarithmic scale)

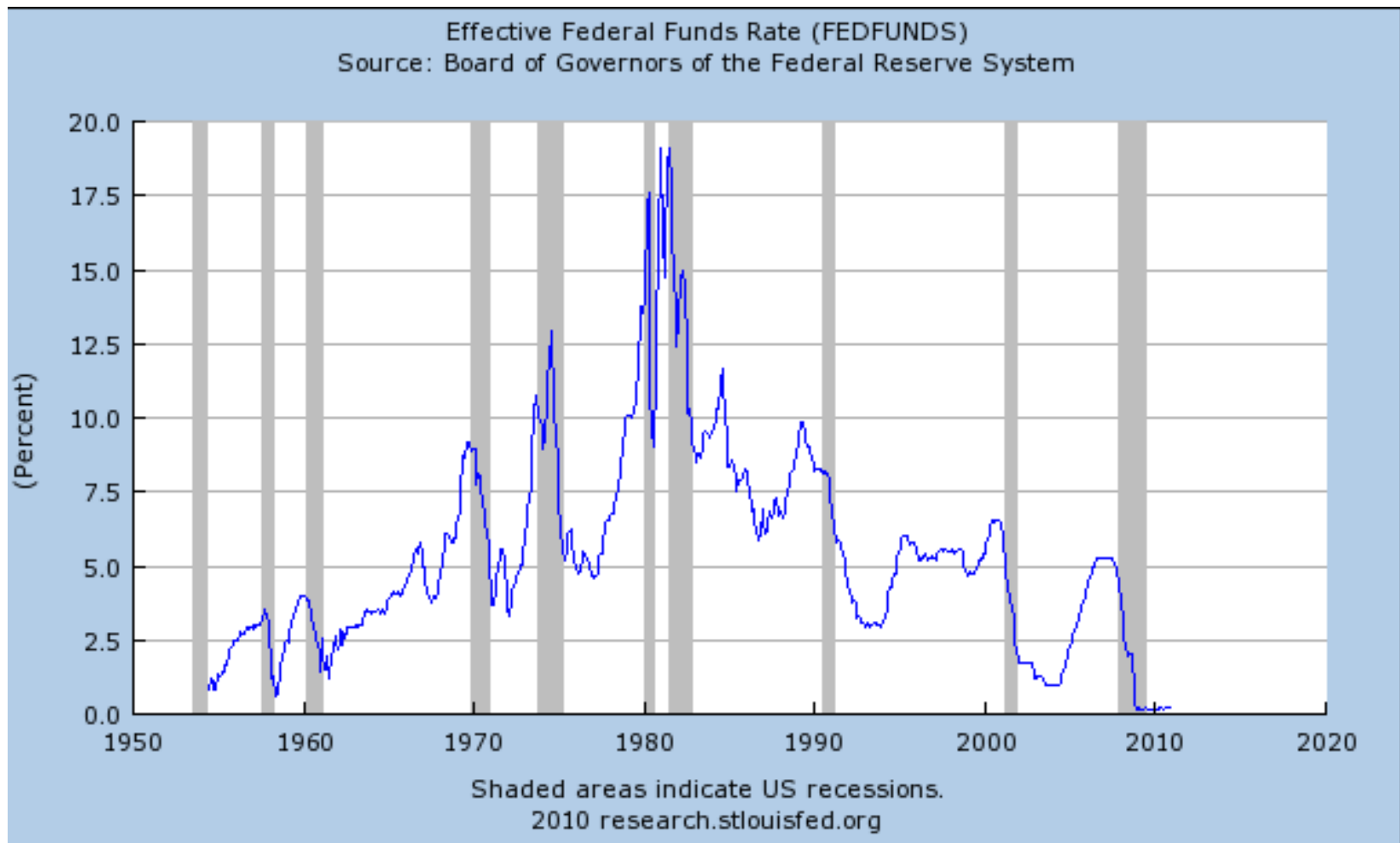


Source: V. Ramey's calculations based on Shiller's data.

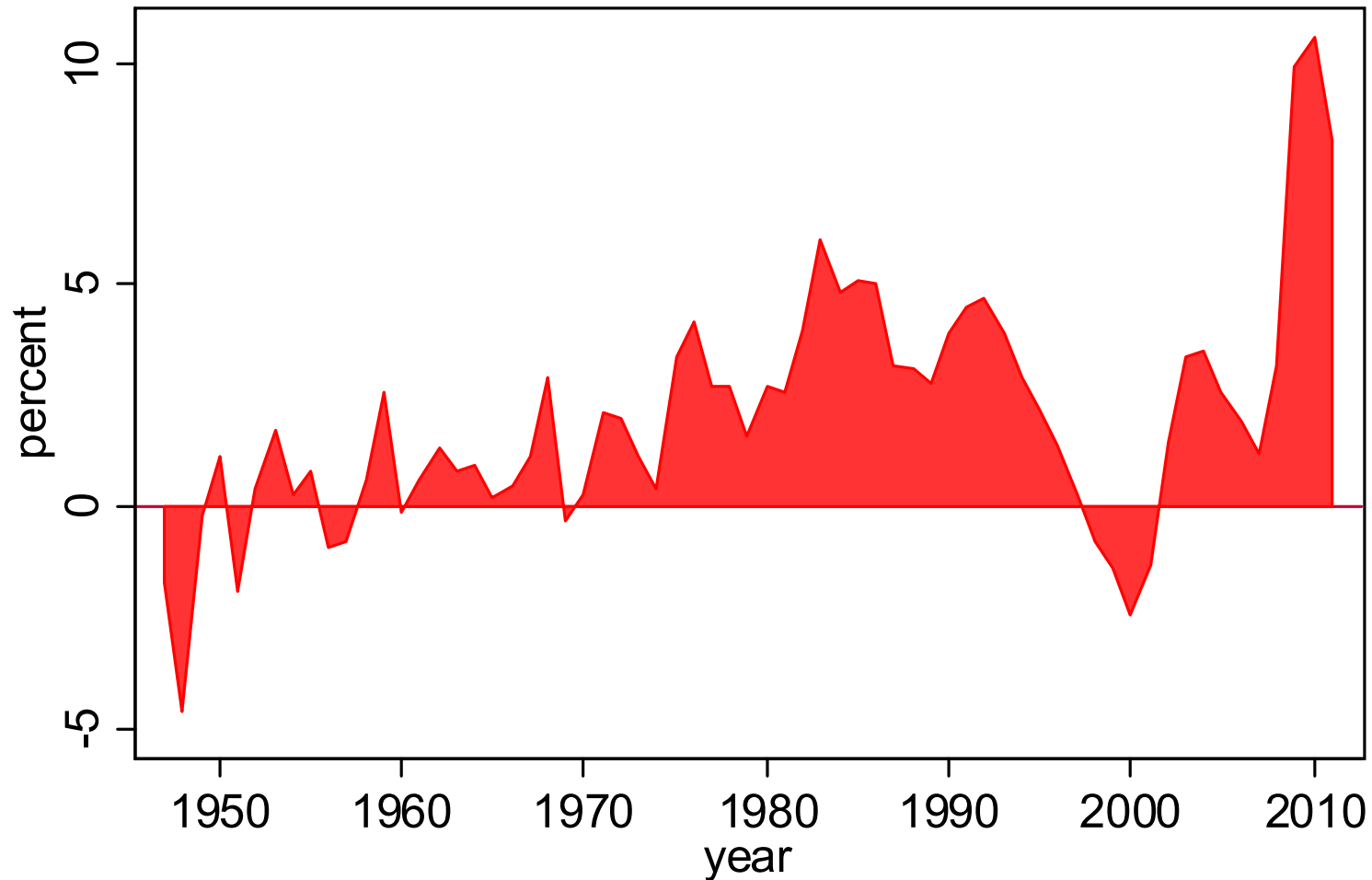
C. Unemployment



D. Interest Rates



E. Government: U.S. Federal Deficit as a % of GDP



Bottom Line:

The recent economic crisis is historic by any measure.

It's a very interesting time to be studying macroeconomics!