

# 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.



Households



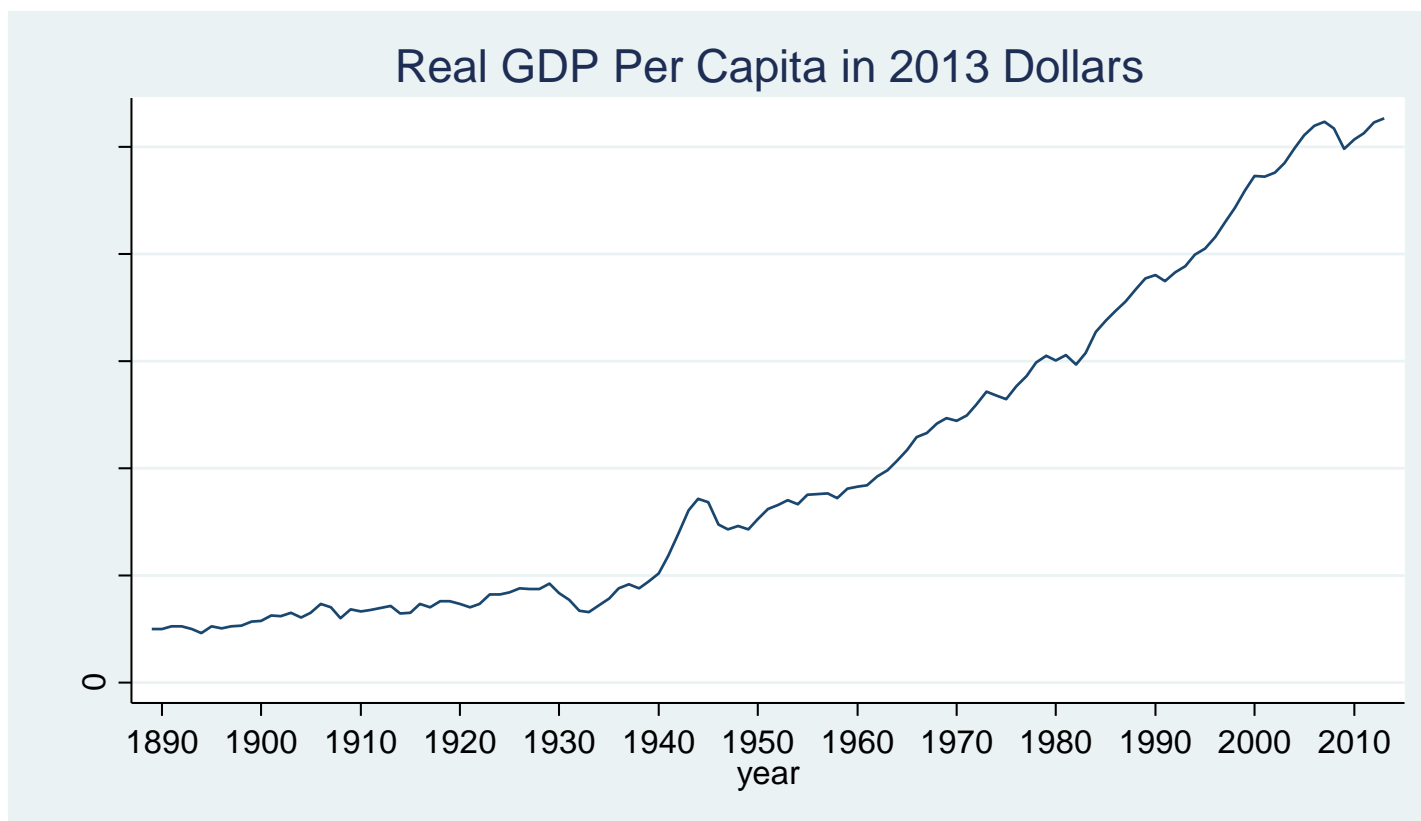
Firms



Government

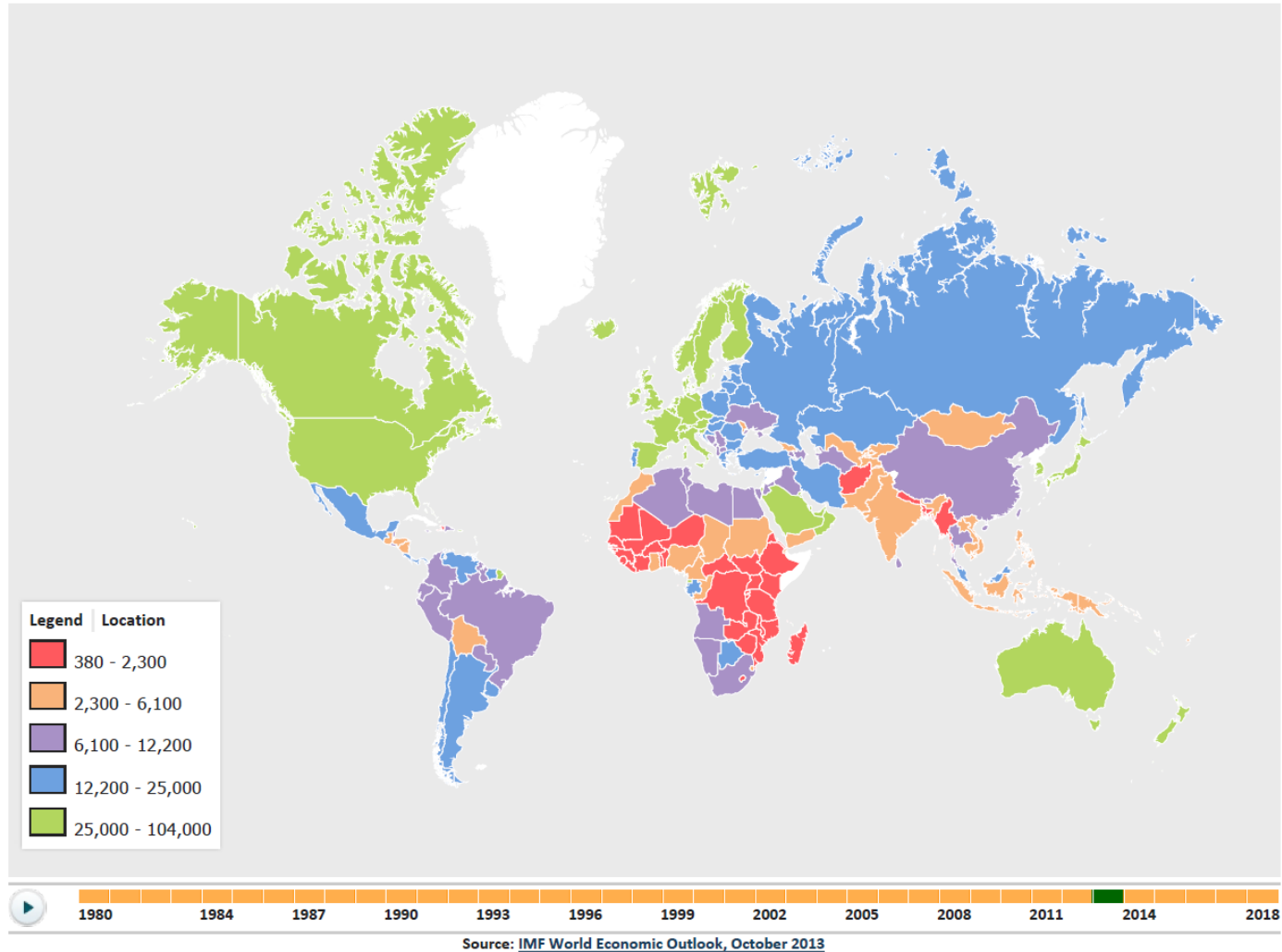
## II. Long-Standing Macroeconomic Issues

### A. Long-Run Growth

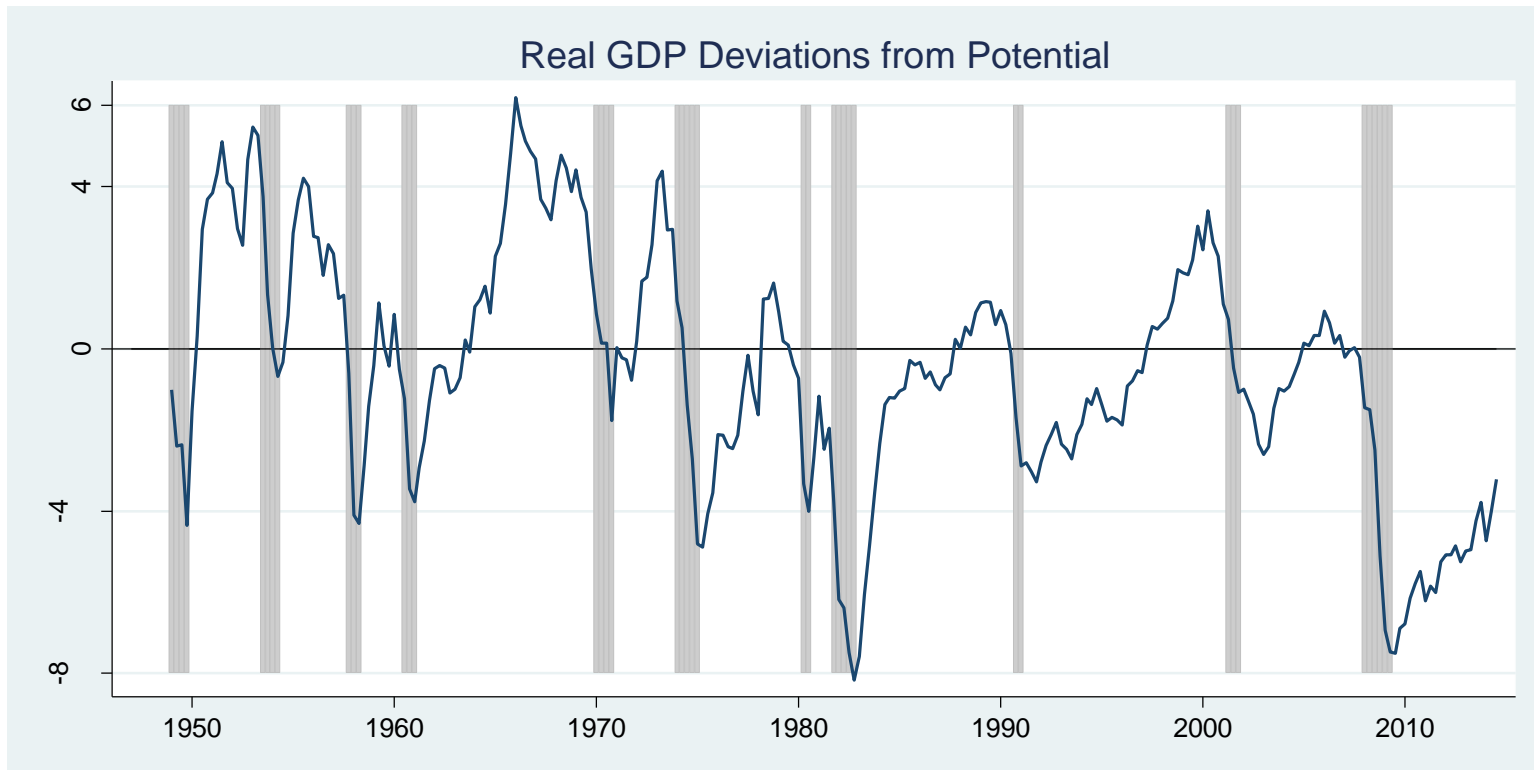


## B. Standards of Living

### Map of GDP Per Capita in 2013, PPP



# C. Business Cycles

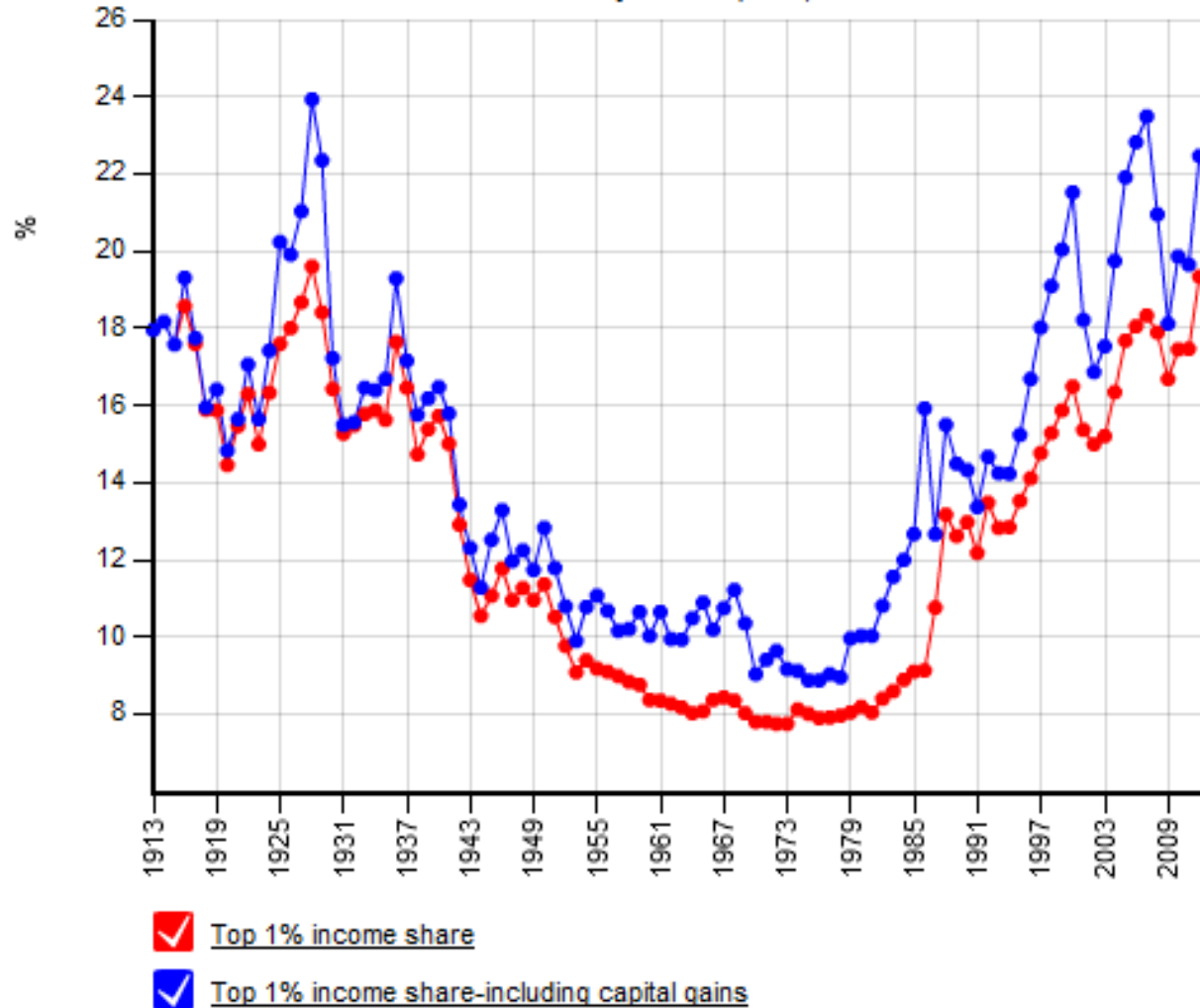


Shaded areas are official recessions.

# D. Inequality

Top income shares. United States. 1913-2012

Sources: The World Top Incomes Database. <http://topincomes.g-mond.parisschoolofeconomics.eu/>  
Piketty & Saez (2007)

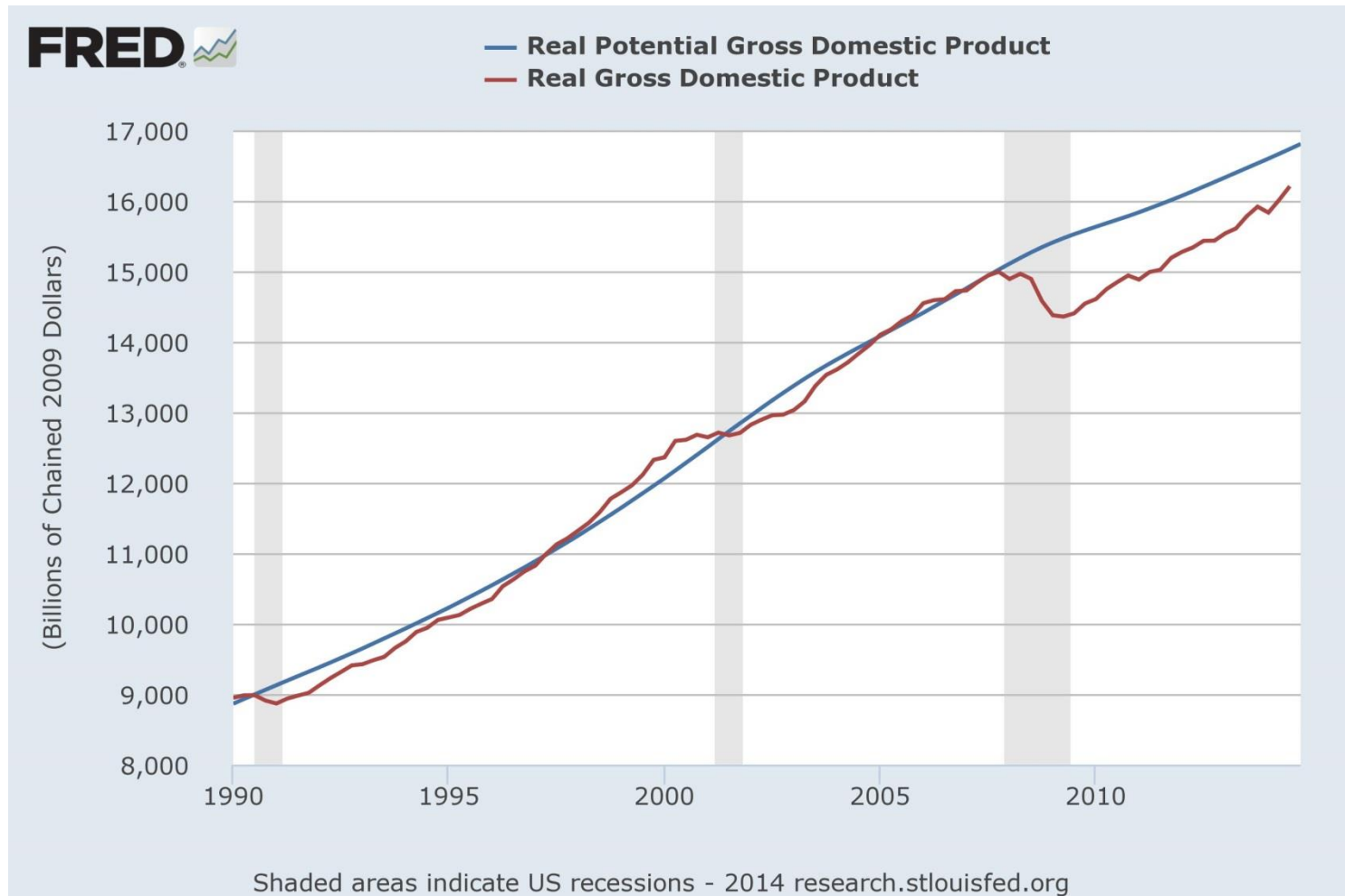


# III. Where we are now in the business cycle

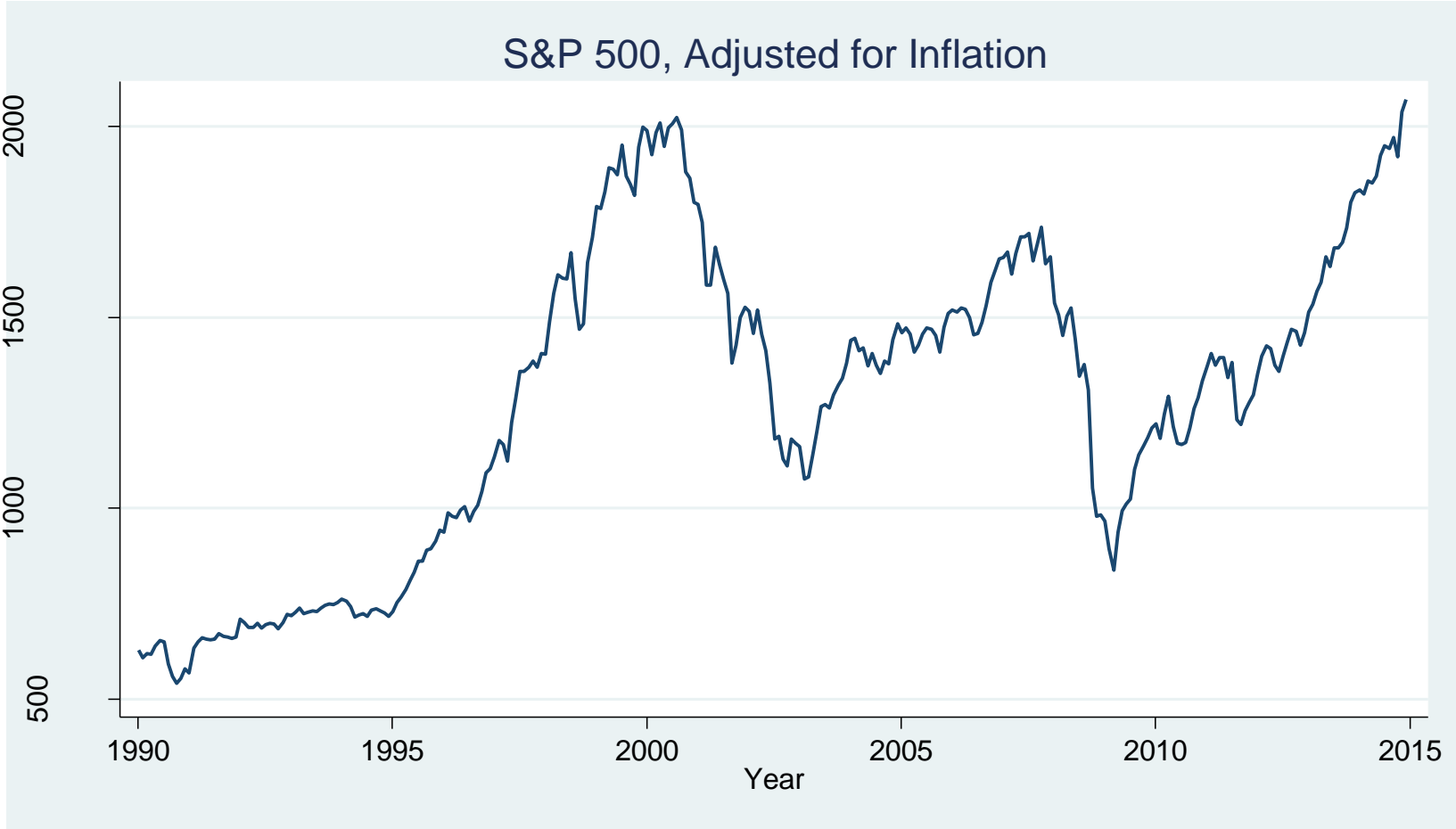
## A. Unemployment Rate



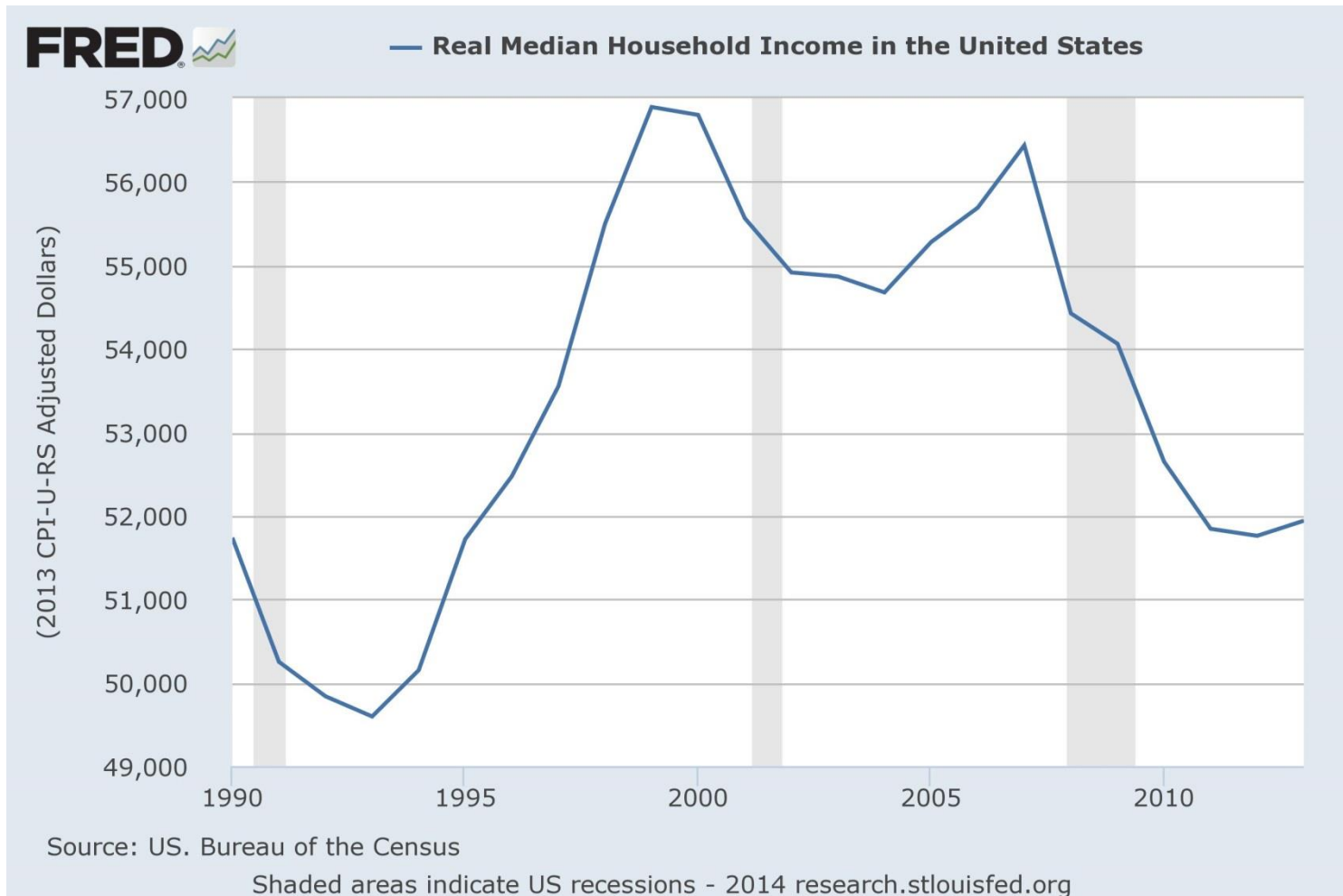
## B. GDP relative to potential



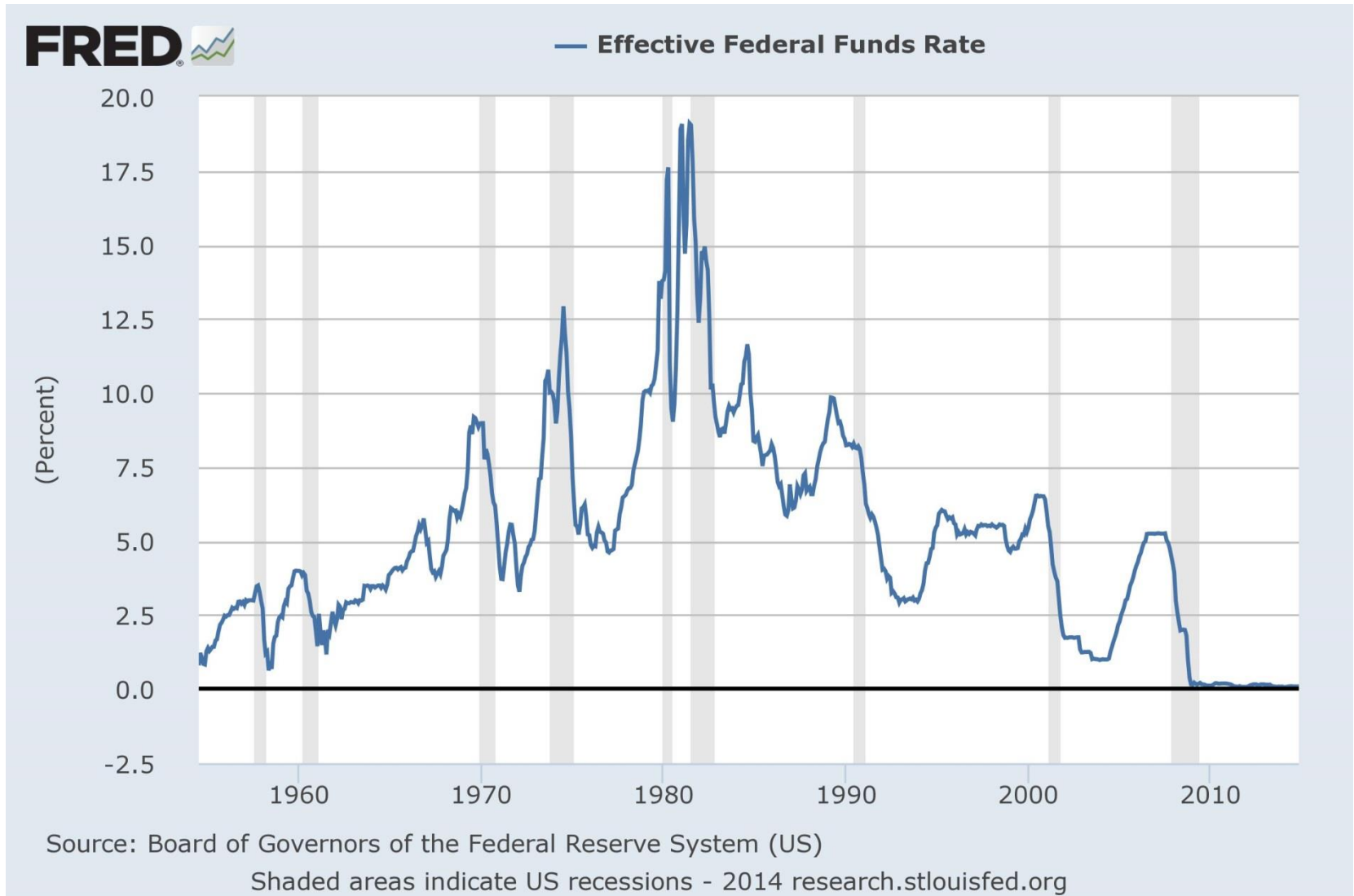
# C. Stock Prices



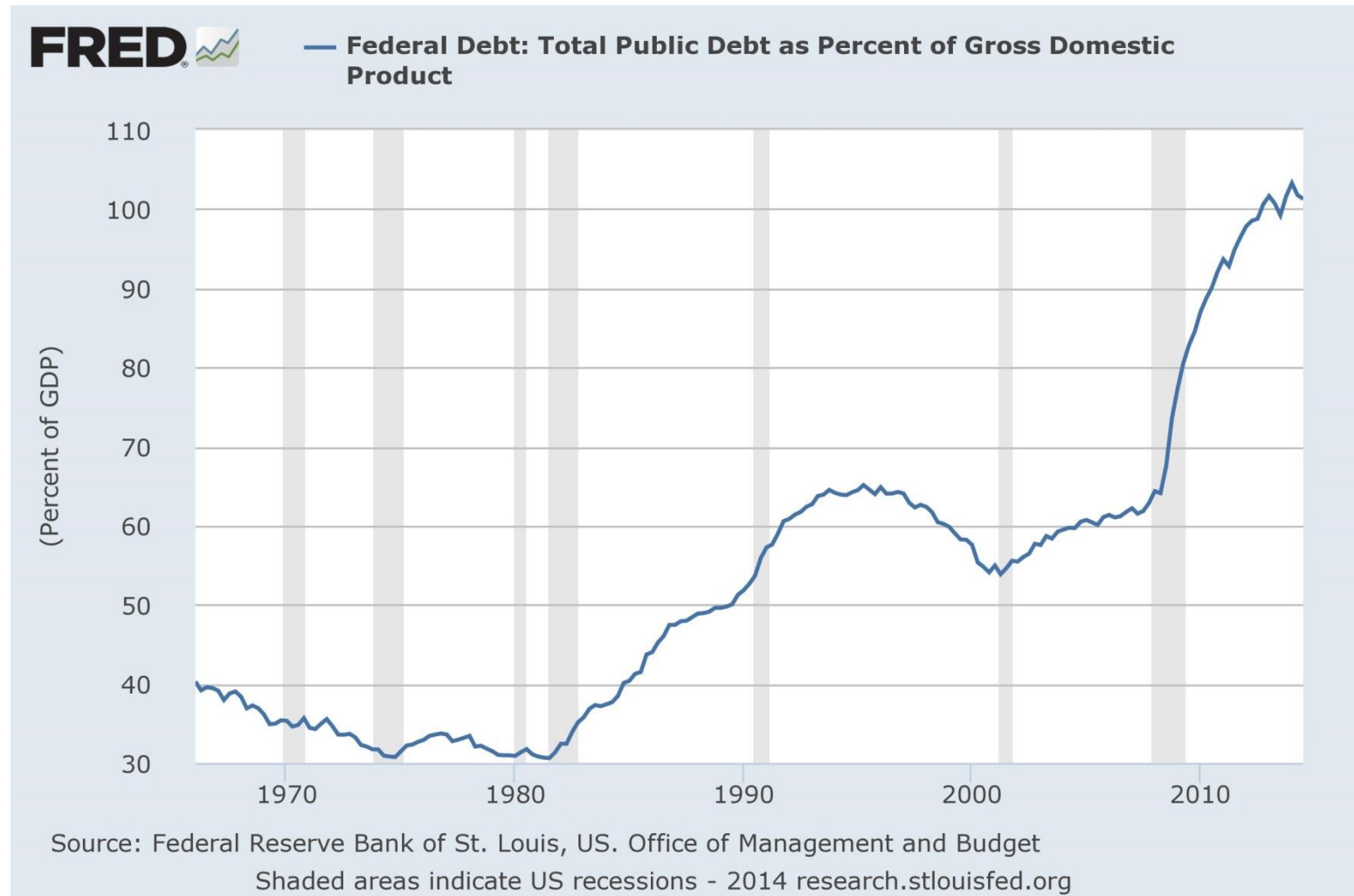
## D. Median Household Income



# E. Interest Rates



## F. Government: U.S. Federal Debt as a % of GDP



## Summary

We have made good progress on a number of fronts since the Great Recession, but haven't done so well on some other fronts.

Areas of worry include stagnation of household incomes and high federal debt.