

macroeconomics

DeMYSTiFieD

A SELF-TEACHING GUIDE

Covers all the BASIC CONCEPTS and LAWS of classic macroeconomics



DISCUSSES all the complex issues in a CLEAR MANNER



LOADED with charts and graphs to enhance understanding



Lots of QUIZZES, TEST QUESTIONS, and a "FINAL EXAM"

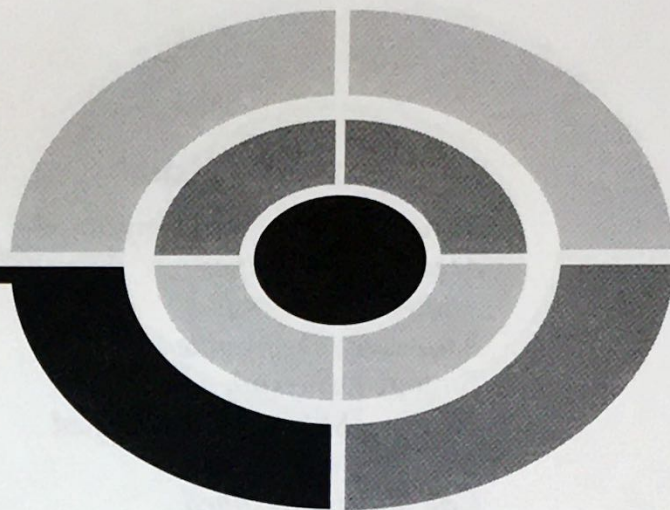
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$$C = a + mpc \cdot Y$$

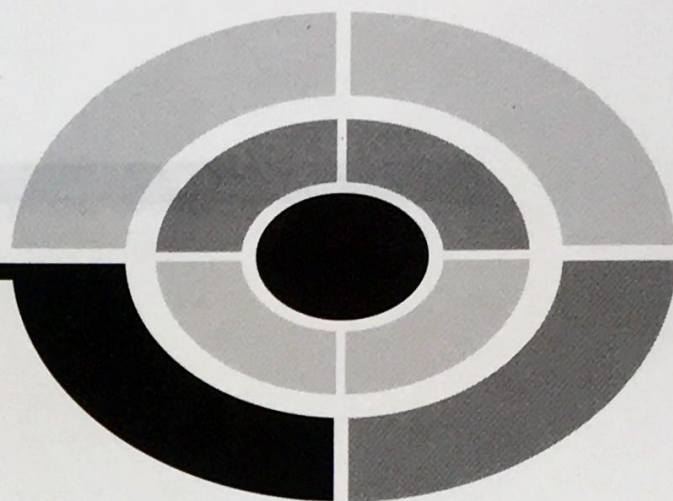




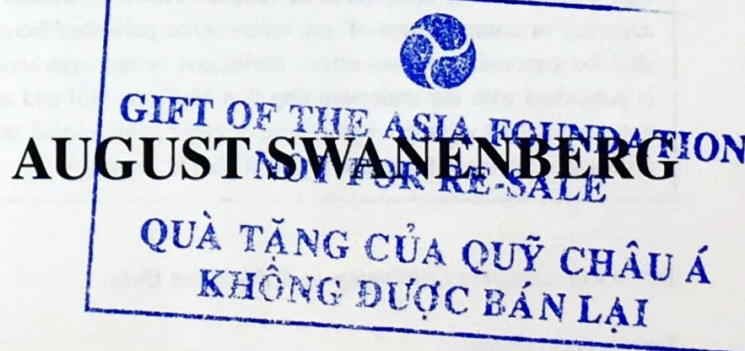
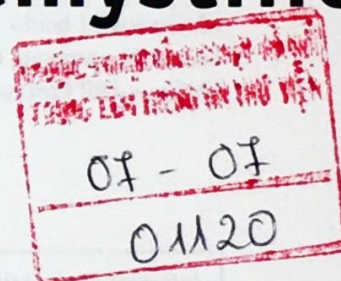
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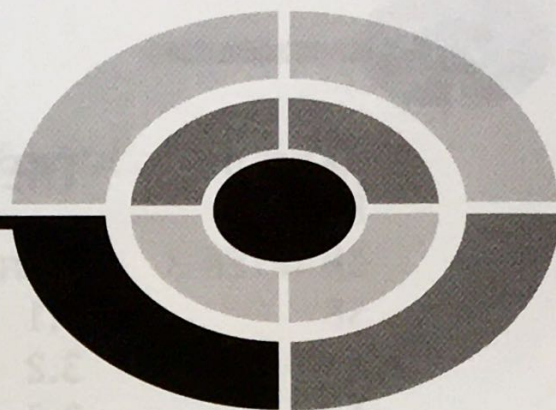
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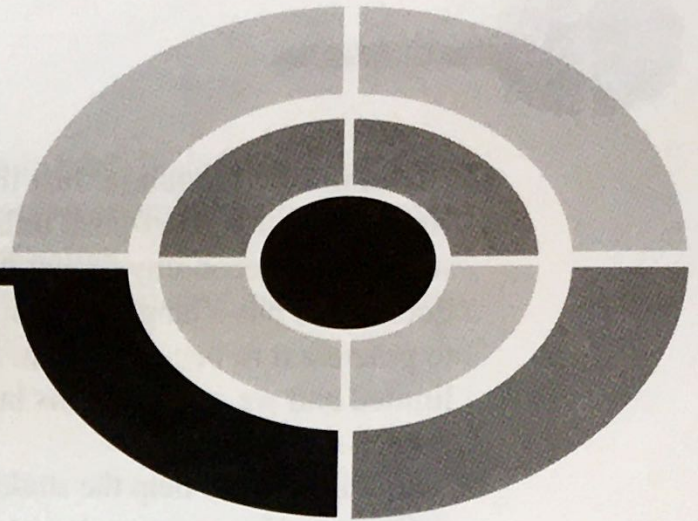
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Preface

Macroeconomics touches our lives in many ways: through the income we earn in the labor market, the interest rate on our mortgage, the rates on our credit cards, and the fluctuations in the stock market, to name just a few.

In addition, the media surround us with daily headlines such as “jobless recovery,” “declining dollar,” and “widening trade deficit,” as well as with commentary about federal fiscal and monetary policies and their impact on topics such as inflation, unemployment, Social Security, and health care.

Historically, the impact of macroeconomics has also been profound.

For example, the discussions about central banking in George Washington’s first administration accelerated the development of our national political parties. Thomas Jefferson and the Democratic-Republicans, who argued that the central bank violated states’ rights and was therefore unconstitutional, vehemently opposed “federal” banking, strongly advocated by Alexander Hamilton and the Federalist party.

Another example is the Great Depression (1929–1939), a traumatic experience for the United States and the western world, which led to the active policy involvement of the federal government in the pursuit of low inflation, full employment, and robust economic growth.

Yet despite its importance, there remains something mysterious about economics. Why? I believe there are two important reasons: