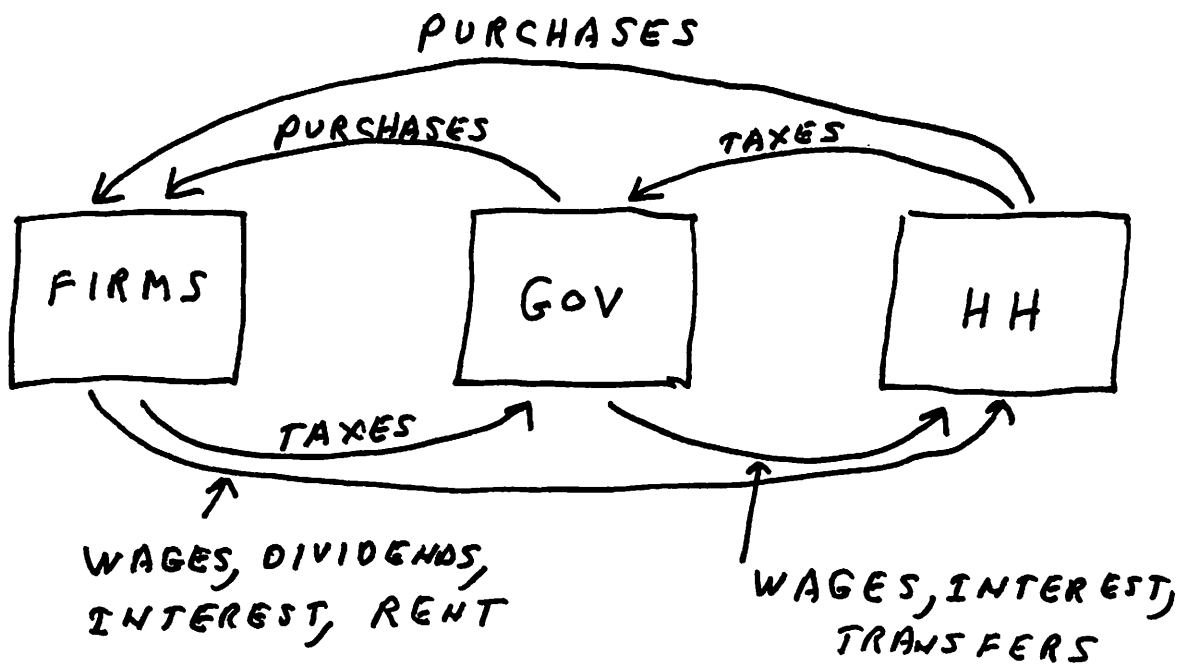
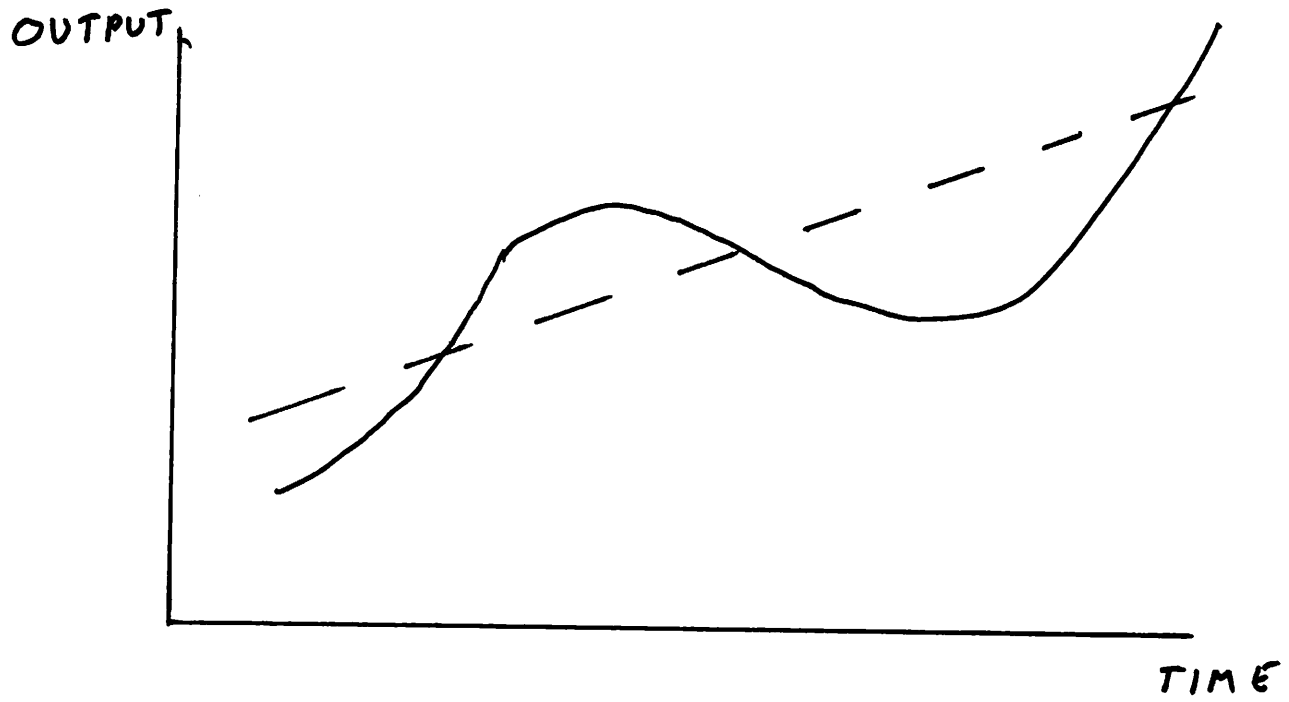


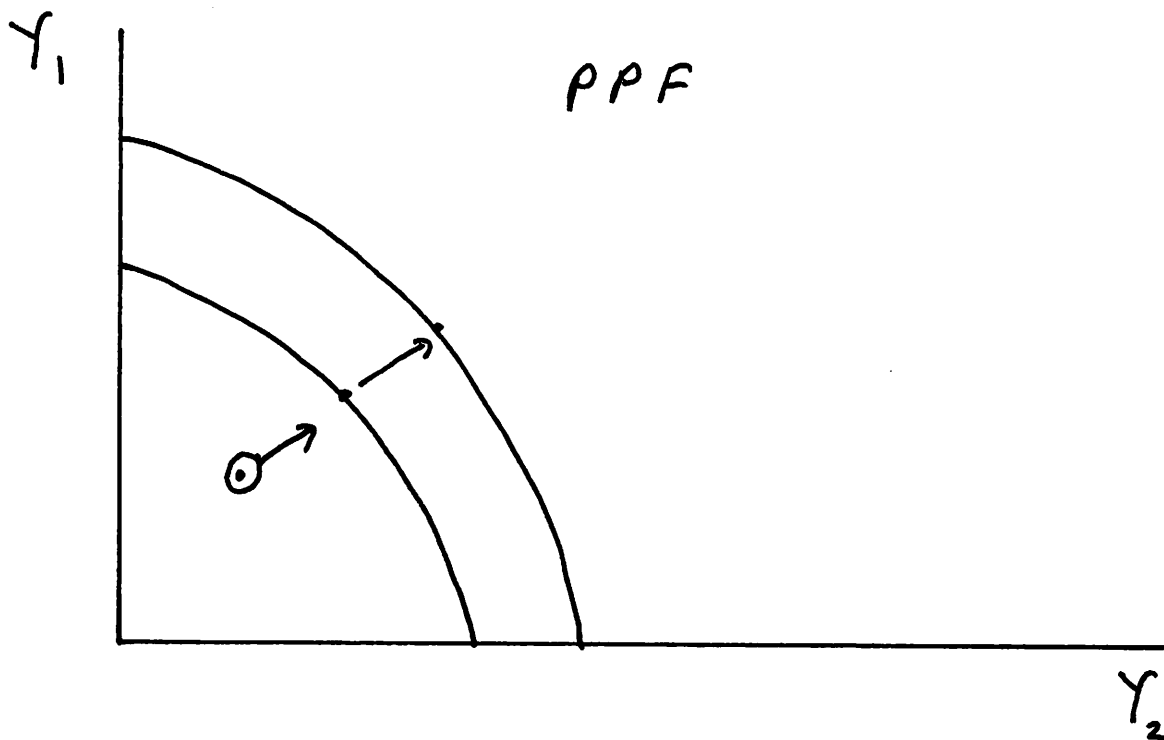
Three Markets: Goods, Money, Labor
Three Agents: Households, Firms, Government
Circular Flow Diagram



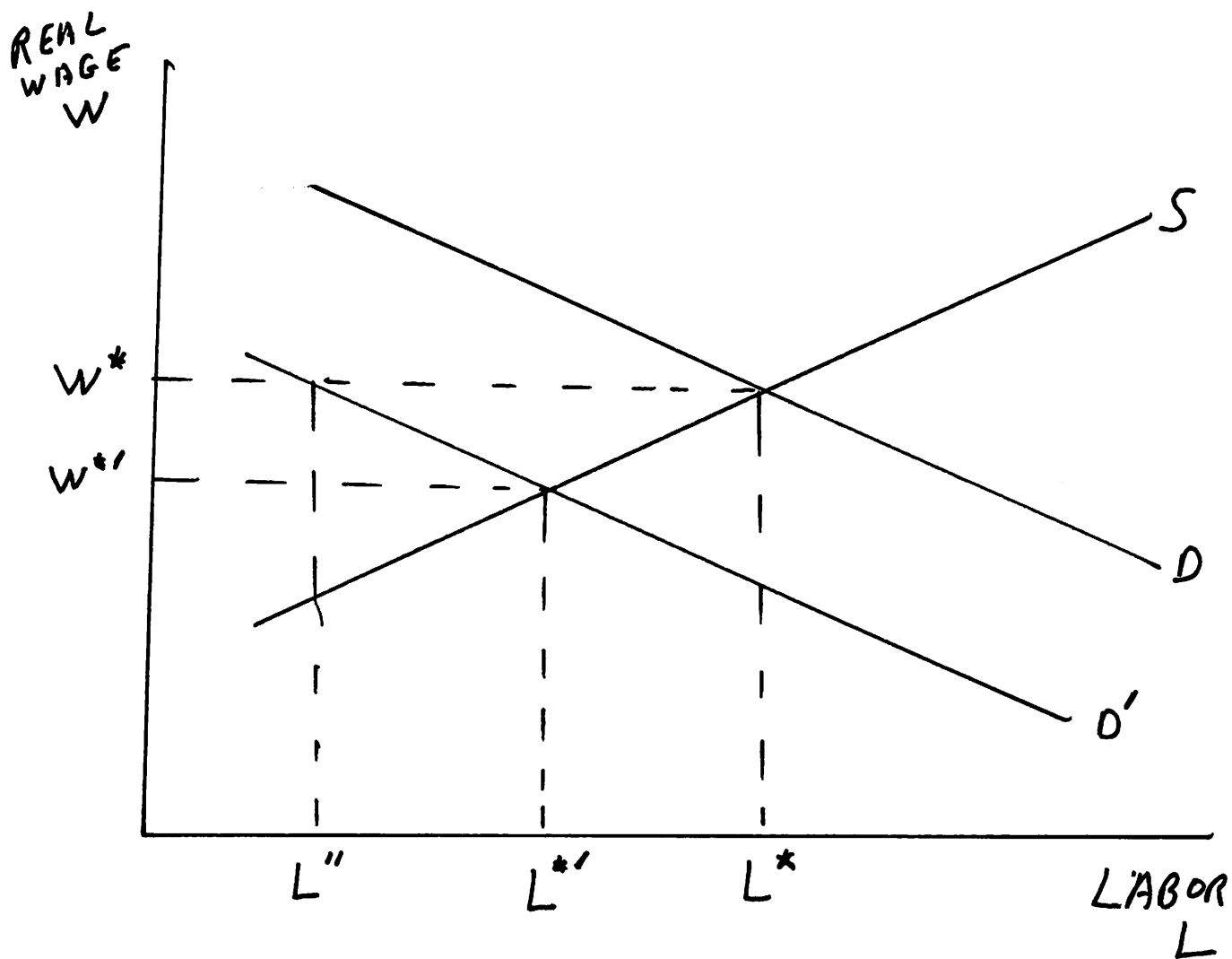
Cyclical Movements in Output



Maybe the Economy is not Producing
on the PPF



Sticky Wages Can Lead to Unemployment



UNEMPLOYMENT = $L^* - L''$ if wage
is stuck at W^* .

Questions to Think About

- What led to the 2008–2009 recession?
- Why has the recovery from the 2008–2009 recession been so slow?
- Why was the U.S. economy so strong in the last half of the 1990s?
- Why has inflation been so low since the 1980's in the United States?
- Should the Fed be raising interest rates?
- What are the macro consequences of Trump's tax-cut proposals?
- How do government actions affect the U.S. trade deficit?
- What are the consequences of the yuan depreciating?
- Was the euro a good idea?
- Will becoming a macroeconomist help me make money in the stock market?