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Macroeconomics

Study of the Economy as a Whole Global Economies **MACROECONOMICS** Study of economy-wide phenomena

> Contrasts with Microeconomics

The Roots of Macroeconomics

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Préviene Great Depression was a period of severe economic contraction and high unemployment that began in 1929 and continued throughout the 1930s.

The Roots of Macroeconomics • The accepted economic of the pre –

- The accepted econogic theory of the pre-Keynesian and, believed that the economy usually remains at full employment level (full utilization of resources). If there are any departures from this situation, these are purely temporary and for a short period of time.
 - However, these classical models failed to explain the prolonged existence of high unemployment during the Great Depression. This provided the impetus for the development of macroeconomics.

Importance of Macro aconomics

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Macro economics began to be studied only after the Great Depression. Thus, its importance lies in analyzing the causes of economic fluctuations and in providing remedies.