ECON 3010
Intermediate Macroeconomics

Epilogue
The Four Most Important Lessons

1) In the long run, a country’s capacity to produce goods and services determines the standard of livings of its citizens.
2) In the short run, aggregate demand influences the amount of goods and services that a country produces.
The Four Most Important Lessons

3) In the long run, the rate of money growth determines the rate of inflation, but does not affect unemployment.
The Four Most Important Lessons

4) In the short run, fiscal and monetary policymakers face a tradeoff between inflation and unemployment.
The Four Most Important Unresolved Questions

1) How should policymakers try to promote growth in the economy’s natural level of output?
The Four Most Important Unresolved Questions

2) Should policymakers try to stabilize the economy? If so, how?
The Four Most Important Unresolved Questions

3) How costly is inflation, and how costly is reducing inflation?
The Four Most Important Unresolved Questions

4) How big a problem are government budget deficits?