Macroeconomic Theory

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Thus macro theory divides cleanly into real macro and monetary macro. They can be examined independently—which simplifies things. This reasoning motivates why Classical macroeconomic starts with examining real economic activity and assumes money has no impact on real variables. Even if money does have real effects in reality, imagining a world without money is a useful thought experiment; it helps clarify why and under which condition money matters. An intermediate level macroeconomics textbook that develops the core elements of modern macroeconomic theory in easily digestible bits using indifference curves, budgets constraints, and simple math. Core ideas and applications are stressed throughout. Discover the world's research.