ECO-202-H5006 Macroeconomics 20EW5

8-1 Discussion: Share Your Learning

Over the past seven weeks, we have explored different decades of US history and applied principles of macroeconomics to their outcomes. Take this time to share what you have learned with your classmates. In your initial post, respond to the following:

- Choose one macroeconomic concept you applied in your final project. Explain how it helps describe the economic outcomes of the decade you researched.

In your response posts to peers, comment on the macroeconomic concepts your peers used. Add any of your own observations about the economic outcomes of their decade and compare and contrast with the decade you researched.

To complete this assignment, review the Discussion Rubric document.

Rubrics

Discussion Rubric: Undergraduate

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Discussion 8-1

Julia Cibik posted Jun 23, 2020 2:01 PM **Subscribe**

The one macroeconomic concept that I found important within my chosen decade was unemployment statistics for this time frame. This was interesting because the unemployment rate and affect the GDP as well. When the unemployment rates are high, the number of people looking for work is higher than the number of jobs available. It is very interesting to see how these statistics change from decade to decade.

This helps describe the economy in this time period because it shows a lot about what went on during the time of unemployment. Supply is greater than demand and higher unemployment rates result in people having less income to spend, which means a lower GDP rate.

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Share your Learning

Steve Lindgren posted Jun 21, 2020 5:13 AM Subscribe

The one thing I found very informational when it comes to the 1960's was President Kennedy's belief in the Phillips curve. The Phillip's curve is the relationship between unemployment and inflation rate. During the 1960's the economists believed that the Phillip's curve was a structural relationship. This means that they believed that higher inflation would mean lower unemployment. From 1960 to 1968 this seemed to be true. In 1960 inflation was under 2 percent and unemployment was over 6.5 percent. Increase inflation by over 5 percent in 1968 decreased unemployment to 3.5 percent. For a short time, workers suffer from what economists call money illusion: they see that their money wages have risen and willingly supply more labor. Thus, the unemployment rate falls. They do not realize right away that their purchasing power has fallen because prices have risen more rapidly than they expected. But, over time, as workers come to anticipate higher rates of price inflation, they supply less labor and insist on increases in wages that keep up with inflation. The real wage is restored to its old level, and the unemployment rate returns to the natural rate. But the price inflation and wage inflation brought on by expansionary policies continue at the new, higher rates.

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1 1 1 Last post **Tue at 2:03 PM** by

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8-1 Sharing Your Learning

Latrell Russell posted Jun 23, 2020 4:50 PM Subscribe

In the 1970s I learned that the stock market was a mess. It lost nearly 50% over a 20 month period, and for close to a decade few people wanted anything to do with stocks. This resulted in rising unemployment that eventually reaches double digits because the economy growth was weak. And the Monetary policies of the American central bank, which were design to generate full unemployment by the early 1970s also caused high inflation.

references:

Kramer L. (2020, April) How the great inflation of the 1970s happened

https://www.investopedia.com/articles/economics/09/1970s-great-inflation.asp

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Last post **yesterday at 3:10 PM** by Julia Cibik

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Task: Reply to this topic

Starts Jun 13, 2020 11:59 PM

Assessment

Discussion Rubric: Undergraduate