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ECON 1740

Professor Egbert

Economic Research Paper Rough Draft

Current Economic Problem: The value of money, printing money, government debt, interest rates rising/lowering, high taxes, and inflation. Together the overall problem I want to cover is Government Manipulation of the Economy.

Economic Principle I'm Addressing: A Free Market Economy (Capitalistic) is ultimately better for everyone in a country compared to a Centralized Planned Economy (Socialistic/Communistic)

Thoughts I want to possibly add:

- What the founding fathers believed the role of government should be: Bill of Rights, Federalist Papers, Constitution
- Austrian vs Keynesian Economics
- Austrian Economics:
 - The Invisible Hand - You help yourself, you help everyone
 - Government should have zero involvement in the economic process such as stabilizing market prices.

- Companies should be allowed to fail during economic downturns to eliminate the least efficient businesses to allocate resources to the most efficient companies.
- Inflation is negative because it destroys savings and devalues currencies.
- Sound money - Currency backed by gold
- Keynesian Economics:
 - It is the role of government to step in during periods of recession to modify monetary policy and stimulate the economy to maintain stability through strategic intervention.
 - Prioritize maximum employment over minimizing inflation
 - Government investments could help keep companies afloat to avoid job loss during a recession.
 - Low steady inflation stimulates economic growth
 - Fiat currency - manipulated by central banks to adjust supply and

Who is being affected: This mainly affects us Citizens of the United States, but since we are known as the strongest nation in the world, it affects more than just us, other nations as well.

Has the same Problem happened before in History: Yes here are some examples that Im still looking into.

- Hyperinflation due to printing of money in the Weimar Republic (1921 - 1923)
- Hyperinflation and value of money go to nothing in Zimbabwe (2007 - 2009)

- Federal Reserve raising interest rates during the Great Depression that actually made things worse (1928 - 1929)
- Government bailing out banks during the stock market crash (2008)
- We're more in national debt than we've ever been before - just the interest on the national debt is more than our GDP. We import way more than export now.

What are some solutions proposed to fix the problem: These problems are deeply rooted in the Economic System of a Nation as a whole. Many of these issues stem from a Socialistic System and the solution would be to go back to our roots as a Capitalistic System. A good start would be to get rid of the Federal Reserve which is responsible for most of the government manipulation of our economy, but realistically it's going to take a lot more to rid the system of Socialistic views. "So this is how Liberty dies, with thunderous applause." - Padme Amidala