



THE PERIL AND THE PROMISE

The Economist

COVID-19

LOCKDOWN

UNEMPLOYMENT BENEFITS

**OPEN MARKET OPERATIONS BY THE
FED**

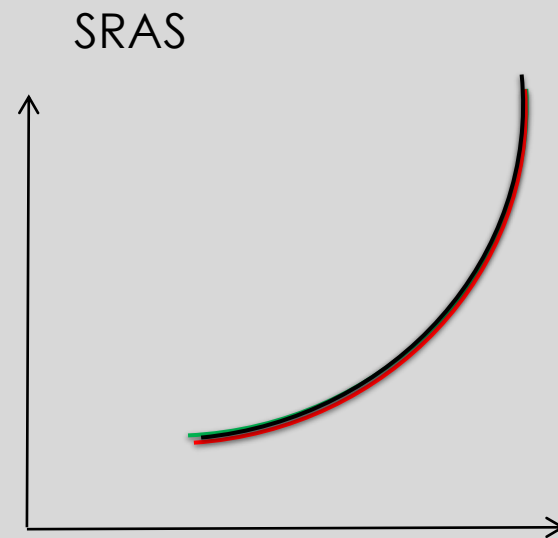
QUANTITATIVE EASING BY THE FED

**INTEGRATION OF CHINA IN THE
WORLD TRADING SYSTEM**

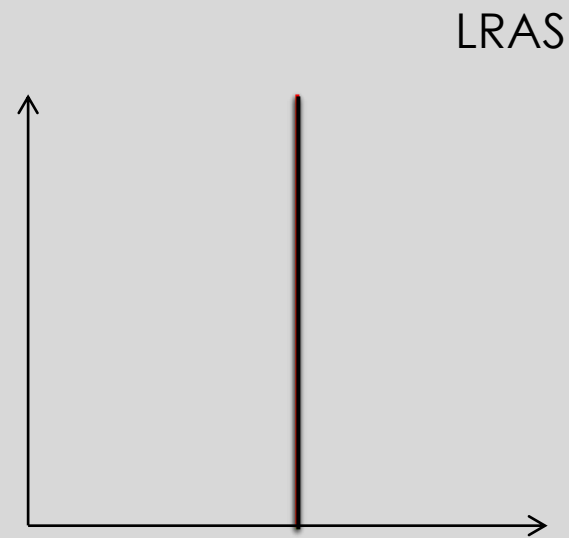
Issues and
Policies

AGGREGATE SUPPLY

- Short-term Aggregate SUPPLY

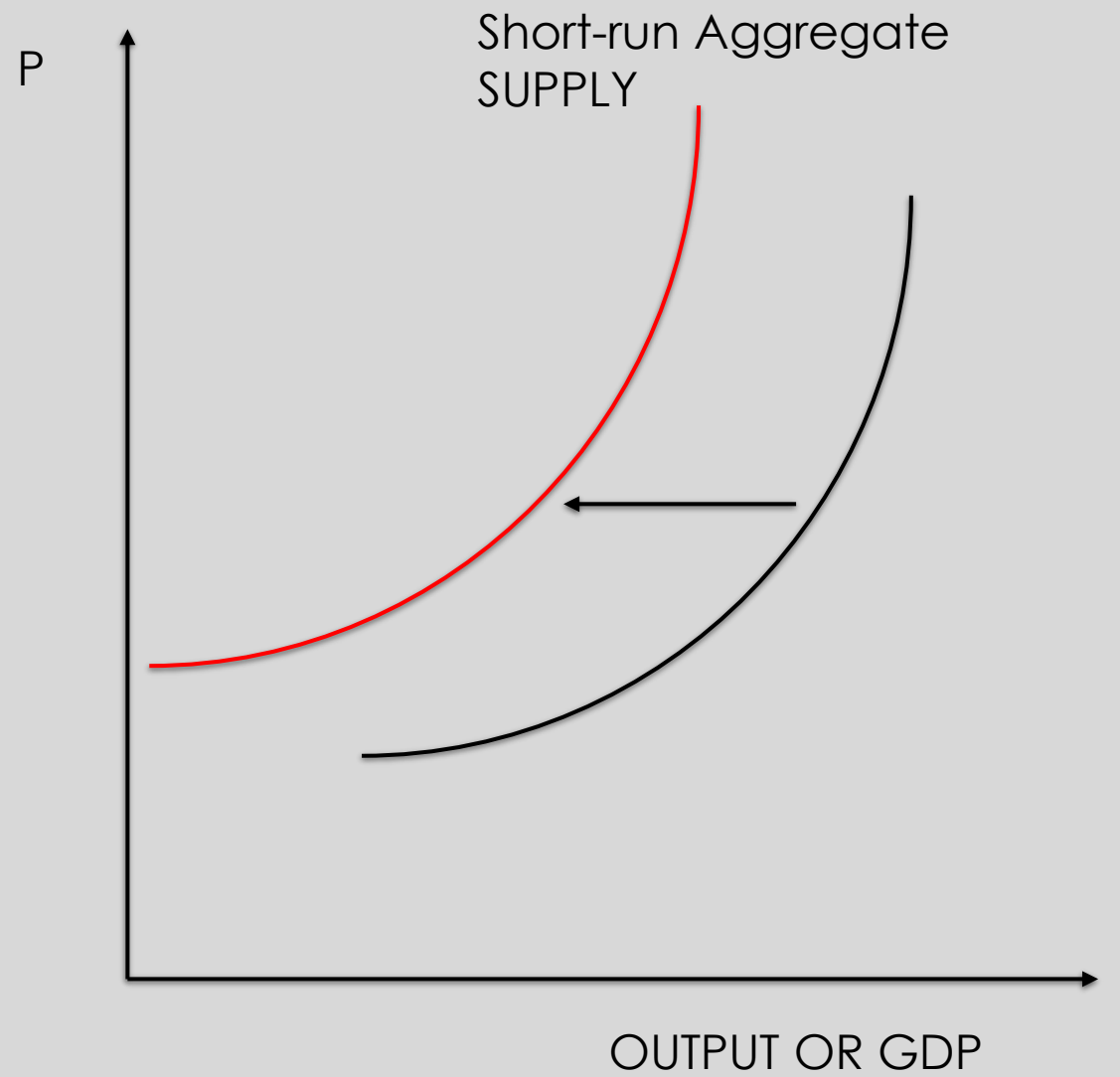
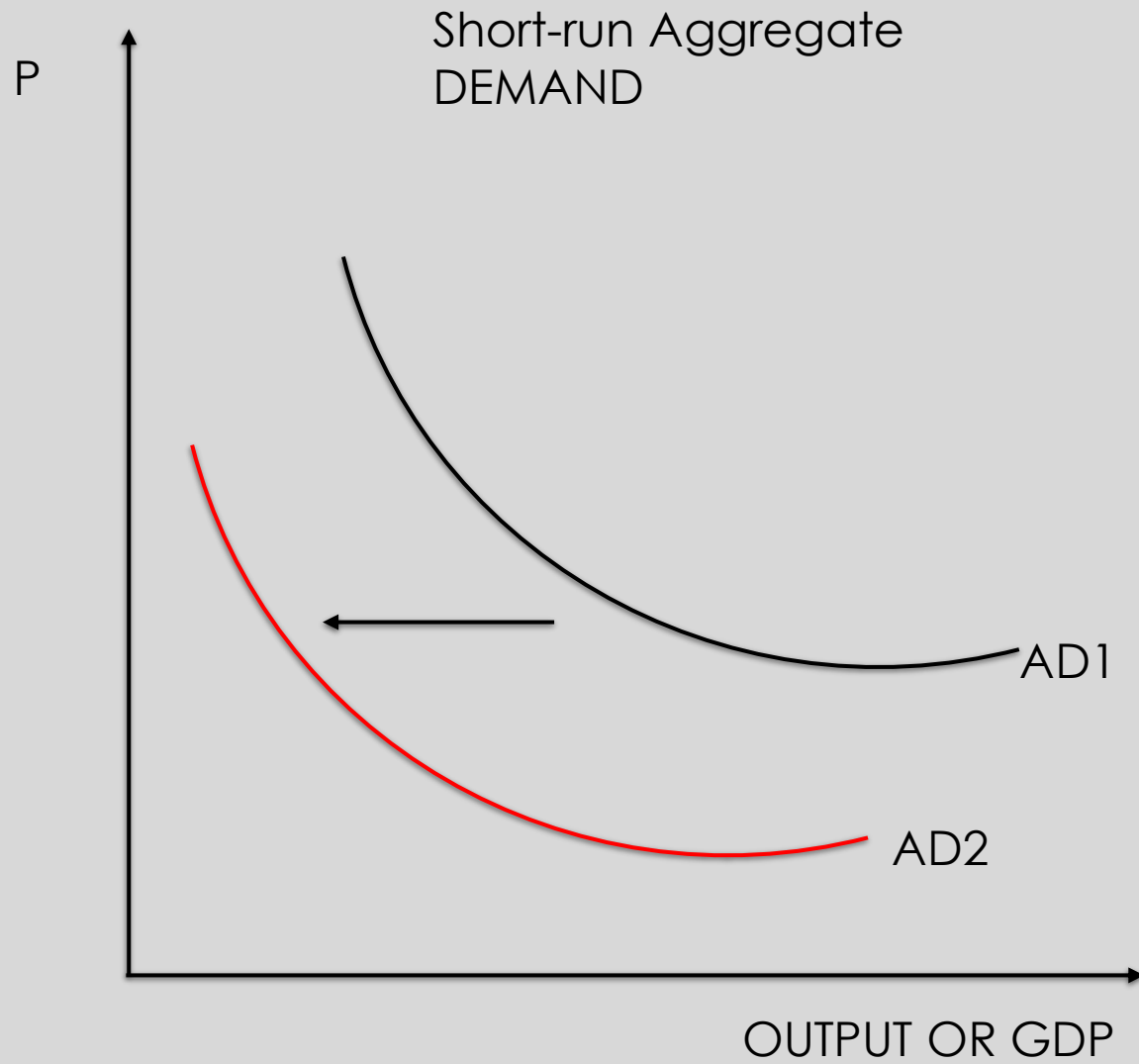


- Long-term Aggregate SUPPLY

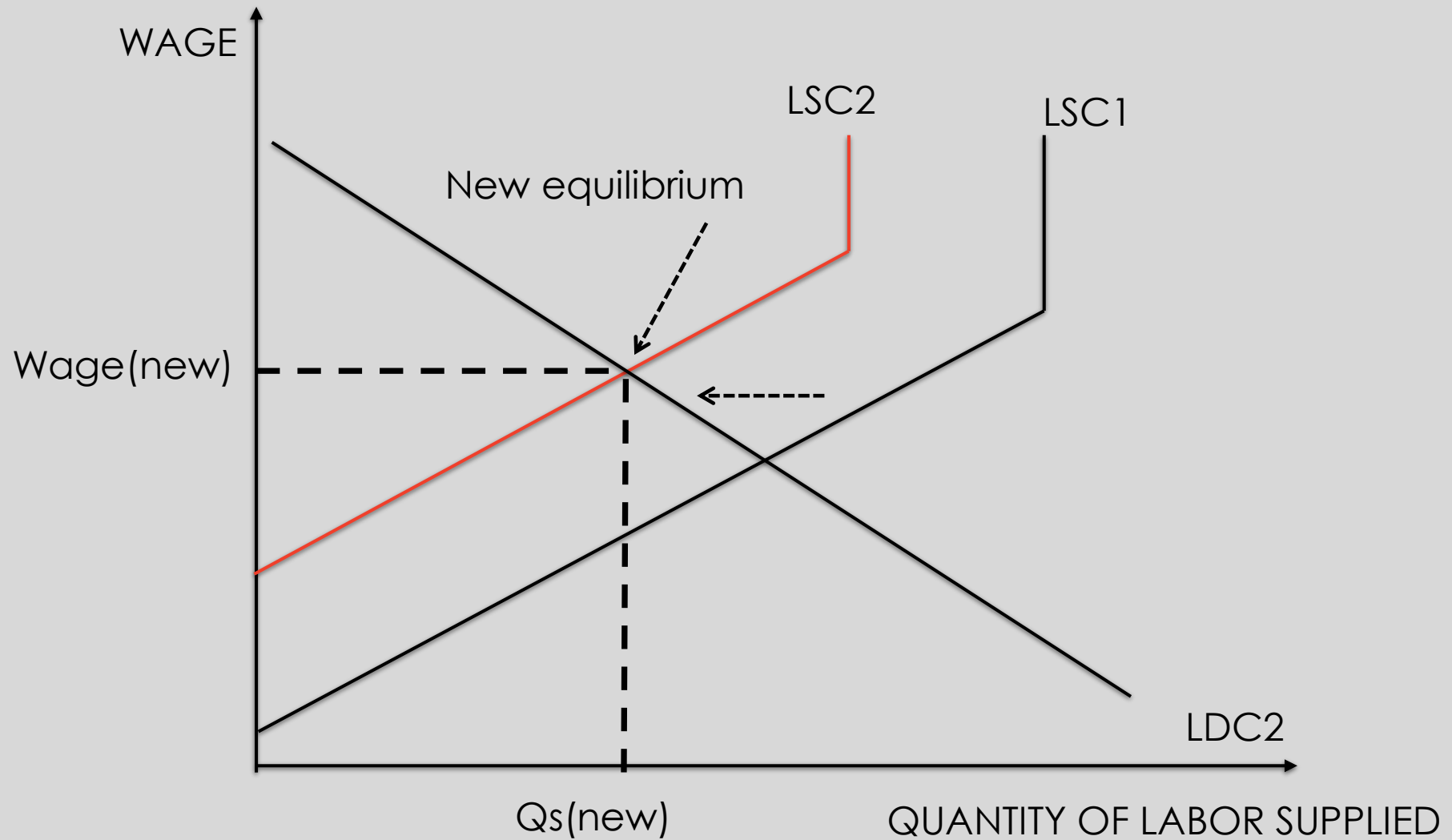




COVID-19



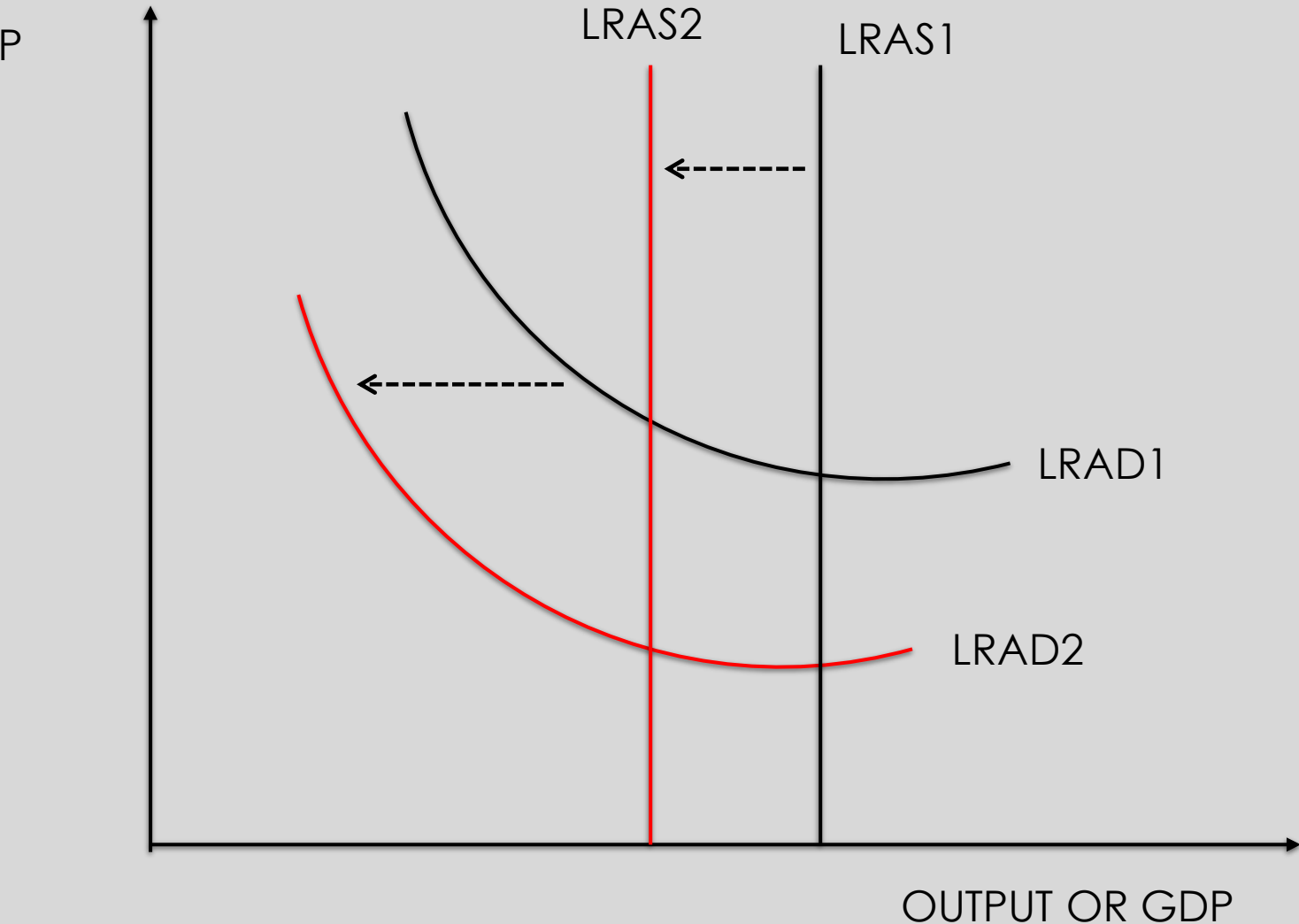
EQUILIBRIUM IN THE LABOR MARKET





LOCKDOWN

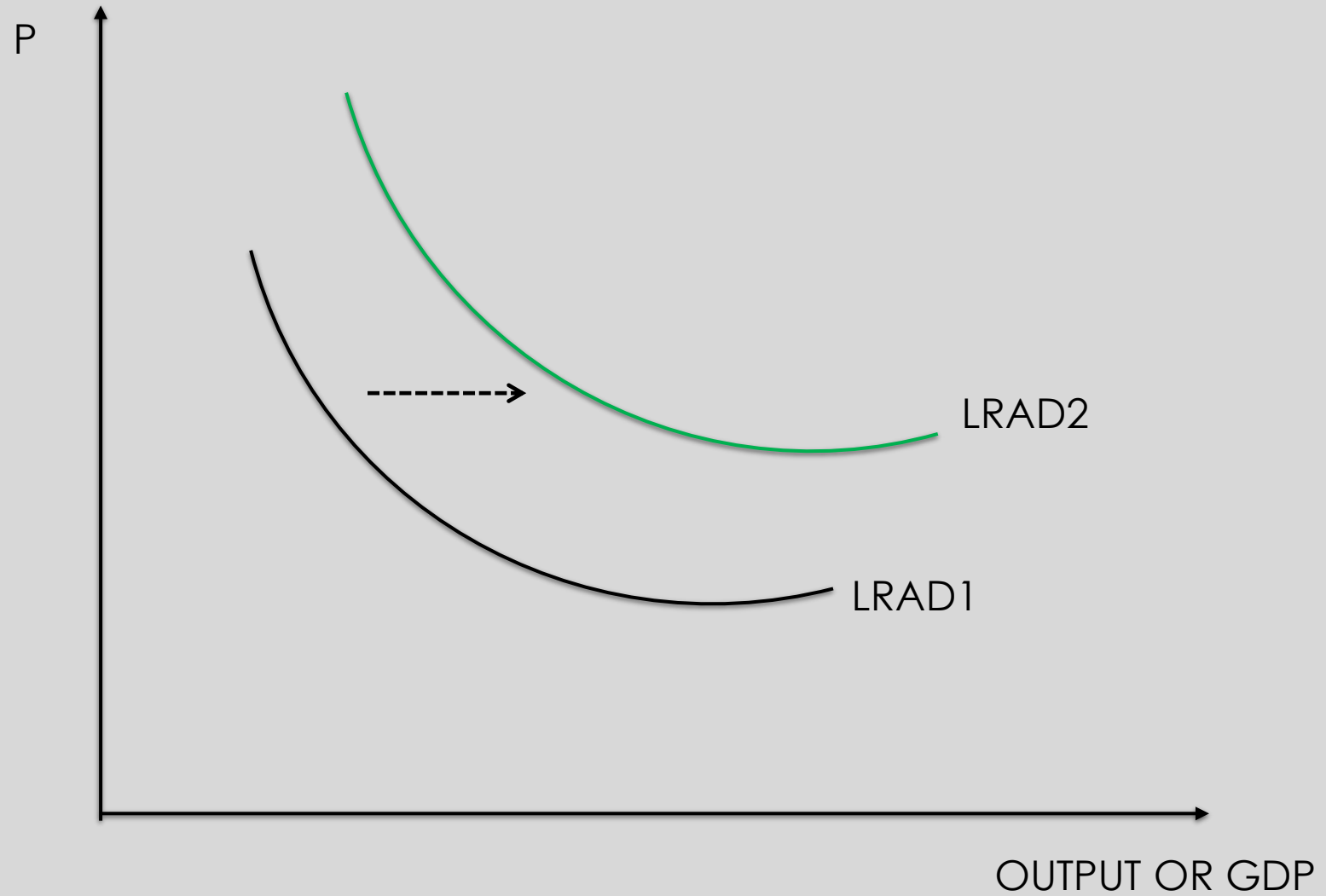
Long-run Aggregate DEMAND and Aggregate SUPPLY





UNEMPLOYMENT BENEFITS

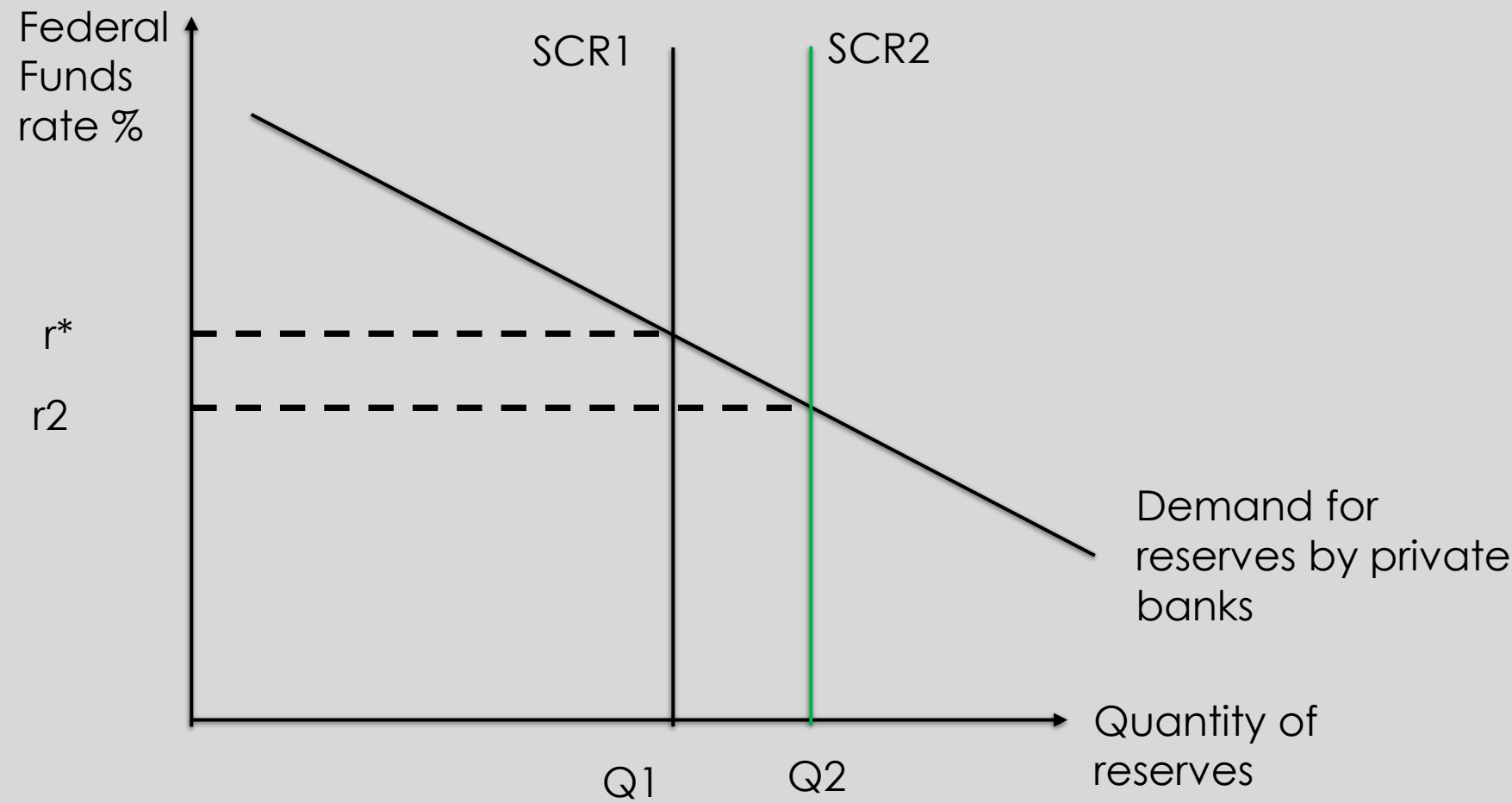
Short-run Aggregate DEMAND





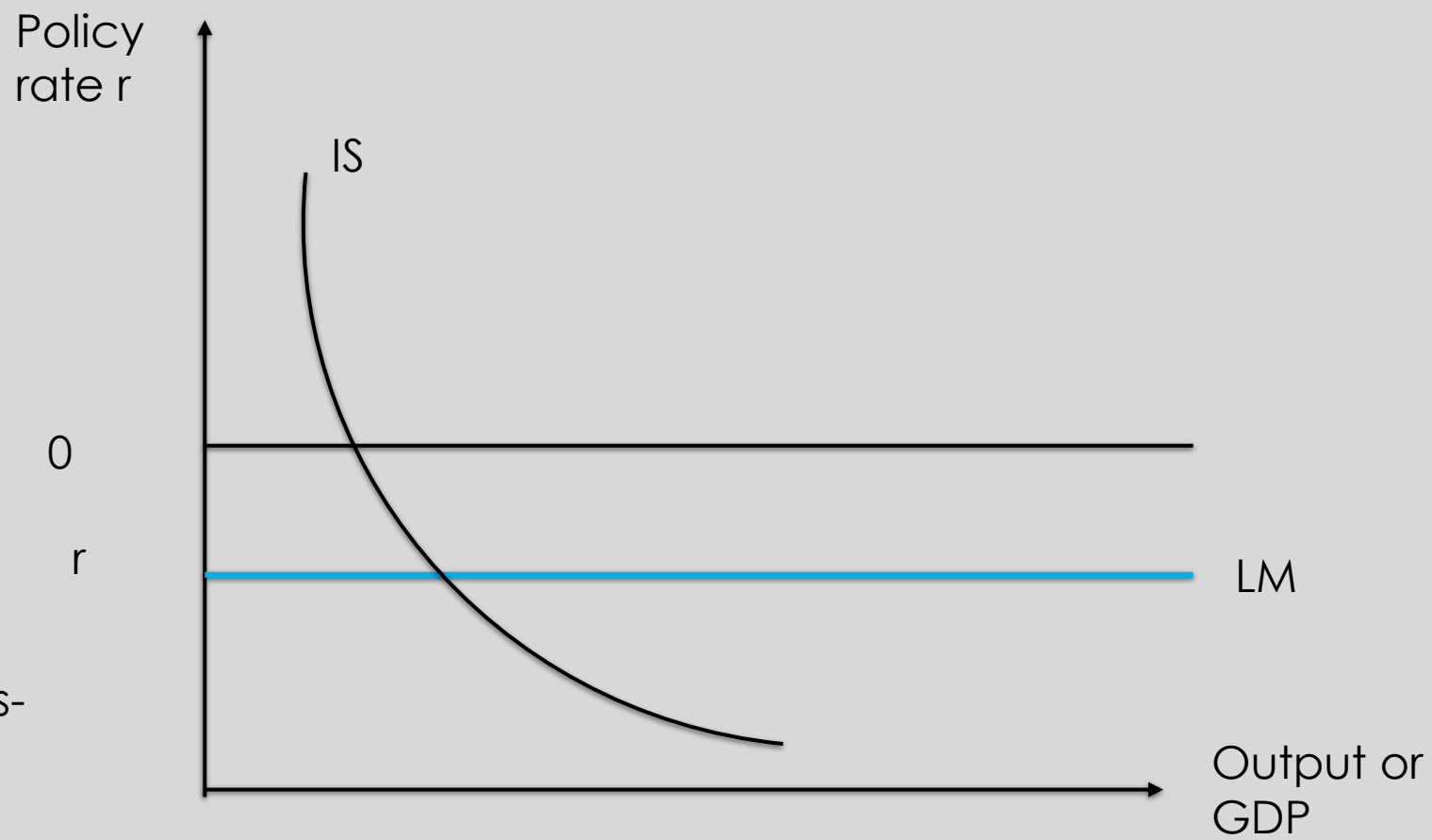
OPEN MARKET OPERATIONS

Federal Fund Market



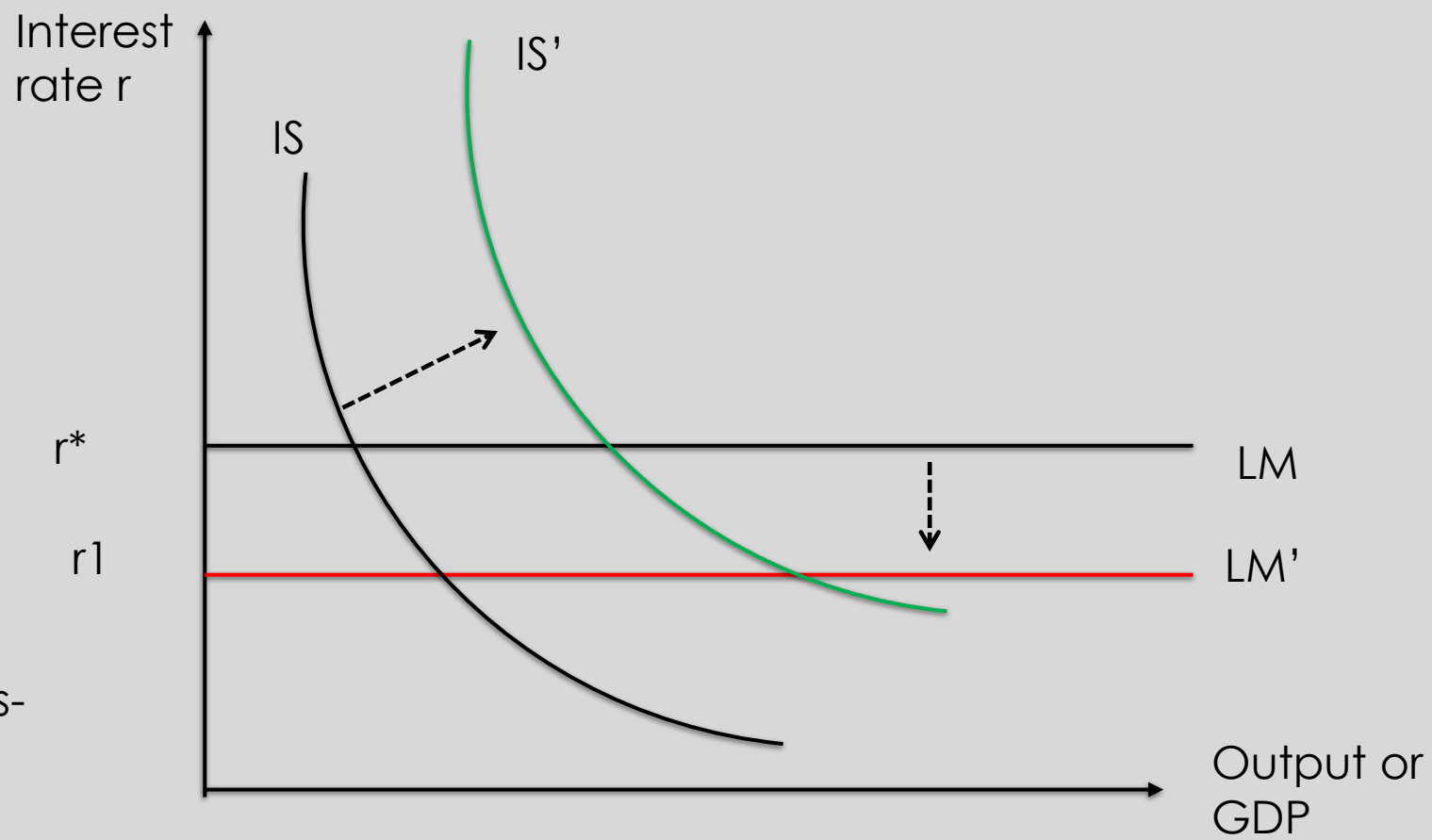


QUANTITATIVE EASING BY THE FED



LM: Investments-
Savings

LM: Liquidity-
Money supply

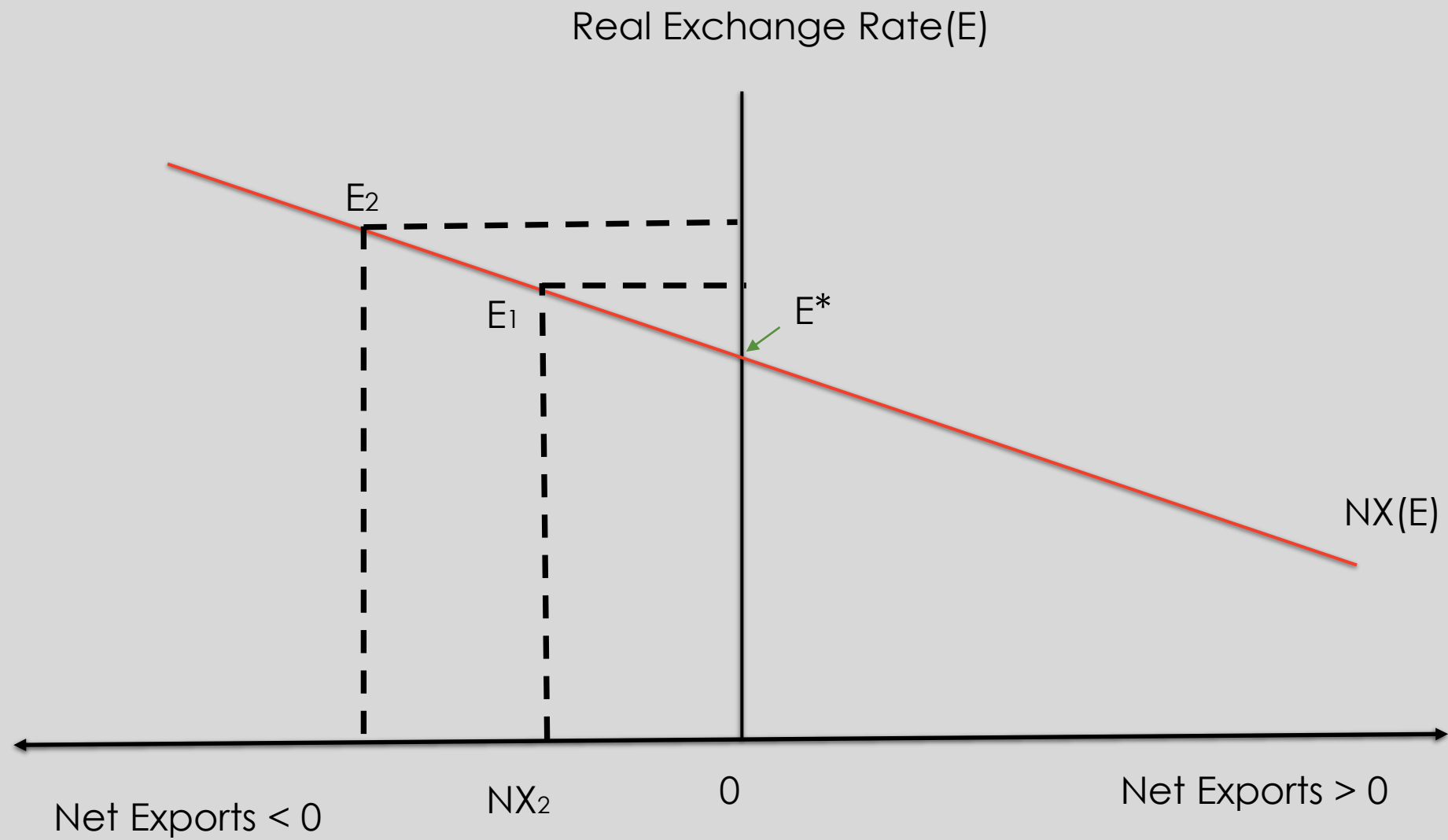


LM: Investments-
Savings

LM: Liquidity-
Money supply



INTEGRATION OF CHINA IN THE WORLD TRADING SYSTEM



OUTCOME

Policy measures/Issues			COVID-19	Lockdown	Unemployment benefits	Open Market Operations	Quantitative easing by the Fed	Integration of China in the World Trading System/Trade war	OVERALL RESULT	SCORE
C			(-)			(+)	(+)		(+)	1
I			(-)			(+)	(+)		(+)	1
G					(+)				(+)	1
NX								(-)	(-)	-1
DI=Y-taxes-transfers										1
AD			(-)		(+)	(+)	(-)		NEUTRAL (FREEZE OF THE ECONOMY)	0
AS	Resource Quantity	Population	(-)						(-)	-1
		Labor Force Participation Rate		(-)					(-)	-1
		Capital Stock								
		Exploration								
	Resource Quality	Education		(-)					(-)	-1
		Technology								
	Resource Price	Wages	(+)	(-)	(+)				(+)	0
		Energy Prices			(+)				(+)	1
Y				(-)	(+)	(+)	(+)	(+)	1	
Price			(+)		(+)	(+)	(+)	(+)	-1	
r(interest rate)			(+)			(-)	(-)	(-)	1	
u(unemployment)				(-)		(+)	(+)	(+)	-1	
x(risk premium)						(-)	(-)	(-)	-1	
OUTCOME										0

SCORECARD

-1	NEGATIVE EFFECT FOR THE ECONOMY
0	NEUTRAL
1	POSITIVE EFFECT FOR THE EC ONOMY

A hand in a blue sleeve is placing a wooden block on a tall, slightly wobbly tower of Jenga blocks. The word "CONCLUSION" is written in large, black, serif capital letters across the center of the image, partially obscuring the hand and the tower. The background is a soft, out-of-focus light blue and white.

CONCLUSION