

Brandon Sperry

Macroeconomics Project

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According to the latest FOMC unemployment rate has declined. Employment has continued to strengthen however inflation has still been on a rise due to supply and demand because of the pandemic. The war between Russia and Ukraine is causing human and economic hardships. The war may cause products to inflate more than they currently are inflated. The committee seeks to achieve maximum employment and inflation at the rate of 2 percent over the long run.

My answers to step 3.

1. Is the economy now at full employment, or is it experiencing cyclical unemployment? I would say cyclical unemployment because I have noticed too many signs for now hiring. I feel that the statistics are fudged enough to make it look like we are at full employment.
2. Should the Fed try to lower the unemployment rate to zero? Yes, the Fed should try to lower the unemployment rate to zero. This would in return help with inflation and the GDP. I feel that if unemployment rate was zero supply and demand wouldn't even be a thing because there would be too any products to choose from causing other companies to lower the price of their products.
3. Has inflation been stable, rising, or falling? Inflation has been rising more and more each day since the start of the pandemic and it will only get higher if we as a country don't do something about it.

4. Why is inflation bad, i.e., why should we desire low and stable inflation? Inflation is bad because you are paying more for a product that cost the manufacture of the product less to produce the product.

5. Is current inflation low enough? Too low or too high? The current inflation is much too high. According to the graph inflation today has been at its highest percent since 1990

6. How does GDP growth over the last year compare to GDP growth over the previous 20 years? So, is the economy ill, healthy, or so-so? The GDP growth rate appears to be low last year however it is not it's all time low over the last 20 years. I feel that the economy is so-so. It could always be better, and it could always be worse. The reason for the so-so is that the economy appears to be struggling however it has its good and bad days.

7. Does the federal budget deficit represent a threat to the economy? Try to balance the budget using the budget simulator at <https://www.crfb.org/debtfixer> and post the results of your best effort on the discussion board. I feel that the federal budget deficit does represent a threat. With the deficit setting at -2788.549 this rate would only hurt us in the long run, and it appears that it is not getting any better. I feel that with all the spending on the policies that doesn't apply to the USA hurts us because it is making the deficit even larger.

#### Make a Forecast

1. the GDP growth rate

2.5 is my forecast for the GDP. The reason for this is that inflation will be high causing it to hurt the economy which in return hurts the GDP.

2. the inflation rate

10.4 the reason for the is that it keeps going up each year and I feel that it will keep following that trend until Americans say enough is enough.

### 3. the unemployment rate

4.5 the reason for this number is that there are too many places with now hiring signs and until people want to start working this rate will always be high.

### Make Policy

1. Should the Fed increase, decrease, or hold constant the fed funds rate? Why? I feel that the Feds should decrease the fed fund rate because it is doing more harm than good. I feel that if the feds would make unemployment hard to get maybe more people would get a job causing unemployment rate to go down. This would cause the inflation rate to go down because more products would be on the market to compete because more people would be making these products. If inflation goes down that would cause the GDP to go up because more products are on the market and people are buying these products. In return this would stimulate the economy.
2. Should fiscal policymakers cut taxes or raise taxes? Why? I feel that they should cut taxes. Maybe if that wouldn't spend the money that they already have so poorly than maybe they wouldn't need to tax their people so much.
3. Should fiscal policymakers reduce defense and non-defense spending or increase defense and non-defense spending? Why? I think they should increase defense and non-defense spending. You can never be too safe. We are living in a very questionable time in our country, and we could use more defense to protect us. I feel that this is one area that we don't spend enough money on. I think that safety has no price and protect your people is the right thing to do.