From the beginning of the nation's departure out of its Covid tenure, both the GDP and the nation's unemployment rate were steadily returning to their projected path before the pandemic and lockdowns. From a positive 3.2% change in GDP this year, along with a median 4.2% unemployment rate for 2022, the federal government appeared to be having a solid hold on monetary policy and an understanding of how to steer the economy correctly(1). However, due to international circumstances, the federal government and the rest of the nation appear to be suffering from rising inflation rates, prices, and mortgage rates. As international situations being the war in Ukraine and China's national lockdown endure, the President's remarks on inflation have been "there's not much he can do about it."(2) While the nation was reaping the short term benefits of the expansionary monetary policy to bring it out of a recession, there is much evidence to suggest that the economy is heading in a negative direction.

In the latest statement by the federal reserve press release, the first quarter of this year showed, "overall economic activity edged down, whereas measures of "household spending" and "business fixed investments" stayed at their same high levels as previously recorded(3). As Keynesian theory holds, with the steady decrease of unemployment as the nation exists in its recession, inflation has risen, currently at above 8% since March(4). According to the report, current "supply and demand imbalances, higher energy prices, and broader price pressures" are all components of this elevated inflation height(3). With Russia's invasion of Ukraine and China's current COVID lockdowns, the supply chain has been impacted by the halted supplies that each nation trades with the United States. Imported items such as food, gasoline, and baby formula have added to the current inflation rate, causing it to remain high. President Biden has entrenched the high urgency to combat inflation and monitor other world events to witness their potential impacts of the balance of current accounts, which, ever since 2019, has been deepening

to a current -217,880 million according to FRED(5). The federal government has focused on a more Keynesian response for the short term, such as implementing the contractionary fiscal policy by shifting aggregate demand to the left in order to alleviate current economic hardships for citizens. One of such short-term implementations was the response to COVID. The most innovative aspects of this response were government checks and a comprehensive unemployment insurance. These relief packages offered ease of tension with over 5 trillion dollars in fiscal support(graph A). The innovation of individual checks being sent to Americans was the first of its kind. First designed in Richard Nixon's family assistance plan and then popularized by Andrew Yang in his Freedom Dividend(6), CARES offered $1,200 per adult.

According to Keynesian policy, fiscal stimulus in a recession works through "expansionary fiscal policy, such as tax cuts…or direct increases in government spending" (7) to raise aggregate demand. With the loss of 23 million jobs in March of 2020(8), unemployment insurance successfully protected families and individuals from potential bankruptcy. The success of the stimulus checks is recorded in graph B, where the money gave more spending power to Americans in the beginning, while the third round allowed for higher savings and the ability to pay off debts. As these successes allowed the nation to remain afloat during the crises, they also created failures. For many, the stimulus from the insurance was greater than their actual work, causing it to be "one of the main reasons for the long and slow recovery following the Great Recession".(9) The largest failure of the stimulus checks was that not all of it was spent. As more stimulus was distributed, more was utilized to pay off existing debt or saved, which does not advance GDP, as demonstrated in graph C. Fiscal policy is less expansive now because relief was only until the population became vaccinated. Due to a lowering unemployment rate, inflation rates will rise, causing an inflationary gap, the opposite of a recession. As elucidated by

Keynesian policy, contractionary fiscal policy must be enacted to lower aggregate demand, reducing inflation.

Concerning work subsidies as mentioned earlier, as a nation departs from its recessionary period, it is essential to understand where its unemployment stands. The current statistic of 3.6% may indicate that only 3.6% of all Americans are without work, while another story is actually told. The existing formula of labor force participation gives a false sense of full employment, correlating the adult population with willingness rather than work opportunities. "It's why the unemployment rate doesn't paint the whole jobs picture."(10) According to my formula, the united states is at a 47% full employment rate. Instead of the labor participation being compared to the total adult population, which negates that not all adults are part of the labor force, viewing the entire labor force in comparison to available jobs would be more appropriate.

Full employment should be measured as 1-(unemployed people/job openings). Rather than using the country's adult population, job openings offer a better visual of the unemployed to openings ratio. When the employment rate is at 100%, This will indicate that all unemployed people now are employed. In the years to come, with at least 5,541,100 new projected jobs(11) to open and a 4.0%(1) unemployment rate, the full employment rate will be at 60% if each unemployed person attains a job. This number is echoed within the employment situation summary from May 6th, where the "employment-population ratio, [is] at 60.0 percent" (12). However, the United States may never see full employment due to several reasons. One of those reasons is automation. Automation upsets full employment by reducing the jobs vacant for people to fill. "Each additional robot added in manufacturing replaced about 3.3 workers nationally, on average"(13). Computers are subject to rapid growth, as "NVIDIA's GPUs were 25 times faster than five years ago... Moore's Law…anticipated just a ten-fold increase."(14) This

demonstrates higher potential rates of job reduction by robots, like how 30% of manufacturing industries currently have robots performing daily functions(15). According to MIT economist Daron Acemoglu, "adding one additional robot per 1,000 workers reduced the national employment-to-population ratio by about 0.2 percent"(13)

As also mentioned within the Employee Situation Summary, the number of job opportunities has risen in numerous spheres of work in the following fields: health care, financial activities, transportation and warehousing, leisure and hospitality, professional and business services, etc.(12) While in the short run this appears as a positive sign of an economy's revival, it also has grounds as to why inflation is rising. Quick, dwindling unemployment can have adverse effects if the federal government can not keep up with this activity. If forced to produce more money too quickly for the economy to halt it from producing above potential GDP so soon, this can immerse the nation in a high inflationary period. Northern Trust echoes these ideas within its economic outlook, stating that inflation has impacted numerous items during the past few years. It also states real GDP growth is "contracting 1.4% on an annual basis" (16), due to slower inventory recovery within the states and an existing trade deficit.

While the Federal government is tense about the state of the economy, Kiplinger's economic report takes a more neoclassical approach within their outlook, stating that the US will approach a situation it was previously in pre-covid. Currently, the inventory level is below where it was back in 2019 by $300 billion, along with motor vehicle factories at $68 billion below average. Consumer spending is very high, with the most money spent on services rather than goods; this is expected to shift as prices for items such as gas and food increase, especially for low-income homes. Kiplinger projects GDP to grow 4.0% next year, as unemployment and job openings are projected to put the nation back on track to pre-pandemic levels. The report states

that the unemployment rate may also diminish to 3%, with the wage growth to 4% next year(17). Concerning inflation, the projected year-end rate will be 6.3%, declining by 3% the year after that. According to the S&P 500, DOW, and the NASDAQ, each daily index value within the stock market is making overwhelming recoveries from the pandemic, which has shot up to reports never seen from 2017 forward.(18,19,20) While circumstances overseas may impact future economic growth, each report has recently demonstrated a declining index from January of this year after witnessing a significant market spike over the past two years. With reportings from gordcollins.com stating factors such as foreign oil, rising energy costs, and China's shutdown potentially cause the market to fall soon in the upcoming year, Goldman Sachs' predicts "a 35% chance of a recession"(21). These indicate that the stock market faces a temporary gain, soon to be faced with misfortune.

As short-term benefits of monetary policy during covid were reaped, evidence suggests that the economy is heading into a dire situation in the long run. In each aspect of this economic outlook, from labor to supply linkages, the main focus and concern circulate amongst inflation, which appears to be the most critical part of the economy. From the Federal government's decision to inject the nation with funds to its more recent attempts to contract the economy by monitoring them evidently demonstrates how influential overseas circumstances are in domestic affairs. Over each economic outlook discussed in this paper, they agree that the nation is in economic limbo, with low unemployment yet high inflation, high consumer spending, yet high prices. With April's inflation rate at 8.3%, being the highest in the past 20 years(4), it is difficult to see how the federal reserve can reduce this number to a deviation of the standard 2%. "Invest in inflation. It is the only thing going up"-Will Rogers

Bibliography

(1)*Federal Open Market Committee*. Board of governors of the Federal Reserve System. (2020, December 16). Retrieved June 4, 2022, from https://www.federalreserve.gov/monetarypolicy/fomcprojtabl20201216.htm

(2)Luhby, T. (2022, June 2). *Biden and governors are trying to help Americans cope with inflation. they may make it worse*. CNN. Retrieved June 4, 2022, from https://www.cnn.com/2022/06/02/politics/inflation-biden-governors/index.html

(3)*For release at 2 p.m. EDT May 4, 2022 - Federal Reserve*. Federal Reserve Press Release. (2022, May 4). Retrieved June 4, 2022, from https://www.federalreserve.gov/monetarypolicy/files/monetary20220504a1.pdf

(4)*Current US inflation rates: 2000-2022: US inflation calculator*. US Inflation Calculator . (2022, May 11). Retrieved June 4, 2022, from https://www.usinflationcalculator.com/inflation/current-inflation-rates/

(5)*Balance on current account*. FRED. (2022, March 24). Retrieved June 4, 2022, from https://fred.stlouisfed.org/series/IEABC

(6)Waxman, O. B. (2020, March 26). *What came before the coronavirus stimulus 'recovery rebates'*. Time. Retrieved June 4, 2022, from https://time.com/5809030/nixon-recovery-rebate/

(7)TIMOTHY., G. R. E. E. N. L. A. W. S. T. E. V. E. N. A. S. H. A. P. I. R. O. D. A. V. I. D. T. A. Y. L. O. R. (2017). Chapter 12/Keynesian Policy for Fighting Unemployment and Inflation. In *Principles of macroeconomics 2E* (p. 308). essay, 12TH MEDIA SERVICES.

(8)Georgetown University. (2021, May 21). *Tracking covid-19 unemployment and job losses*. CEW Georgetown. Retrieved June 4, 2022, from https://cew.georgetown.edu/cew-reports/jobtracker/

(9)Bekaert, Geert, Eric Engstrom, and Andrey Ermolov (2020). "Aggregate Demand and Aggregate Supply Effects of COVID-19: A Real-time Analysis," Finance and Economics Discussion Series 2020-049. Washington: Board of Governors of the Federal Reserve System, https://doi.org/10.17016/FEDS.2020.049

(10) Schwab, K. (2022, April 7). *Is it possible for unemployment numbers to be too low?* Marketplace. Retrieved June 4, 2022, from https://www.marketplace.org/2022/04/07/is-it-possible-for-unemployment-numbers-to-be-too-low/

(11)U.S. Bureau of Labor Statistics. (2022, April 18). *Most new jobs : Occupational outlook handbook*. U.S. Bureau of Labor Statistics. Retrieved June 4, 2022, from https://www.bls.gov/ooh/most-new-jobs.htm

(12)U.S. Bureau of Labor Statistics. (2022, June 3). *Employment situation summary - 2022 M05 results*. U.S. Bureau of Labor Statistics. Retrieved June 4, 2022, from https://www.bls.gov/news.release/empsit.nr0.htm

(13)Dizikes, P. (2020, May 4). *How many jobs do robots really replace?* MIT News | Massachusetts Institute of Technology. Retrieved June 4, 2022, from https://news.mit.edu/2020/how-many-jobs-robots-replace-0504

(14) Arul, A. (2022, March 23). *Does Moore's law still hold water?* Analytics India Magazine. Retrieved June 4, 2022, from https://analyticsindiamag.com/does-moores-law-still-hold-water/

(15)MIRANDA , J., & SEAMANS, R. O. B. (2021, October 8). *2018 Data Measures Automation in U.S. businesses*. 2018 Data Measures Automation in U.S. Businesses. Retrieved June 4, 2022, from https://www.census.gov/newsroom/blogs/research-matters/2020/11/2018_data_measuresa.html

(16)Tannenbaum, C. R., Boyle , R. J., & Tandon, V. (2022). *U.S. Economic Outlook: Expeditious*. Expeditious. Retrieved June 4, 2022, from

https://www.northerntrust.com/united-states/insights-research/2022/us-economic-outlook/may-12

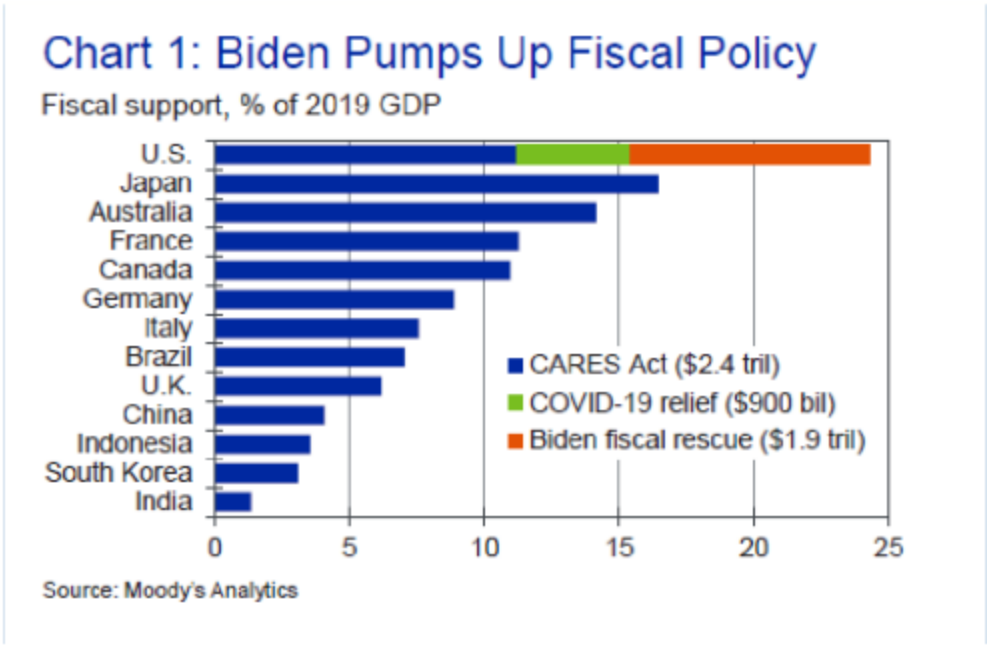
(17)Payne, D., Sermeño, R., & Patterson, J. (2022, May 27). *About: Kiplinger's Economic Outlooks*. About: Kiplinger's Economic Outlooks. Retrieved June 4, 2022, from https://www.kiplinger.com/economic-forecasts

(18)ST. Louis FED. (2022, June 3). *S&P 500*. FRED. Retrieved June 4, 2022, from https://fred.stlouisfed.org/series/SP500

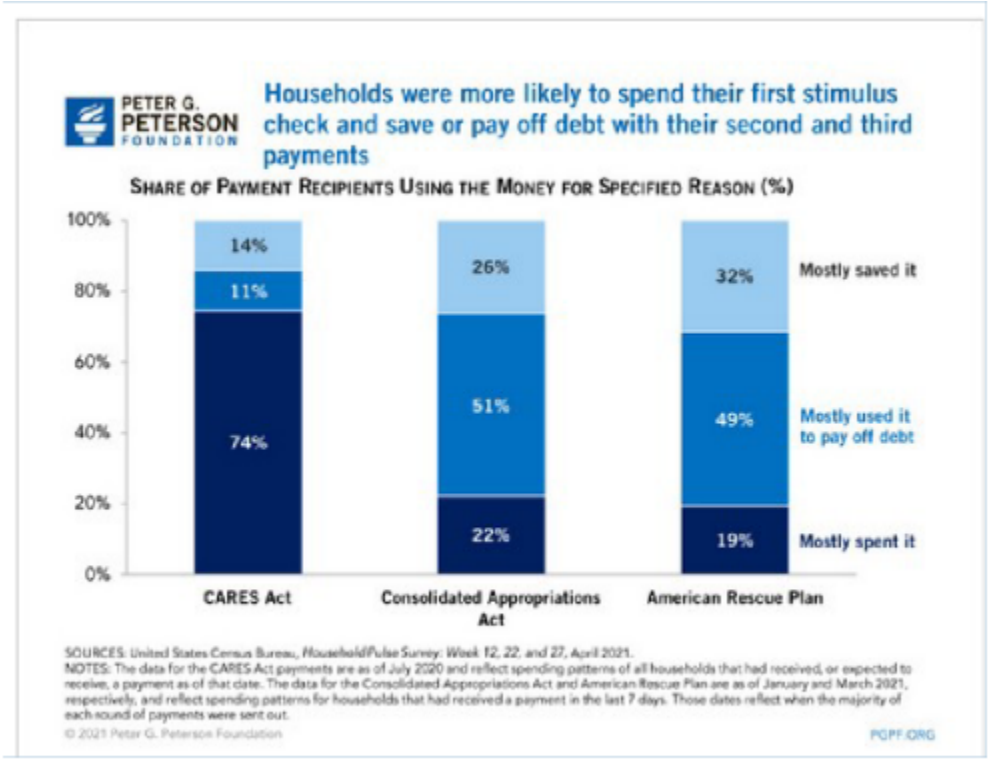
(19)ST. Louis FED. (2022, June 4). *Dow Jones industrial average*. FRED. Retrieved June 4, 2022, from https://fred.stlouisfed.org/series/DJIA

(20)ST. Louis FED. (2022, June 3). *Nasdaq composite index*. FRED. Retrieved June 4, 2022, from https://fred.stlouisfed.org/series/NASDAQCOM

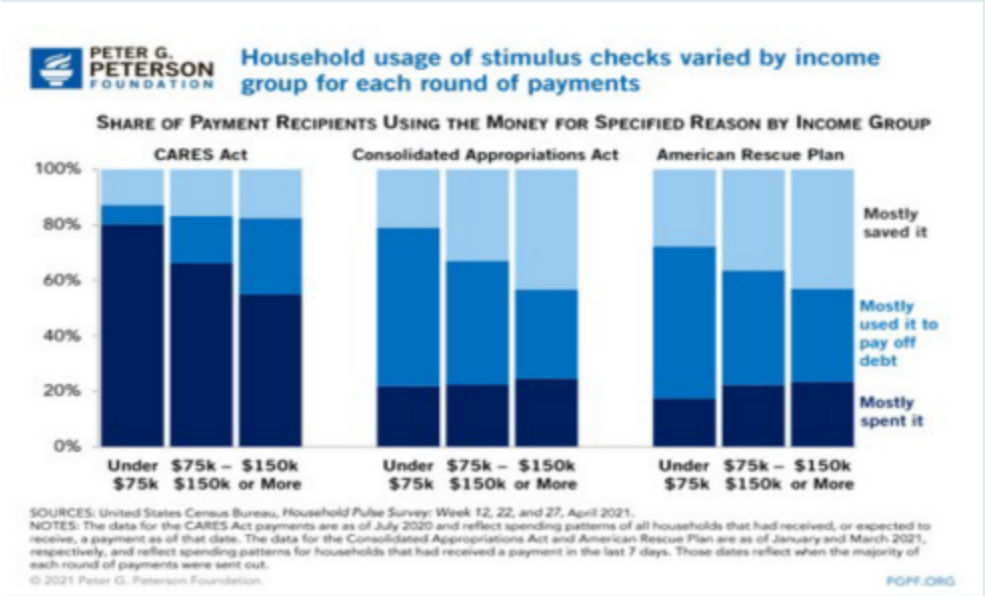
(21)Collins, G. (2022, June 4). *Stock market predictions: 3 to 6 month forecast 2022: Crash coming in 2023?* Housing Market and Stock Market Forecasts. Retrieved June 4, 2022, from https://gordcollins.com/stock-market/factors-forecasts/



Graph A



Graph B



Graph C

		Forecast table					
Source	Statistic		Q3 2021	Q4 2021	Q1 2022	Q2 2022	
NT	U3 rate	current 3.6%	N/A	N/A	3.80%	3.50%	
PNC	U3 rate	current 3.6%	N/A	N/A	N/A	N/A	
Kip	U3 rate	current 3.6%	N/A	N/A	N/A	N/A	
WF	U3 rate	4.20%	N/A	4.20%	N/A	N/A	
DL	U3 rate	Does not discuss exact #'s	N/A	N/A	N/A	N/A	
FRB	U3 rate	Currently 4.2%	N/A	N/A	3.2%	3.2%	
WF	Chg Non farm payroll	Does not discuss exact #'s	N/A	N/A	N/A	N/A	
NT	%ChgRGDP	annual change-1.4%	N/A	N/A	-1.40%	3.40%	
PNC	%ChgRGDP	Does not discuss exact #'s	N/A	N/A	1.40%	N/A	
Kip	%ChgRGDP	N/A	N/A	5.6% rise	N/A	N/A	6.9% in 4th quarter
FRB	%ChgRGDP	3.2% change in GDP 2022	N/A	N/A	N/A	N/A	
WF	%ChgRGDP	current 5.7%	N/A	5.70%	4.40%	N/A	
DL	%unemploymentrate	N/A	N/A	N/A	4.1%	4.1%	
DL	FedBudget Share of GD	N/A	N/A	N/A	-6.10%	-6.10%	
FRB	%Chgoverall	annual change-2% during 2022	N/A	N/A	2% decrease	2% decrease	
WF	%ChgC	N/A	N/A	N/A	N/A	N/A	
WF	%ChgBusInv	N/A	N/A	N/A	N/A	N/A	
WF	%ChgResidentInv	N/A	N/A	N/A	N/A	N/A	
WF	%Chg G	N/A	N/A	N/A	N/A	N/A	
FRB	% unemployment rate	N/A	2020=6.7%	2021=5.0%	2022=4.2%	2023=3.7%	
DL		N/A	N/A	N/A	N/A	N/A	
NT	%ChgCPI	current 2.7%	N/A	N/A	9.20%	7.80%	
PNC	%ChgCPI	Does not give exact numbers	N/A	N/A	N/A	N/A	
Kip	%ChgCPI	annual rise rate 7.9%	N/A	N/A	N/A	N/A	
WF	%ChgCPI	average 5.3%	N/A	7.00%	5.30%	N/A	
DL	%ChgCPI	N/A	N/A	N/A	14.5%	14.50%	
FRB	%ChgCPI	Does not give exact numbers	N/A	N/A	increasing	increase	
WF	%ChgPCE	2%	N/A	2.00%	N/A	N/A	
BLS (bureau of labor statist	%inflation rate	N/A	January=7.5%	Feburary=7.9%	March=8.5%	April=8.3%	
DL		N/A	N/A	N/A	N/A	N/A	
NT	Fed Funds	N/A	N/A	N/A	0.16	0.78	
PNC	Fed Funds	Does not discuss exact #'s	N/A	N/A	N/A	N/A	
WF	Fed Funds	Does not discuss exact #'s but from graph approx.	N/A	1.90%	2.40%	N/A	
DL	Fed Funds	N/A	N/A	N/A	0.50	0.50	
FRB	Fed Funds	Does not discuss exact #'s but from graph approx.	N/A	N/A	approx 0.4	approx 0.4	
NT	10 Year T yeild	3.00% annually	N/A	N/A	N/A	N/A	
PNC	10 Year T yeild	Does not give exact numbers	N/A	N/A	N/A	N/A	
WF	11 Year T yeild	Does not discuss exact #'s	N/A	N/A	N/A	N/A	
Kip	10 Year T yeild	3.5% sometime this year	N/A	N/A	N/A	N/A	3.0% at the end of the year
DL	10 Year T yeild	N/A	1.4	1.4	2.7	2.7	
FRB	10 Year T yeild	Does not discuss exact #'s but from graph approx.	N/A	N/A	N/A	2.80%	
FRB	Inflation	currently 8.3%	Jan-7.5%	Feb-7.9%	Mar-8.5%	Apr-8.3%	May-released June 10
NT= US Outlook May 12, 2022							
PNC=...							
WF=...							
DL = US Outlook Q1 2022							
FRB = US Outlook April 2022							
Kip= US outlook May 12, 2022							
N/A=	No information given						