

Economic system essay examples

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The Gross Domestic Product is not always accurate in the sense that it does not include any sort of trickledown effect. The President would be wise to take GDP figures with a pinch of salt and in fact concentrate more on what the aggregate demand currently is and how this can be expanded as only this will eventually provide full employment. Thus it is important that the President creates job and public works programmes on a large scale as these will ensure that the unemployed will have an opportunity to return to the labour force. This will in turn affect unemployment figures positively and will create a trickledown effect with consumer capitalism increasing since there will be more money to spend. Other economists may view the works programme as creating artificial demand but this can be disputed by pointing out that the unemployed have been taken off the dole and are contributing successfully to the economy. In turn the public works projects which are created will serve as stimuli for further employment and new jobs. Although many people believe that unemployment figures are factual and correct, in fact these do not actually show the true picture as regards the job market. The black economy which reigns supreme hides the fact that several workers who claim unemployment benefits are in fact wealthy themselves through underhand economic activity. It is important that the unemployment figures are correctly shown as these may not include the full picture apart from the fact that those who are out of the job market and economically inactive are not always included either. High unemployment may lead to recession and this in turn has a drastic negative effect on the whole macro economic cycle.