

# Demand or supply critical thinking

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Economics in general deals with demand and supply and connects the relationship between the two forces, since both demand and supply are equal and have an impact on the economy of a country. What ponders in the minds of economists in the United States is whether the high levels of unemployment is due to aggregate demand being low, or whether the amount of supply in the economy has problems. The government through president Obama has intervened in the situation and put measures that stimulate the economy by encouraging investments through reducing taxes to investors, and increasing the amount of government spending to boost consumption, and the economy. The Federal Reserve has contributed much into saving the unemployment situation by reducing short-term interest rates to banks, and targeting a reduction in the long-term lending rates to local banks. Regardless of these stimulus measures by the government and the reserve bank to salvage the stricken economy, unemployment has since been on the rise and progressive economist suggests that the measure taken by these parties were just part of reducing the deeper recession. The government needs to put in more measures in order to generate a more strong recovery of the economy.

The conservation economist suggest that lack by the government to manage taxpayers money has seen a rise in savings both by individuals and firms, and in addition, activist government has increased the woes in future tax measures and as a result, it has seen an increase in reluctant investment. Although government spending managed to salvage the economy from a down turn, hence boosting unemployment benefits, increasing aids to states,

and putting up more construction projects, there is need for a more boost in household stimulus by rebuilding and helping them avert debts.

We cannot judge the current policy on providing stimulus to the economy without following up on the past recoveries of slow jobs. Since 1960 to the mid 1991, it has been easy for the US recovering from previous recessions, taking just eight months to recover the lost jobs. In contrast, in 2001, the recession took a maximum of 38 months to recover those jobs that were lost during the recession, but only a quarter to recover lost output resources. Since 1991, there has been an increase in permanent job losses due to recessions, and more firms were reluctant to hire workers, which resulted in high-unemployed workers who sorted new jobs in new industries, hence wasting more time and training of the workers.

Although the internet has made it easier for firms to hire workers more quickly, there has been a rise in temporary hires nowadays, since these firms prefer only to hire workers after ensuring the economy has well established itself. The slow recovery of job in the recent recession should not be a surprise to us; rather we ought to focus on the increase in the number of layoffs in construction, because of the recent recession, which is the focus for job loss.

In conclusion, it is vital to remember that easy monetary policy fueled the boom in housing industry, with an intention of expanding job growth in the US as recession receded. Conversely, there was a high rate in graduate drop out in Las Vegas, who sought to look for unskilled construction work. This incident has seen a vast number of unemployed college graduates find

decent jobs to work for, since they are readily available to them. For a more sustainable demand and healthier labor-force supply, policy makers should seek ways of improving job growths that aids in the re-skilling of unemployed graduates, and more so, those in the construction industries.

Few factors discussed in this article will promote a healthier recovery from the recent recession. Firstly, the government needs to increase spending and encourage the Federal Reserve to cut interest rates on short-term loans to local banks. More over the government needs to ease with taxpayer's money and put measures that will encourage investment, and decreasing savings and ensuring good regulations of tax measure hence encouraging investment.

Secondly, there is need to improve regulations uncertainty in healthcare and other business in order to promote long-term investment plans by these business and health care centers. Also there is need to have a review of the previous recession in the country, and plan out better measures that will fasten the recovery process, as well as recovery the lost jobs in due time.

Thirdly, policy makers should endorse healthier monetary policy that will not encourage graduates dropouts from colleges in search of unskilled construction jobs, which are easily accessible due to easy monetary policy that expanded job growth in the US. Instead, policy makers should avoid constantly aiming to boost spending, which in turn creates problem for the future of the US, and its citizen. A good way to start a recovery from the recent recession is finding a sustainable means of improving job growth in the economy. Policy makers can achieve this by re-skilling the unemployed

graduates, in particular those who worked in the construction-related jobs. Consequently, a more and improved labor-force supply will facilitate a recovered and more manageable demand that will favor the growth of the economy.

It is only through these masseur can the government and the policy makers can take part in shaping the economy of the US, which undoubtedly will boost investment and increase job opportunity among college graduates.