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Economics, Macroeconomics

Jennifer Poldo Week 4 Homework EC 141 Principles of Macroeconomics 2. How many recessions has the United States experienced since 1950? Which ones were the longest in duration? Which ones were the most severe in terms of declines in real output? The united States has had a total of 10 recessions since 1950. The years that were the longest in duration were 2007-2009 which ran for 18 months. Second fell 1973-75 and 1981-82 which ran for 16 months. The most severe was in 1973-75 with -4. 9% 3. Because the United States has an unemployment compensation program that provides income for those out of work, why should be worry about unemployment? There is an economic cost of unemployment. When the economy fails to create enough jobs for all who have the necessary skills and are willing to work, potential production of goods and services are irretrievably lost. 4. What are three types of unemployment? Unemployment is seen by some as undesirable. Are all three types of unemployment undesirable? Explain Frictional Unemployment: Describes those that are in between jobs Structural Unemployment: Economist use structural in the sense of compositional. Changes over time in consumer demand in consumer demand and in technology alter the structure of the total demand for labor. Cyclical unemployment: Unemployment caused by a decline in total spending All three are undesireable for different reasons. Frictional because those that fall into this category will more than likely have been fired from each job and is needing to move on to the next, structural because workers who find that their skills and experiences have become obsolete or unneeded thus find that they have not marketable talents. Cyclical is a very serious problem because it begins to dig into the cost put out by the government and companies begin to be hit. 8. Explain how hyperinflation might lead to a severe decline in total output Hyperinflation refers to a large increase in prices Hyperinflation can be devastating to real output and employment. As rpices shoot up sharply and unevenly, normal economic relationships are disrupted. Business owners do not know how to react to price changes and consumers do not know what to pay.