

Grow econ

Economics



Jordan, Jerry, "How to Keep Growing "New Economies"", Economic Commentary Series, Federal Reserve Bank of Cleveland, August 15, 2000.

Summary -Innovations in technology have prompted many economists to reevaluate how technology changes the system in our economic environment as it produced unseen levels of positive economic prosperity. - Some people contend that technology merely adds value to our economy solely as an instrument to speed up data processing, but is not a game change; on the other hand, economists should reevaluate the older models and theories of economics as they were not useful to provide a comprehensive picture in evaluating the economic landscape. -Some technology becomes obsolete while new technologies are being born (eg. Typewriters and word processing software); some technology produces far greater output with lesser input than older technology (eg. Manual labor factories vs. computerized machine factories). -Current economy with new technology is nothing of new as old elements and indicators are still in place to make determinations on health of economy. -If the 'right' infrastructure and enforcement mechanism are set correctly in place by the government, they can be effective catalysts to increase certain technology's output and change on its environment. -The division between wealthy states and poor states is evident when the types of economic institution that each state elects to depend upon: wealthy states tend to have privatized economic institutions while poor states tend to have public economic institutions in place. -Privatized institutions are sustained by the values (profits) they make; however, public institutions tend to not follow the same path (state subsidies are given). -Elements of a successful, long lasting economy: stable currency, financially sound institutions, enforceable property rights, and <https://assignbuster.com/grow-econ/>

generally accepted accounting principles. Ultimately, we must trust the government as we trust most privatized institutions and transactions that take place on a daily basis (predictable behavior, trustworthiness, and commitment) - To some degree, government intervention, such as the Federal Reserve is an important and integral part of the government's role to sustain long term growth in the system. By using Federal Reserve's purchasing power of dollar, they attempt to maintain the same level of output in growth in the economy with intermediate intervention strategies.