

# [Edmund argued that policy makers had accepted](https://assignbuster.com/edmund-argued-that-policy-makers-had-accepted/)

[](https://assignbuster.com/)[Economics](https://assignbuster.com/essay-subjects/economics/)

Edmund Phelps wasconceived in Evanston, Illinois in 1933. He is anotable American financial expert who was as of late granted the2006 Economics Nobel Prize for his examination of intertemporal trade-offs inmacroeconomic policy (inflation, wages, and unemployment). Phelps hasbeen working at Columbia University since 1971 as the Directorof the Center on Capitalism and Society.

As a child, he lived in Chicago thenmoved to Hastings-on Hudson, New York. His academic careercomprises of public school education, a B. A. from Amherst Collegein 1955, and a Ph. D in economics at Yale University in 1959. Afterward, he instructedat many schools, including Yale University from 1960 to 1966 andat the University of Pennsylvania before he joined the staff ofColumbia University in 1971.

Phelps has composed bookson financial growth, unemployment theory, recession, stagnation, inclusion, rewarding work, dynamism, indigenous innovation, and the great economy. Between the mid-1960s andthe mid-1980s, he brought up that workers, customers, and companies must settleon numerous choices without full data in the 1970 MicroeconomicFoundations of Employment and Inflation Theory of the “ PhelpsVolume.” He included that these workers, customers, and companiesad lib by framing expectations to fill in for the missing data.

Inthat structure, he dove into wage-setting, mark-up rules, slowrecoveries, and over-shooting. This hypothesis bolstered theKeynesian proposition that a cut in the money supply willnot solely cause prices and wages to drop without a drawn out impact onemployment. He argued that policy makers had accepted that expansionaryfinancial and fiscal policy could be the reason for unemploymentlevels.             Phelps set aside theshort-termism and monetarism of MIT and Chicago to make a” structuralist” macroeconomics between the mid-1980sand the late 1990s. Phelps’ view is dissimilar to the extreme Keynesian view asthere being an unending and unexplained lack of “ demand” because he sees employment as gravitating towards its “ natural” level, and in his works, he endeavors to clarify the impacts of structuralforces on it. In 1994, he published a book called” Structural Slumps.

” That book and later papers withHian Teck Hoon and Gylfi Zoega find that an economy’s natural levelof employment is shrunk by rises in family wealth, abroadfinancing costs, and by money shortcoming. Hence, the ascent of unemployment inthe United States, the United Kingdom, and France comes aboutbecause of the massive accumulation of wealth and little overallinvestment. He contends that both originate from the drag of productivitygrowth in an economy.             In Phelps’ 1997 book “ RewardingWork,” he argues that of the robust innovation made in the recentcentury, non-material prizes of work matter more than andthat of higher salaries. Non-material rewards of work wouldconsist of: engagement in projects, the satisfaction of makingsmart and successful decisions, and the experience of going on an unknownadventure with unlimited surprises.

In his 2013 book “ MassFlourishing,” he comments that stone age men were equippedfor imagining the abstract idea of new things and they had the fervor to make them. Bethat as it may, a culture that frees and motivates dynamism isa necessity for arousing a “ passion for the new.”            Edmund Phelps is still a prevalent andrespected author, professor, and economist today. His works and theories are worthyof respect and are still being contested with the ideas and theories of othereconomic scholars, which means after his death, his impact on economic thought wouldstill be large enough to be discussed and analyzed for hundreds of years tocome.