

Short answers

[Literature](#), [Russian Literature](#)



Short Answers The ical economists argue that the aggregate markets achieve an equilibrium automatically. This means that there is full capacity in the economy. When all the resources are employed, then there is full employment. Unemployment according to classical is as a result of lack of utilization of all the resources in the economy. The classical believe that if government intervened, then more problems will be experienced. This is because full employment in the economy is achieved without any interventions (Harris, 2006).

Keynesians argue that employment is affected by changes in demand in the short run. This is illustrated by Phillips curve where as unemployment falls, inflation increases. The government should step in to solve unemployment problems according to Keynes. This is done through Central bank that ensures that there is more money in circulation (Froyen, 1995).

The classical would advocate that the Federal Government supply money so as to match the rate of unemployment growth. If the two do not match, then there will be excess supply, which could be as a result of increased price of labour. In addition, the government should restrain from applying any stabilization measures (Tucker, 2011).

Despite being expensive, the procedures employed by the United State drug and food administration are essential. This is to ensure that they are quality and fit for human consumption. The government can however, subsidize the prices so as to reduce their prices and be able to manage inflation (Harris, 2006). On the other hand, the government should not eliminate such requirements on hot dog content since it is not a basic need.

A combination of fiscal and monetary policy should be employed in the

current U. S. economy. Some of the fiscal policies include; government purchases and transfer payments. On the other hand, monetary policies such as Open Market Operation among others could be employed (Tucker, 2011).

References

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Froyen, R. T. (1995). *Macroeconomics: Theories & policies*. Upper Saddle River, NJ: Prentice Hall.

Harris, S. E. (2006). *The new economics: Keynes Influence on theory and public policy*. Whitefish, MT: Kessinger Pub.