# Economic advisement paper

Economics

There is a large statistic which shows that people between the ages of 16 to 24 are he most affected by long-term unemployment. Due to age, experience, and long periods of time being unemployed when looking for a Job, these people get over looked This is also because there is almost always someone out there that has more experience and above the age of 25. There are some long-term effects that are caused mostly in thanks to the long term of unemployment from " ballooning student loan debt and fail to save adequately for retirement" (Erasers, 2013).

Even with all the increase in unemployment over the past few months America has seen a decrease in the percentage of unemployment (Erasers, 2013). Expectations In the current state of our economy, the expectation of consumers appears to be evolving from substantial fear of rising prices and difficulty obtaining credit to a more optimistic future outlook, although remaining cautious. Consumers have begun spending rather than primarily saving. This has moved the Aggregate Demand curve slightly to the right, from previous years.

Rises in median home prices and reductions in foreclosures and unemployment appear to be affecting the consumer mindset in a positive way. Recovery is in progress and a balance of the economy is underway. Consumer Income Consumer income affects the economy through consumer spending. When consumers have more they can feel comfortable spending more. In times of economic growth individuals see increases to their income. The increases lead to more spending. An example in explaining this economic stage is the income effect.

The income effect is the change in an individual's or economy's income and how that change will impact the quantity demanded of a good or service (Sullivan, 2003). A Country's GAP grows at a steady rate when consumer spending is greater. Spending leads to higher production and productivity. Additional spending leads to increases in tax revenue. Additional revenue leads to opportunities to pay down government debt or implement needed programs. When discussing consumer income, the effect it has on the economy's inflation value and what affect this has on the supply and demand of goods sold is important.

In the situation which expectations to expected initiation are increased, people tend to raise wages and prices; this causes inflation (Colander, 2010). If prices become inflated it would affect the spending habits of individuals. Less spending leads to greater supply of goods ND less demand. Spending Jump starts an economy by the exchanging of goods and services. To keep a balanced economy it is recommended to keep a moderate inflation rate to promote spending and keep goods and services priced according to market value. Based on consumer spending, government spending will have to be adjusted.