

Economics part 2 critical thinking sample

[Economics](#), [Money](#)



Chapter 14

Question 2

I think the reason why labor force participation of women is lower than that of men in the United States is because the policies that have been in existence have been favoring men more than women. This means that women have been discriminated when it comes to labor force participation. However, in modern time there has been a dramatic increase in the labor force participation of women. Many factors have contributed to this increase. There has been numerous legislations such as the Equal Pay Act of 1963 that have been formulated to help in diminishing sexual discrimination hence they have immensely encourage women to enter in the labor market through receiving fair remuneration to assist in raising children. In addition, introduction of birth pills, new contraceptive technology, and age of majority laws adjustment are the other factors.

Question 8

There are various effects of unemployment on individual unemployed person. These include psychological effects such as anxiety or depression, susceptibility to malnutrition, loss of self-esteem, and illnesses among others. The psychological effects are essentially more serious.

Chapter 15

Question 6

Fiscal policy refers to government spending policies, which influence the macroeconomic conditions. Therefore, these policies affect tax rates, government spending, and interest rates so as to control a given economy. A

fiscal policy which increases income transfers and government purchases, and reduces taxes is actually an expansionary fiscal policy. The conservatives and liberals will have different feelings on this policy. Thus, conservatives will feel that the larger budget deficit brought by this policy is not healthy for a contracting economy. On the other hand, liberals will feel that this is a better policy for business cycle contraction.

Monetary policy is actually the process through which a country's monetary authority controls the money supply, regularly targeting an interest rate with an intention of promoting the economic growth and stability. A monetary policy, which reduces interest rates, is essentially an expansionary monetary policy. The conservatives will feel that this policy is better for combating unemployment while the liberals will feel that it is not helpful since it leads to inflation according to them.

Question7

In my opinion, the government should play a bigger role in the economy. This is because the distribution of income, resource allocation pattern, and level of economic activity will be efficient when the government intervenes that when it does not.

Chapter 16

Question 2

GDP is not an accurate measure of living standards because it cannot tell if final services and goods produced in an economy during a given time are actually a reflection of the real wealth expansion. In addition, in its scope it

relies on location rather than ownership that determine the standards of living.

Question 7

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