



Some Problems Addressed by Macro-Economics

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Buffum

Some problems addressed by macro-economics

"Ideas are plans to solve problems that arise in a social context", said philosopher John Dewey. Macro-economic ideas were developed because there were unsolved problems. You'll understand it easier if you begin with this.

1. Low job opportunities

a. Falling or lagging wage rates in the U.S.

- i. Relative to several foreign countries
- ii. In absolute terms. Modern need for DINK living.

b. Unemployment

i. The sanitized official measurement, concealing invisible unemployment.

- ii. Growing tolerance for and rationalization of high rates.
- iii. Long apprenticeship, early retirement.
- iv. Two-tier labor market, underemployment of 2nd tier.

Broken homes, the motherhood sabbatical, and the "feminization of poverty".

v. Crime

vi. Prostitution, exploitation of the flesh of children.

vii. Welfare dependency.

viii. Luddism, fear of machines bumping people.

ix. Dependency on government (including military) employment, pressure for wasteful spending.

2. Pressing on limits of the earth

a. Closing of the frontier?

b. Growing military spending to get and keep land.

c. High cost of homes, in spite of massive subsidies.

i. Homelessness, the extreme case

ii. Growing share of population that rent; growing share of renters who rent without leases.

iii. High debts needed to buy homes, a lifetime to pay.

iv. Long commutes.

d. Hunger, malnutrition: with us again.

e. Anomaly: in the midst of land scarcity, idle land. How come? Deliberate sabotage of farm production by government policy, for alleged macro-economic gains -- does it make sense?

3. Slow replacement/renewal and growing obsolescence of American capital stock. Are we headed for the fate of England?

4. Divorce of labor from means of production and livelihood: land and capital. Growing concentration of land and capital in firms with few employees. Rural depopulation.

5. Inflation. Dependence of government policy on inflation as the main policy tool to combat unemployment.

6. Boom and bust, (national and regional). History of severe crashes; fear that one is "overdue".

Recurring minor recessions.

7. Bank failures, a growing epidemic, reminiscent of past crashes.

8. Massive growth of debt: federal, state and local, private.

9. Continuing deficit in foreign trade (import balance). Growing foreign ownership of U.S. industry, real estate, banking, corporate shares, national debt, etc.

10. Economic rigidity caused by grasping for security to avoid falling into the 2nd tier of labor market.

11. Capital shortage.

a. Anomaly: idle capital in the midst of capital shortage -- how come?

b. Anomaly: massive export of capital in the midst of capital shortage -- how come?

c. Anomaly: complaints of inadequate investment outlets and incentives in the midst of capital shortage -- how come?

12. Centralized control over economy in hands of unelected Board of Governors of Federal Reserve System, dominated by private bankers. Is this democratic? Is it even constitutional?

13. Counterproductive disincentive taxation in the name of distributive equity and demand management. Is this deadweight necessary?