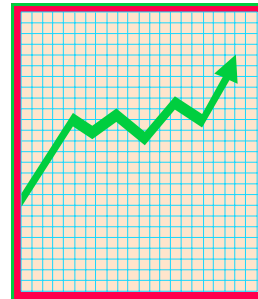
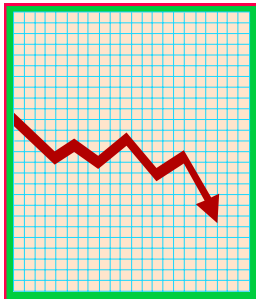


The Official Economics Portfolio of

A. M. F.



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Dr. Kay Strong

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My Reflective Essay:

Economics is the study of how people interact with their environment to provide material (goods and services) that we need and want. This was one of the very first things that I have in my notes from the start of this class in August. My newly *unrefined* definition is the study of how the decisions we make determine the consequence of how the entire world's energy and resources are divided up in order to make the whole world flow. Whether that decision is to start a business or look for a job, get married, buy a new sweater, or make a phone call, everything we do has a dollar amount attached to it. Gained or lost, money is the bottom line for many of our life's decisions.

Prior to this class, I assumed economics was for the people in dress suits on Wall Street. I never cared much to learn about unemployment rates, for example, because that was something that never affected me. Now, I realize that I couldn't have been more wrong. Many times, since I have been hired, people have been laid off at my factory, and it always occurs around January. This is because many of the factories that we supply close down for a few weeks to a month due to the slowdown in car sales. What happens prior to January that makes such a drastic dent in wallets every year? Could it be the holiday season sucks everyone dry and it takes awhile consumers to get back on their feet? It could be one factor. Layoffs are already planned for some plants that we support, and a slow down in overtime is forecasted for our plant.

I now pay more attention to economic reports that I see on the news or in the papers because I understand the basic concepts that they are talking about. I don't just hop right to the comics anymore, and I actually flip through the Money and Business sections! I feel that it has expanded my knowledge base to be able to speak more intelligently about economic topics when they come up in conversation. I play the devil's advocate with people to see if they can notice the whole picture of a news story instead of just seeing it as one person in small town USA.

I also feel that this class has opened my mind to new possibilities. Realizing that what might be great in the here and now might be bad for the long run. For example, the wonderful tax money that we got back last year. Sure it was great to have an extra \$300, but in the long run it did not really have the affect on the economy that it was planned to have. Worse, the government is now facing quite a large deficit and could have used that money in the fight over sees.

I had no idea of how much information the web can really provide for you if you look for it! I must admit that I used to get online check my email and then get offline again. I never really surfed the web as much as I have in the last few months. I have learned a great deal and have even passed on some information to people at work and family. So many interesting facts are out there if you just look for them. Unless you research both sides of a story you may never come up with how you really feel about a topic.

I feel that my writing and vocabulary skills have been sharpened. Working in a factory you tend to use poor speech, and very rarely do you pick up a pencil to write anything but your name. This class gave me an avenue to be creative and use my brain to think in ways I usually don't have to think. Even in my other classes I could easily memorize data and information for exams that is just as easily forgotten. In this class we were challenged to apply the data to our every day lives making it a part of who you are. This kind of learning is a lot harder to forget.

Reaction Paper:

There is Plenty of Blood to Go Around ... But What Will It Cost?

In the hustle and bustle of today's world, few people take enough time out of their crazy schedule to smell the roses, let alone to notice just how much economics plays such a major role in their ultimate satisfaction, happiness and overall well-being. For example, just the other day I decide that it was finally time to donate blood again during a drive the Red Cross was having at work. Deciding that I wanted to give blood was the easy part. It seems that over the last seven years, since I was able to donate blood, new rules and limitations are constantly being set for donor acceptability. As I laid in the chair, arm fully extended, awaiting the needle's sharp poke, I began to think like an economist.

Supply and demand play a huge role in blood production, and many times you will hear about blood shortages. It seems that these cries of scarcity are louder and louder every year. Why is it that there isn't enough donors to keep the blood banks full like we would like to? After spending an hour just answering questions, talking to a nurse, getting my blood pressure taken, checking the iron content in my blood and having my temperature taken, I began to realize just how many people are deferred from giving blood even though they my want to. New regulations are being set all of the time in order to keep the blood supply healthy and safe.

Let's assume that when blood donation started they allowed anyone who was willing to give blood to donate. (A-0) Then they realized that people under the age of eighteen, along with those who have certain diseases, should not give blood because of the potential risks of such a substantial loss of blood or disease transmission. This causes the pool of available donors to shrink considerably! (A-1) As the trends of body piercing and tattooing became popular, the risk for disease transmission through shared needles created a need to put the restriction of a year-long waiting period after the embellishment. (A-2) Finally, another contraction in producers, or donors, occurred recently when Mad Cow disease appeared. Because there is no test yet available to detect Mad Cow disease in blood, time limits have been put in place for the maximum time spent abroad. If you have spent a combination of three months or more in, or near England, you are now ineligible to donate blood ever again. Likewise, if you have spent over six months in Europe you are no longer able to give blood. (A-3) Every time a new restriction is put in place to protect our blood supply, less blood is able to be provided, causing a shortage in blood needed for surgeries and emergencies. This in turn affects the price of blood making it higher. However, with all the restrictions in place how will we ever be able to produce more blood and make it a less expensive item? There are two answers. Either we can lift some of the restrictions and make it easier to give blood, or we can try to enhance our technology and produce a synthetic blood to sell on the market. (A-4)

Economics is a matter of life and death in this matter. Eventually, if we can't create synthetic blood, people my begin losing their life because the blood supply was too low for them to receive the transfusion that they desperately needed. The Red Cross may have to begin lifting some of their regulations, in order to save lives. They will have to find a medium ground, an equilibrium, as to the good it will do for people who need the blood, and the possibility of tainting the blood supply.

Haiku:

Econ is for all.

Econ is for all.
Does not matter big or small.
It runs your whole world.

Crime is Money

Does crime really pay?
It's money in your pocket.
If it goes your way.

Drugs and Booze

Drugs are just like booze.
Crime rates have skyrocketed.
Legalization?

Position Papers:

The Budget: A Real Balancing Act

Take a look at your own personal budget. What are the first things you are required to pay for every month to ensure a happy, healthy household? Rent, mortgage, gas, electric, water; these are usually the essentials, or mandatory expenditures, for you to pay. What you spend your extra money on every month is discretionary, or up to you to decide what is more important. The government also has a budget that contains mandatory spending that has been put in place by laws, and discretionary funding. However, every year as "hot spots" change the importance on who gets what monies also gets shifted. For example, this year the war on terrorism is a hot spot that is pulling money from other areas to cover it's cost. The interest of the federal debt is, as usual, a huge portion of concern (approximately 25% of every tax dollar goes to cover interest!). Some of the areas being affected are monies being sent to the states for education. Many children are going to begin feeling the affects of this war. But the affects are not going to be seen on TV or heard on the radio, they will be seen in the classroom and school programs that are being eliminated. A few other cuts being made are in Highway and Airport Construction and Improvement, Clean Water and Drinking Water State Funds, and certain public health and service funds.

In Fiscal Year 2003 it is projected that in total expenditures the federal government will be spending \$2.1 billion and bringing in \$2.0 billion through taxes and other miscellaneous receipts. That is a lot of money to be able to pick and choose who gets what. But the budget is almost set and money that was once being given to states as grants for different programs has now been reallocated to other special funds set up by the federal government.

In the last twenty years, the federal government has cut community development, environmental, housing, job training and revenue sharing aid to Ohio and its communities by \$1.6 billion or 83%. Nationwide, in 1998 the federal government contributed only \$400 million to school construction and modernization. States and localities paid over \$17 billion for construction costs alone.¹

So how is Ohio attempting to find the extra funding it needs to cover the programs that the federal government has cut from their budget? For starters, taxes are being put in place on cigarettes and on the income from state-based trusts. Ohio is also

emptying out a special fund set up for emergencies as well as borrowing money from other sources. Cuts to many programs are being made especially in the Ohio Department of Education (\$30 million for programs that do not directly affect students). The federal government also has made cuts on over eight major educational programs nation-wide including the: Class Size Reduction (\$1.15 billion, and by far the largest program cut in the 2003 Budget), Grants for School Repair and Renovation (\$3.75 million), Rural and Low-Income Schools (\$81 million), and Fund for the Improvement of Education and Comprehensive School Reform (\$76 million). A program the federal budget will scrap for Ohio includes \$37.2 million for the Office of Elementary and Secondary Education Programs.

As the government continues to pay out billions of dollars for military involvement (almost \$9 billion per month for a possible war with Iraq) and improvements in nuclear bombs and missiles, it is costing the nation reductions and costs in many other programs besides education. The increase in spending for Medicaid and the development of the First Responders program for homeland security also has its opportunity costs. That money may have been used to salvage the Nutrition Plan for the Elderly or the Byrne Formula Grant Program for Drug Control that are being cut in the Fiscal Year 2003.

What could be a possible option for this year's budget? By improving spending in certain areas we would be able to heighten the living standard of our entire nation! For example, students that attend a school that is well maintained and above standard show a 10-17 point difference in grades compared to students who attend run down, depreciated schools. By funding schools to enhance their programs, ensure smaller class sizes, and repair dilapidated buildings, students will begin to learn easier and have a better chance at college and good jobs.

By government spending on outreach programs and nutrition programs to the elderly we will create a better living standard for the older generation now. One day we all will be a part of this generation and I for one would like to have the benefits that we have worked so hard for while in the work force.

So where do we draw the line between how much is too much for national defense and how much is too little for education, environment and health issues? We have elected representatives that will be making those decisions for us. The best way to make sure your voice is heard is to vote for the congress people that you feel best support your ideals.

¹ "Recess is over", www.natprior.org, Grassroots Factbook Ohio, Volume 3, Series 2, April 2000.

Speech at Bowling Green on Social Security Reform

Good afternoon ladies and gentleman of Ohio! My name is Chloe Driver, and I am running as an independent for Ohio's senatorial seat. I want to thank all of you for taking time out of your busy schedule to come today to the BGSU Anderson Arena. Today I would like to show you a glimpse into the future of social security, which is not just any future, but that of your retirement pocketbook. Now to many of you this reality is a bit too near for comfort, and the rest of you have yet to step foot in the career field, and retirement is the last thing on your mind. I want to discuss with you some grim outlooks that have been forecast for the next thirty years, and a few of the solutions that I feel will bring about a new generation of content and satisfied retirees.

Almost seventy years ago, President Franklin Roosevelt signed into being the Social Security Act mandating spending in the federal budget to be set-aside for retired persons sixty-five years of age to receive federal checks every month to support a healthy living standard. As the years went by however, the government decided to continue adding benefits and beneficiaries to the program, thus expanding the reach of Social Security to helping disabled people and those who were unemployed. Social Security also supports many widows, widowers and dependant children of deceased or disabled people. All of these additions may sound necessary and needed in order to help the less fortunate of our nation, but let's take a look at the magnitude of people that depend mainly of their cut of the Social Security benefits.

Had retirees age sixty-five and over still continued to be the only recipients of Social Security as FDR had planned, there would only be 27.3 million people receiving Social Security benefits. Today, however, with all of the additions and changes Social Security now sends a check out to nearly 49 million people! And, had FDR's plan to have a three-legged retirement plan including an even balance of savings, pensions, and Social Security benefits still continued, we would be faced with an extremely lucrative trust fund because people would not be as dependant on Social Security checks and benefits as they are today.

I am sure that many of you, especially the twenty-something's here today, have heard that by the time they are ready to receive their fair share of the Social Security pie it is not going to be there. It is kind of a cruel joke that some of the baby-boomer generation tries to rub in. Truth is they are partly right. Right now, America faces the challenge of a demographic phenomenon that could bring Social Security's very lucrative trust fund to its knees. How is this so if the fund currently has about \$4.9 Trillion in it saved up over the years you might ask? Well, let's

take a look at a few numbers. In 1950 there were more than sixteen workers for every person Social Security supported. By the year 2030, the number of persons supporting one recipient is estimated to be about 2.1! Putting this into perspective, a married couple and their part-time working teenager will be solely in charge of every Social Security check that their grandmother will receive! At the current pace that could become a very costly tax incurred by all working people of our nation because an average Old Age and Survivors Insurance (OASI) Social Security check every month can be well over \$1,000! Running at the current pace, with the baby boomer generation beginning to retire around 2010, the first year that expenditures will exceed the income (excluding interest) of Social Security on a whole (including Disability and Old Age and Survivor Insurance) will be by 2017! Now this figure doesn't sound too bad considering the fund has run in the black since its existence in 1940. However, as the exodus of baby boomers continue, and if nothing is done to buffer the blow, by the year 2041 the entire surplus of \$4.9 Trillion will have disappeared! Not to mention that the rising medical bills for the quickly growing older generation will cause Medicare to become solvent by the year 2030! This leaves anyone who is currently under 26 years old from ever seeing the money and benefits that their predecessors enjoyed from all of their years of contributing to the Social Security program.

I would like to dispel a rumor that Social Security will be bankrupt however by the year 2041. To put everyone's mind at ease, there will still be money coming into the fund out of worker's paychecks. However, this amount will bring in only enough money to give each recipient 75% of the benefits that they are currently enjoying.

To put this in perspective, let me explain to you how much Americans depend on a Social Security check: 63% of the Social Security beneficiaries count on their monthly check for over half of their income; 30% of the Social Security beneficiaries count on their monthly check for over 90% of their income; 18% count on it for 100% of their income! Since this program has begun it has sharply reduced the poverty level of our seniors and has given them a better quality of living. However, Franklin Roosevelt never intended for people to rely so heavily on Social Security during their retirement to live comfortably. Future generations should not feel like they are going to be at a loss when it their time for retirement.

For the baby boomers, you want nothing more then to see your money returned back to you at retirement time. Some of you have started a 401K or other personal saving accounts for retirement, but many of you have seen your savings go up in flames in the last year. For you twenty something's, retirement may seem a million years

away, and that there is plenty of time to worry about saving later on in a more stable career. After hearing these statistics however, I would like to think your awareness in your future has been heightened.

These forty to fifty year old people sitting next to you are depending on you to get a good education, and achieve high paying jobs in order to support their happy retirement. They have earned it! They have worked hard for over thirty years supporting their grandparents and parents in the Social Security system and now they feel that it is their turn to reap the benefits of their work. In thirty to forty years from now the younger generations will feel that they have put in their time and they will want to retire! I am going to let you all in a secret it is not going to be there as efficiently as it is now! You will need to fend for yourself more than others before you ever did, but I am telling you thirty years ahead of time so that you can prepare yourself!

What are some of the more pointed reasons the baby boom is affecting the Social Security funds so much, and how can we help make the fund less solvent? The baby boom has affected our economy so much because the parents of baby boomers married early and had many children, while the baby boomers themselves married later in life and had fewer children causing a shortage in the workforce. The population is growing at a very slow rate causing less and less workers to be available to support the Social Security program. So, one solution may be as easy as taxing the heck out of birth control and promoting larger families (laugh along with the crowd). No, no, no I am just kidding. However, an increase in population would surely help in the long run in the fund's capability of funding future generations.

Letter to the Editor:

Working Americans Should be Thankful for Their Good Fortune

After reading a letter to the Editor on April 12, 2002 from J.C. Reeher stating that, "Working Americans are tired of subsidizing laziness. Bush's leadership on welfare reform recognizes that fact," I became personally insulted. The welfare system was put into place in order to help those who are hitting hard times, help themselves. Who do you see benefiting from the welfare system? Sure, you have those who ruin the image of welfare recipients, those who scam as much money out as they can. But what about the faces that you don't see?

I am a fifteen-year-old who is being raised solely by my mother. I have a younger brother and a little sister. If it hadn't been for the welfare system's support, my family would not be as healthy and happy as we are today. You might ask were my dad is, well your guess is as good as mine. As soon as he found out that my mom was pregnant for the third time he denied being the father of all of us and left. To this day I believe it was for the best because his drinking made him a very scary man to live with. My mother decided she didn't want him to be an influence in our lives, so she never pressed him for the unpaid child support.

After my father left us, my mom, who had been a stay at home wife, worked hard to finish her GED so that she could get a good job to support us. Even with her GED, the job market was saturated making it very hard for a mother of three to hold down a good job. She did have the opportunity to attend some special classes that taught her how to type and other job skills needed for a decent paying job. During these times there were nights when we all went to bed hungry because dinner consisted of toast and milk for nights in a row. There were also nights when we were very cold because mom said that the furnace had broken. Looking back though, I believe it was because there had not been enough money to pay for the electric that month.

My mother could have made me take on a full time job to help out with the bills, but she insists that I only work a few hours a week so that I have time to study and participate in all of the normal high school extra-curricular activities. I have been getting straight A's since junior high, and I am looking forward to being the first in my family to go to college. I do stay at home quite often while my mom goes to work and watch my siblings. My mom says that cost of childcare would nearly exceed what she brings home every week! Besides that, she feels that we stay healthier staying at home because childcare centers in our area tend to spread lots of sickness around.

Grandpa always says that life used to be fairer in his day because the men and women in factories didn't need the higher education that people need now in order to make good money and have good benefits. He often sits around with his buddies and complains about how all the good jobs are being shipped south or over-seas while we are stuck here flipping burgers.

To me this is a normal childhood. I see my neighborhood friends go through it too, although some have it even worse than we do. I live in a neighborhood where my Caucasian family is a minority, many of my friends are Hispanic or African-American. Most of them live only with their mothers too. A lot of my friends have to work a lot in order to help out with the family bills. Despite all of the campaigns against drugs, smoking, and teen pregnancy, these problems are still very prevalent in my area. Some of the neighborhood kids are doing drugs and selling them because that is what their parents do. My best friend just found out that she is pregnant and my mom has offered to take her in because her parents kicked her out of the house. I am sure Mr. Reeher would never have thought that these are some of the 11.7 million kids that are on welfare in the U.S. So in response to Mr. J.C. Reeher, I would like to know what kind of childhood he grew up in and what kind of educational opportunities he had, that makes him so enlightened to know how the rest of the world lives.

The following are a few statistics that I have found that prove my point. The distribution of income is so greatly divided that it's no wonder so many of our children are so in need. Did you know that the top 5% of all people in the U.S. make over 22% of the U.S. income? And that 20% of the population accounts for up to 50%! That doesn't leave much for the rest of the population who make minimum wage. What's worse is that this gap is growing quickly!

A family of four like my own is considered to be at poverty level because my mother brings home less than \$18,100! I am sure Mr. Reeher wouldn't even think of living a single life with that kind of income! So what are we supposed to do Mr. Reeher if we didn't have the much needed help from the government? I most certainly wouldn't be able to look forward to college because I would have to be working a full time job, and my grades would suffer. My mother would never be home with my brother and sister, because she would have to be working all-day and evening just to make ends meet on minimum wage! Does Mr. Reeher really see welfare as subsidizing the laziness of America after reading this?

Drugs: A Personal Choice and a Benefit to Society

SkYROCKETING crime rates have bewildered governments and police forces. Packed prisons overflow with convicts for all kinds of crime. Many times we look back and realize how the past repeats itself, and wonder how we didn't see it coming before things happen. Prohibition occurred once before in our nation's history and crime rates (especially violent crime) soared into numbers never known to our country. Again, a half century later, crime rates have exceeded norm. Prohibition has again shown its force on human nature. This time it is the consumption of drugs, rather than alcohol, that has been the cause. A crime free society will not exist until citizens feel that they are not being denied the rights that they deserve. The right to govern their own body and make decisions for themselves without government intervention. Until that right is legally theirs, they will continue to take the law into their own hands and crime will be the result.

Why have we decided that alcohol and nicotine are okay, but other drugs are bad for you, and thus it should be mandated by law that you can't use them? In a comparison of drugs to alcohol, caffeine and nicotine we find many shocking numbers. Mind you, alcohol is a very legal drug, yet 21% of all violent felons in state prisons were under the influence of it. Compare this to crack and heroin, where only 3% and 1% respectively are imprisoned do to the violent acts they committed under the influence of those drugs. More than 40% of all convicted murderers also had alcohol as a factor in their trial (www.drugwarfacts.org/crime.htm). In a comparison chart nicotine, alcohol, and caffeine were all found to have a higher dependence rate, more withdrawal symptoms, more tolerance built up, and more ability to make the user want to take it again then does marijuana! Nicotine was even higher rated in dependence then heroin and cocaine. (www.drugwarfacts.org/addictiv.htm) However, you don't see cops going into the local doughnut shops to arrest everyone drinking Irish Cream in their coffee and smoking a cigarette!

Crime pays though for all of those who do not get caught. For those who do get caught however, tax payers must pay the consequences. Currently, governments spend up to \$30,000 a year for every person going through the legal system. Right now that number encompasses about 6.6 million people which brings our yearly total to over \$146.5 million total tax monies that go directly to supporting the justice system. Of those 6.6 million people approximately 1.59 million are drug-related arrests (in the year 2001) according to the Federal Bureau of Investigation. This number is up from only 580,900 in 1980! Why is it that any mom and pop business must pay taxes to support criminals, while drug dealers and users do not pay one cent on the billions of dollars of drugs

produced and sold each year? Wouldn't you think the government would want a piece of that pie? With the number of users going up every year you would assume that the war on drugs has done nothing to really influence the market. "The war hasn't done much to the marijuana market-except drive up prices," (Maxim, October 2002, pg. 139).

From an economist point of view legalizing drugs would boost our economy and save the U.S. a lot of time and money in the justice system! In fact just being able to harvest hemp would provide one of the most beneficial natural resources that the U.S. has ever seen and the jobs to go with it. Hemp can be made into: paper that far exceeds that quality of tree-paper, fiberboard that is stronger than wood, protein supplements that are more nutritious than soybeans, flour for cooking, oils for diesel fuel, paint and varnish, ethanol fuel, and fiber that is stronger and softer than cotton for textiles, and the list could go on... At one point "Hemp for Victory" was the outcry of World War II when the U.S. government temporarily re-legalized hemp cultivation for the war effort. And amazingly, marijuana use during that period didn't increase! (www.cannabis.com/untoldstory/hemp). Yet this substance is considered illegal to be planted and harvested by anyone who lives here in the U.S. today. Even Canada has seen the benefits of this plant and legalized the farming of hemp in 1997! (www.cannabis.com/untoldstory/hemp). Yet if you are caught with this priceless resource in the states you will be sent to prison. It is as if the U.S. doesn't want to see our economy thrive as well as it could. It would rather subsidize our farmers to not use their land than to plant a gold mine and make our land prosper.

Through the legalization on drugs the government could then use it's police to better serve their communities. Jails could house violent criminals for their full terms instead of letting them out early due to overcrowding. Just think of how much money in taxes would be brought into our economy! In just one year of marijuana sales alone \$5 billion are lost in tax revenue that could be generated in marijuana was regulated and taxed like wine! (www.cannabis.com/untoldstory/hemp). Let alone the cash that is spent on the war on drugs every year that could be saved. All of this money could easily be earmarked for such things as a prescription plan for the elderly and those on Medicaid, or for the betterment of education and overall standard of living. By legalizing drugs you create thousands and thousands of jobs. For instance, in the hills of Kentucky, marijuana grows perfectly and many of the hill's people make their entire living from growing it illegally. However, a bust by the government

could take away every cent that a family expects to make that year! Many people there feed their families and send their children to school with that money. If legalized these people will have a legitimate job growing crops of hemp.

If successfully implemented, my campaign would legalize drugs in the U.S., thus causing them to be regulated by the government just as liquor is today. Prices will eventually drop for the cost of such drugs, but the product will become more pure and safer to all who use it. Communities will become safer places to live and crime rates will drop. People will begin using drugs responsibly in the privacy of their own homes, and even the streets of New York will be a safe place to be again. Sure, you are bound to have those who play irresponsibly, and they will be subject to the law, just as alcohol is today. People should be allowed to choose what they do to their own bodies, but they are not allowed to choose what happens if they offend someone else while under the influence.

My campaign would begin with quotes from famous people on billboards nations wide. They would be in the format of the "-God" quotes we have seen in the past. For example:

"Make the most of Indian hemp seed, and sow it everywhere!"
-George Washington, 1794

"The prestige of government has undoubtedly been lowered considerably by the prohibition law. For nothing is more destructive of respect for the government and the law of the land than passing laws which cannot be enforced. It is an open secret that the dangerous increase of crime in this country is closely connected with this."
-Albert Einstein

"Federal and state laws (should) be changed to no longer make it a crime to possess marijuana for private use"
-National Commission on Marihuana and Drug Abuse, 1972

"Congress should definitely consider decriminalizing possession of marijuana... We should concentrate on prosecuting the rapists and burglars who are a menace to society."
-Dan Quayle, 1977

Following these billboards, I will have a commercials run on TV and radio stating the statistics mentioned throughout this paper. I will rally groups in each community to send fliers informing citizens of the dangers of prohibition, and send petitions around to every community allowing them to show their opinions on the prohibition of drugs and it's terrorizing affects on crime rates. These petitions will then be sent to our congress, along with emails and phones calls of support for the legalization of drugs for the betterment of our society

Economics-in-the-NEWS Journal

Economic Journal #1

November Retail Sales Slump
USAToday, Section B7, Column 3
Friday, December 6, 2003

Many factors affect aggregate demand, but the leading factor is household consumers. This article discusses how the lack on consumer confidence is affecting retail sales that are normally higher for the holiday season. Lack of consumer confidence and lack of "must-have" products on the market are all added to the lack of spending that occurred this November. Many consumers also are worried about their jobs not being there in the next few months or weeks. This provides low expectations for their future income, which also causes cautious spending by consumers. Therefore, nearly every single factor that affects how much an average shopper spends is having a negative affect on the economy this holiday season. . Many people blame it on Thanksgiving being so late in the month. Retail stores are feeling the pinch and may be having more after season sales than normal in order to get rid of the extra stock.

This lack of spending has already brought revenue for November down considerably from last year. For example companies such as Sears is down 10.9% compared to last November. This lack of income could be factored out to find out how much income could be lost do to lack of spending, Change in consumer spending can be calculated in order to find the marginal propensity to consume or MPC. This is done by dividing the change in consumer spending by the change in consumer income. The MPC can then be used in another equation to figure out how much income could be produced for every dollar spent. One divided by one minus the MPC or $[1 / (1 - MPC)]$ will equal how much money will be turned into income with every one dollar spent.

After every holiday season there is bound to be seasonal hiring that will be let go. However, it may be possible that will such a poor November profit, a few of the long-standing employees will be headed out as well. This could lead to a higher unemployment rate than what we usually see in January. It also sounds like the better deals will be after Christmas in order to sell their inventory to make room for the new season of clothes.

Economic Journal #2

Job Hunt Gets Harder for African-Americans

USAToday, Section B1, Column 1
December 9, 2003

Unemployment is again creeping higher then we have seen it in eight years. As usual it continues to hit African-Americans and youths the hardest due to discrimination, industry changes and educational backgrounds. The rates of unemployment grew unevenly across the board in November. The Hispanic rate was unchanged at 7.8%, whites went from 5.1% to 5.2% and for blacks it raced from 9.8% to 11%.

African-Americans seem to be the alpha and the omega when it comes to hiring - the last to be hired and the first to be let go. Much of this has to do with discrimination and some of it has to do with experience and educational backgrounds. Only 77% of blacks have a high school diploma compared to 88% of whites!

Many companies are downsizing, not only factories but retailers as well. These retailers have not only stopped hiring but have also started slashing jobs in order to cut back their budgets. This has an affect on the whole country raising our unemployment even higher.

When people lose their jobs they stop spending money at the retail stores in order to pay for the things they need. This causes a downward spiral of cutting more jobs sending more people out to fend for themselves. This circular flow of resources and supplies will continue to dwindle until nothing is left We are already producing well below the production possibility curve for our nation. By downsizing and putting even more people on unemployment we are greatly reducing the GDP of our whole nation. Stores will begin going out of business because no one will have enough money to shop there anymore. . At some point the government will need to step in or the cost of unemployment will greatly cripple our economy.

Economic Journal #3

Jobless Rate Ties Record, but Wall Street Rallies
Sandusky Register, Section B6, Column 1
December 7, 2003

What was thought of as, as bad as it's going to get, has just gotten worse. The unemployment rate shot up from October's 5.7% to 6% plus two Treasury Secretary Paul O'Neil and chief economic adviser Larry Lindsey. The two were let go by the White House after the numbers were released. Many are saying like father like son, and are preparing for another recession. Many feel that the jobless rate has still not hit its high.

Many companies are blaming the high cost of employee health care and pensions for their downsizing and lack of hiring. Worse yet, nearly one million people will start running out of unemployment benefits three days after Christmas because Congress did not pass the extension prior to adjourning in November.

Many businesses do not see a profitable future ahead with people spending less it will be less money coming in. Therefore in order to keep some of that money in their pockets they begin to downsize so that their expenditures are less. The investments that they have in the people that work for them has become more costly then the return of work that they get from employing that number of people. Therefore, it is more money smart to let some go then to keep paying their health benefits.

This could affect us by someday seeing less and less benefit packages being offered. Many will become uninsured due to the loss of health benefits, and some will see the loss of pension plans being offered, therefore causing them to have to save for their own future.

Economic Journal #4

Incentives Encourage Car Buyers to Move Upmarket
Plain Dealer, Automotive News, Column 1
December 5, 2003

This article deals specifically with how the producers lower prices to accommodate for surplus stock. Car producers blame the surplus of cars on heightened technologies and the very competitive car market. These lower prices usually account for a loss in profit, but not so in the auto industry in the last few years. This is because, due to dealer incentives, consumers are opting to buy larger vehicles with more perks. This has caused the automotive industry to thrive even in this economic downturn. In fact the average price for vehicles bought is over \$24,500 in March up from almost \$19,000 in 1996! Incentives have not only been given to consumers, but also to dealers as well.

This article exemplifies the cyclical movement of the economy. As suppliers have too much stock, they lower the price. Consumers have to spend less to get the things they need and want and therefore can afford to buy more things that they need and want. Giving the suppliers more money to buy more resources to produce more product at reasonable prices.

This affects all of us because we are getting more car for the buck! Who wouldn't be happy with that? It also makes the dealerships happy because they are able to sell more cars, and the auto producers are happy because they continue to turn profits even in the slow economy that we are currently in.

Economic Journal #5

Productivity, Service Sector Show Vitality
USA Today, Section B4, Column 1
December 5, 2003

Productivity is higher than it has been in nearly three decades due to companies trying to make do with the resources that they had. Productivity measures the amount of goods and services produced for each hour of work. However, due to employers making due with what they had, very few new jobs have been created, and some were even lost. This article exemplifies one of the factors affecting aggregate supply. The producer is very interested in productivity because it equals lower costs to them and therefore higher profits. They are working at a higher level on the production possibility curve and that makes them money.

For the consumer this could mean more products and services for us to buy, which could lead to lower prices. However, for the worker in that business it means a higher workload, more stress, overtime, all without any more pay than before. For the person on unemployment it means another door closed.

Higher productivity is, for the most part, a good thing, and very good for the economy, as long as the company continues to grow and build upon its new productivity levels.