Research Paper #1

**#6**

**a. Why is a higher savings rate good for the economy in the long run?**

Having a higher savings rate in the long run will allow people to have money to spend later on instead of right now at this moment. It will make it so that there will still be money left later on in life.

**b. Why is a higher savings rate harmful to the economy in the short run?**

If there is a higher savings rate right now then there will not be as much money circulating in the economy until later on. So in the short run people will not be spending as much money.

**c. Is it possible for a nation to find a solution to the constant trade-off between high consumption and saving rates?**

It could be if the nation was able to get all of the factors involved such as inflation, etc. at equilibrium, but it is highly unlikely. There will always be an imbalance between the savings rates and consumption rates because different people have different views as to what they want to buy and save.

**#7**

**a. What type of unemployment is discussed in the article?**

Cyclical, because Wal-Mart is laying off workers instead of reducing wages and prices.

**b. In your opinion, does this type of unemployment have any positive effects on the economy?**

No, because these people are losing their jobs and it will be very hard for them to find another job when the economy is bad.

**c. Can you think of jobs which may become obsolete in the next 5 years? Name at least two (should not be the**

**same as mentioned in the article).**

Post Service/Mailmen, because everything is getting sent electronically or by UPS or other packaging company.

Travel Agents, because people are now able to plan their own trips with all these new websites.