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Macroeconomics paper

Production , power and property are 3 familiar words in our society . Specifically in the economy they have special meaning pertaining to what the economy is about . According to the book and the powerpoint it is all a balanced system , choices in one cycle affect the other as well as interactions in one cycle . It is all interconnected with every action having a consequence either good or bad , either beneficial or damaging to the economy .In this essay I will specifically focus on the question proposed that would tie into how production , power and property will come into play .

Diving right in the situation is that President Biden has issued an executive order which will forgive up to 10,000 dollars of student debt . The question is how would this affect the power cycle , production and power cycle. First I will discuss how it will affect the production cycle . Production based on the models is essentially how goods are produced by a manufacturer and business but there is a deeper process than that . In order for something to be produced in the first place an entrepreneur has to come up with the idea , which is a business idea and have a manufacturer available as well and a factory to make the product and later export it .Consumer purchases , household income all tie in additionally to wages , dividend and rent . The amount of money to pay off annually of the building used for production , wages for the workers as well . But going back to the question, the student loan debt would tie into the amount the family makes in the household in which the debt would have to be taken out in the first place for a specific reason and purpose , and a factor of the price of attending different universities to cover costs of supplies needed or personal needs that need tending too . This would definitely require an adjustment in order for the loan to be canceled which would put the government on halt to go

through the loan cancellation process . This is something that could take awhile and initial decision making for why the loan needs to be canceled . Production is heavily based on the decisions of society , as specifically in this situation whether or not to take out a loan as I previously discussed . However this decision comes down on the family as well as the student because to take out the loan the families budget plays a big role whether or not they will be able to financially recover after doing so. Decision making is very crucial because of choices , we are free to make choices and buy what we desire . As in the reading of ppp the production cycle does not include governmental services such as welfare , public works and public education would be a part of the power cycle .In the household section ties into decision making a homeowner would make a decision regarding the present and the future not just in the moment . Also states in the section how there are two types of decisions made: how to spend money and time . Additionally households make choices on whatever is most important to them , and then spending money on goods they need and services creates a cyclic cycle .Income made by members of the cycle is how it continues to flow again and again. Lastly for production taxes play a role with income made and the homeowner would have to really think about if taking out a loan is suitable for now and the future because future finances will be affected down the line.Stability within the home and finances is needed so throughout thought has to go into these kinds of matters or else it could make the home owners suffer down the line as well as the student additionally .

Moving onward I will now discuss the property aspect. According to the reading it has two halves . One side is based on and relates to household savings for the future and the other is based on deals with entrepreneurs who invest . The scenario with jack and the nest egg is a perfect example how he uses to nest egg for investments for the future .Making a anticipation that the money he saves will have a definite use further use down the line .Purchasing powers is built within this system because if jack wanted to he would be able to use the money to purchase property .Simplifying it though , a homeowner using the nest egg approach would be

great due to the fact the money would accumulate through savings over years and would only be beneficial to the person who is saving . especially for something like student loans , where you never know how life could change and having a safety net so to speak which would be the nest egg . Also never knowing how much in the present moment that would be needed to be taken out provides reassurance that there would be money there if need be for situations like this . Taking into regard the unpredictability of life and the future itself it's always good to have savings to fall back on just in case . Additionally adding on furthermore from the text if Jack decides to save or he considers the interest rate that he would be able to earn on his savings . Essentially a low interest rate would mean Jack will anticipate a poorer outcome for his savings then if it was a higher interest rate .if interest rates are higher according to the text , it takes less savings to achieve the same level of future consumption. Meaning that it wouldn't take as much saving up over time to reach the desired goal in the future , however on the flip side if the rates are lower it would take more effort to achieve the level of future consumption. Breaking it down further more basically the higher interest rates would result in a future of being able to consume more because of the savings . Thinking down the line is essential due to the anticipation of what could happen next in life and making a move accordingly . Another aspect further down in the reading is how a bigger nest egg results in more security . Similarly to how further down in the reading it says that a household with nest egg savings enjoys security . Security would be enjoyed because of the fact that savings are accumulating and stored up just in case . Without proper savings there wouldn't be any stable foundation which pertaining to this situation about Biden forgiving the debt , just in case he didn't if there was a student within the household a loan could be taken out for them . Instead of scrambling and panicking .

Last but not least I will discuss the power aspect . In the conclusion paragraph it states how politicians have political power to carry out their respective agendas . Biden's agenda in this case was forgiving the debt , but not all politicians have the same agendas in mind . Due to the mere fact that they will do what they think fits best according to them . Proving this it also says

how the politician motivated to “do good” pushes a urge to raise taxes as taxpayers avoid paying taxes Which would definitely affect the homeowners those who would have to pay the taxes . In total summary this is the analysis i made from the PPP model pertaining to the situation of biden forgiving the 10,000 dollars of student loan debt .