

A Macroeconomic Perspective

South Dakota Banking Commission

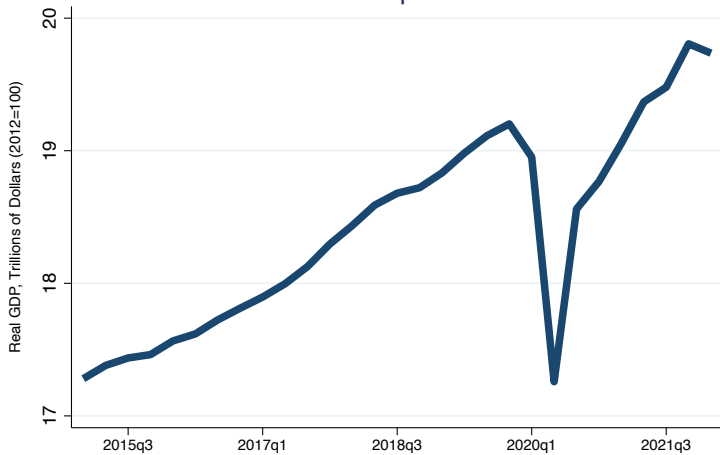
05.04.22

Joe Santos

Ness School of Management and Economics

Level set

Output



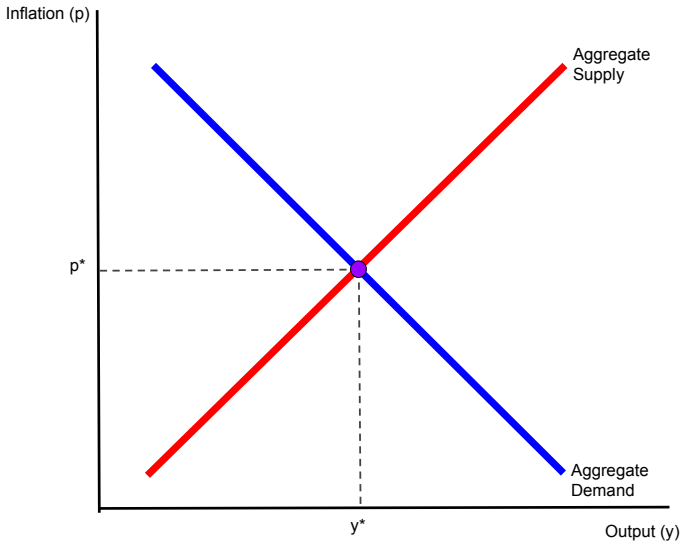
Source: Federal Reserve Bank of St. Louis (FRED) GDPC1.

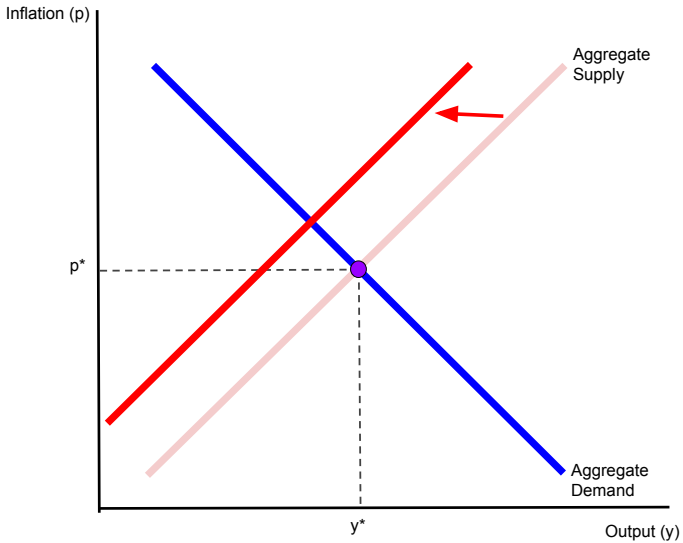
Inflation

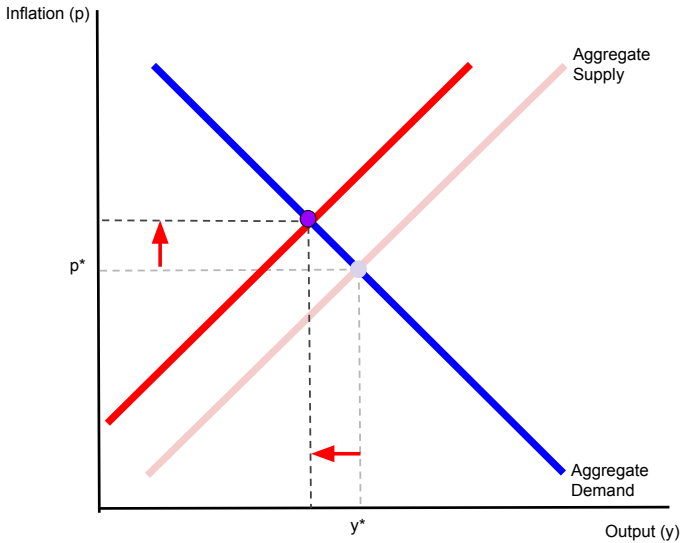


Source: Federal Reserve Bank of St. Louis (FRED) PCEPILFE.

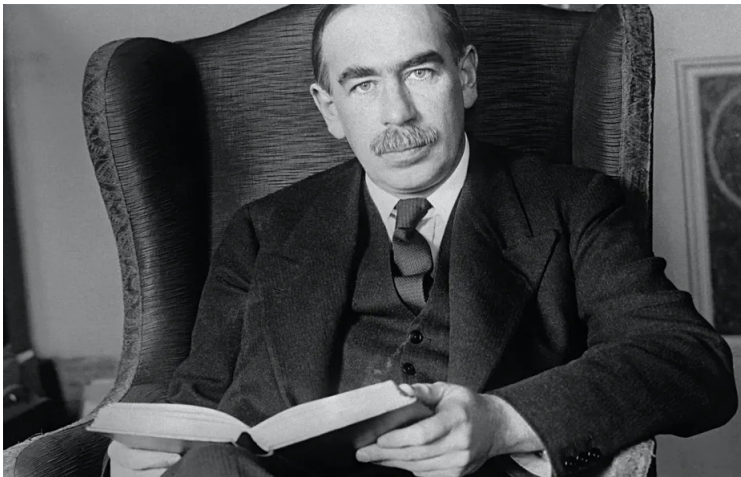
Modeling crisis





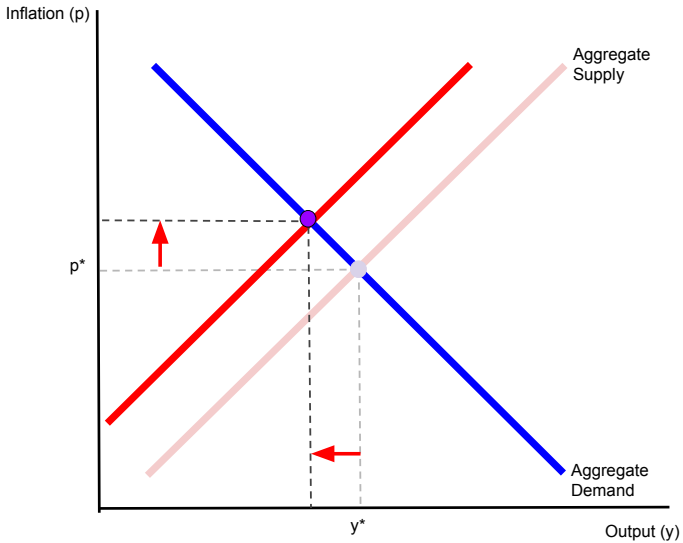


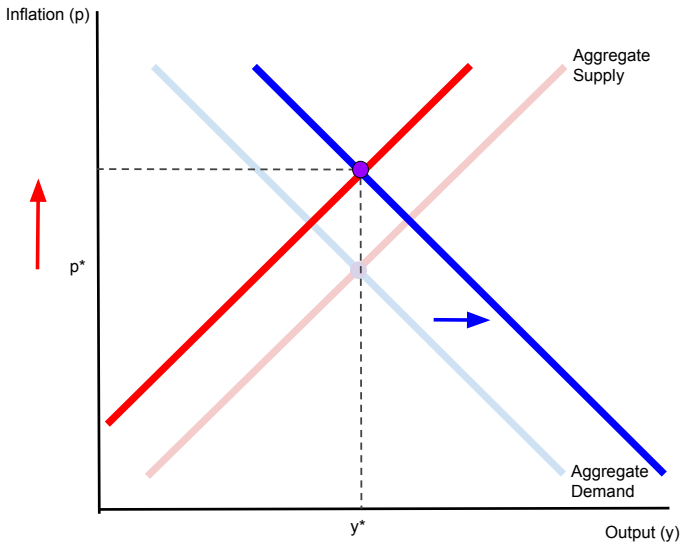
Sugar Keynes

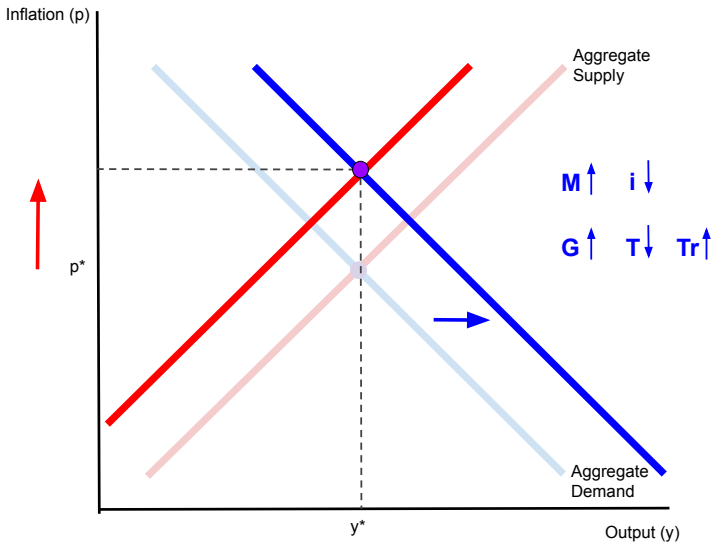


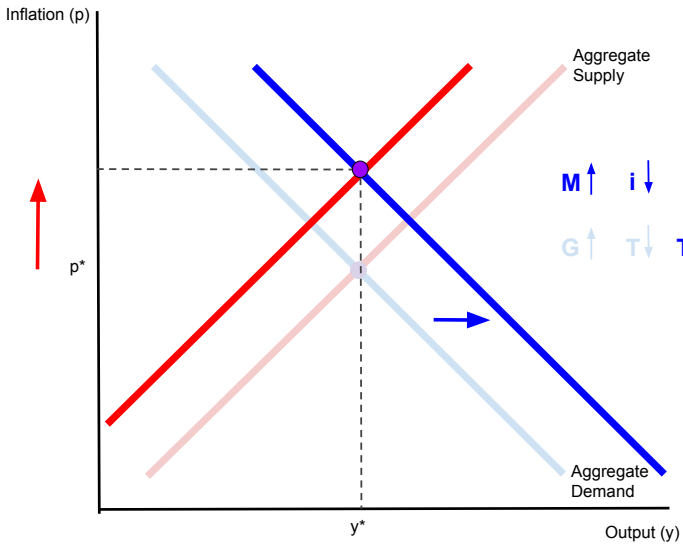
John Maynard Keynes (1885 – 1972)

The General Theory of Employment, Interest and Money (1936)



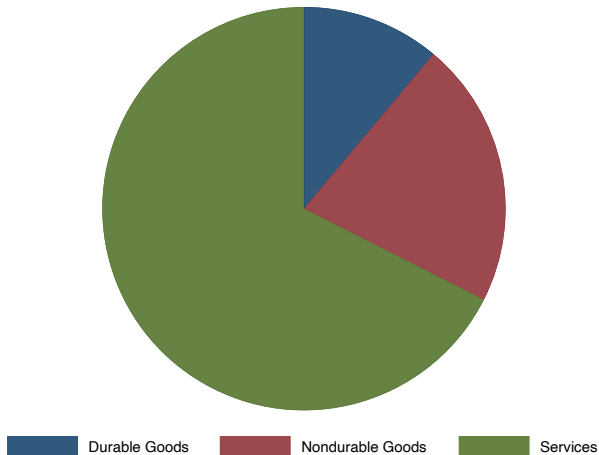






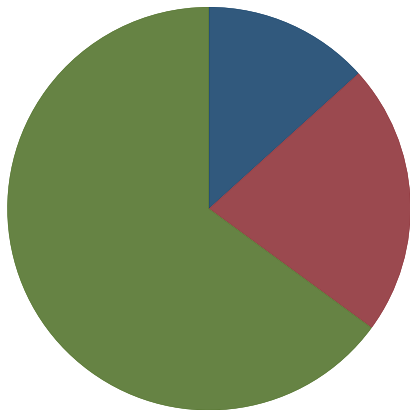
Couches and potatoes

Personal Consumption Expenditure Shares, Q4 2019



Source: U.S. Bureau of Economic Analysis

Personal Consumption Expenditure Shares, Q2 2021



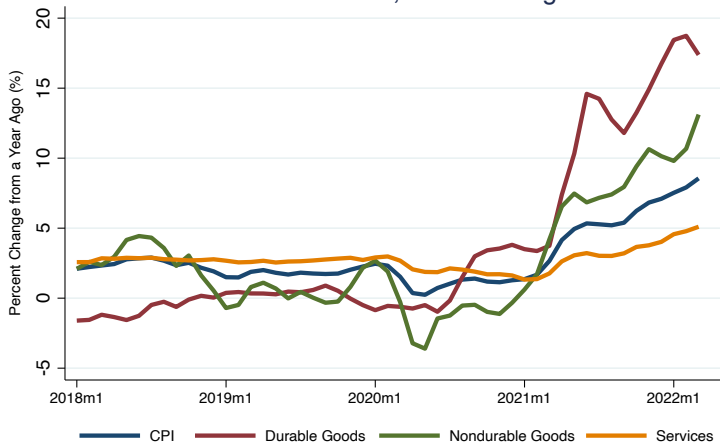
 Durable Goods

 Nondurable Goods

 Services

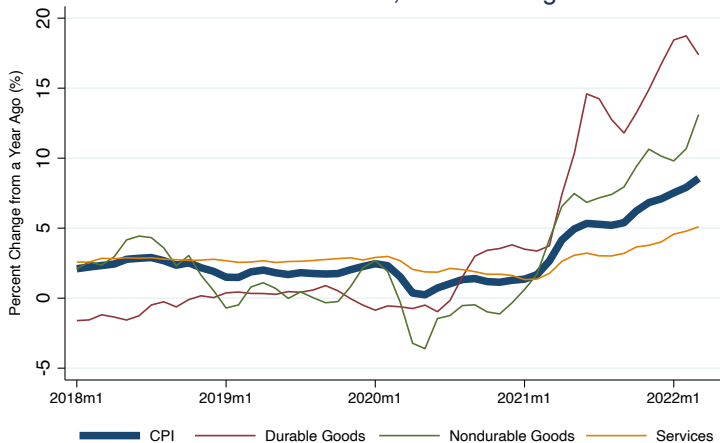
Source: U.S. Bureau of Economic Analysis

Consumer Inflation, Select Categories



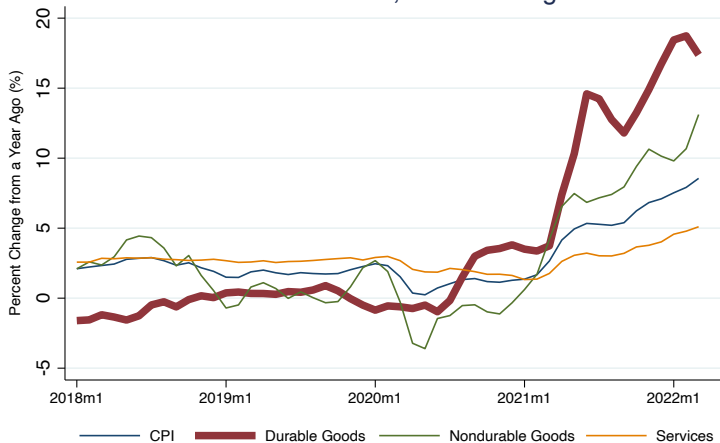
Source: Federal Reserve Bank of St. Louis (FRED) series CIAAUCSL, CUSR0000SAD, CUSR0000SAN, & CUSR0000SAS.

Consumer Inflation, Select Categories



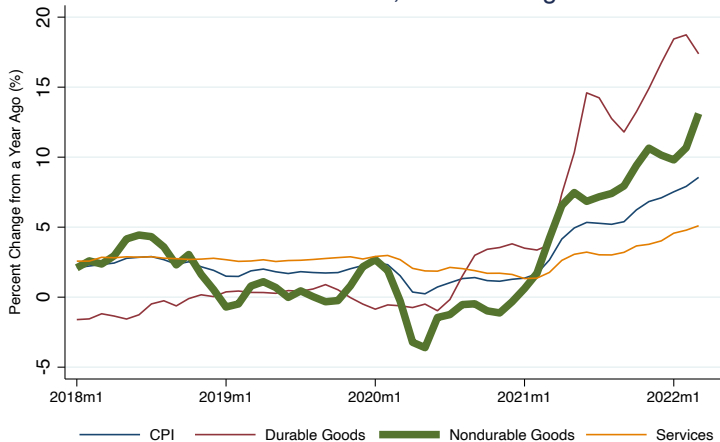
Source: Federal Reserve Bank of St. Louis (FRED) series CPIAUCSL, CUSR0000SAD, CUSR0000SAN, & CUSR0000SAS.

Consumer Inflation, Select Categories



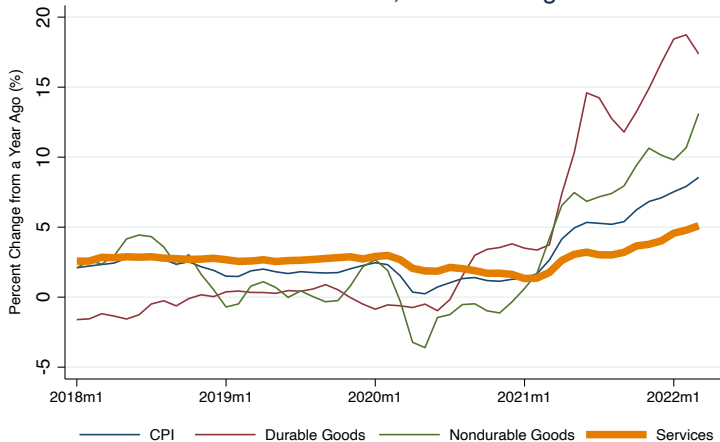
Source: Federal Reserve Bank of St. Louis (FRED) series CIAAUCSL, CUSR0000SAD, CUSR0000SAN, & CUSR0000SAS.

Consumer Inflation, Select Categories



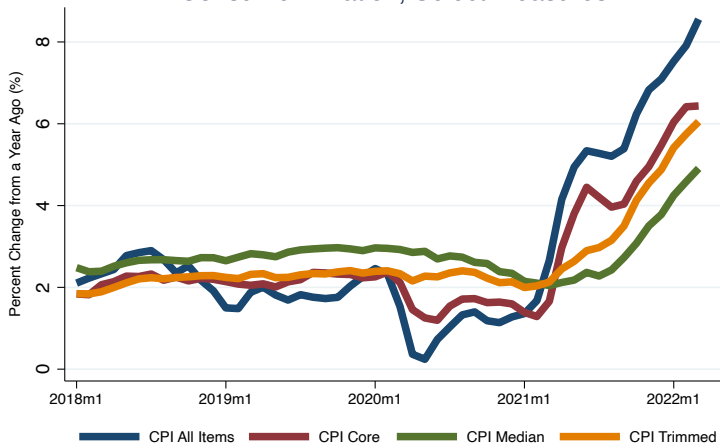
Source: Federal Reserve Bank of St. Louis (FRED) series CIAAUCSL, CUSR0000SAD, CUSR0000SAN, & CUSR0000SAS.

Consumer Inflation, Select Categories



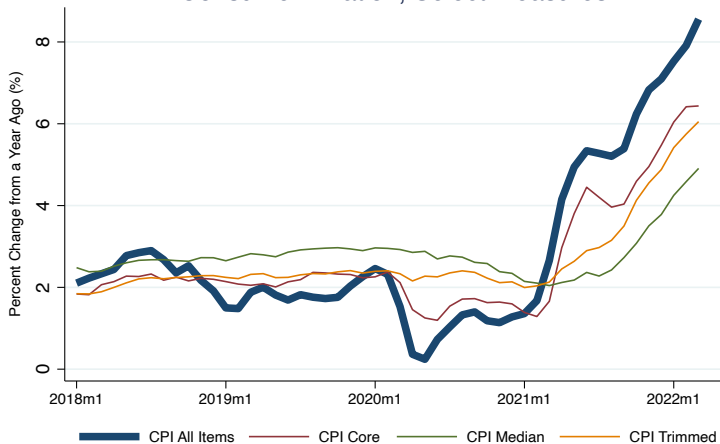
Source: Federal Reserve Bank of St. Louis (FRED) series CPIAUCSL, CUSR0000SAD, CUSR0000SAN, & CUSR0000SAS.

Consumer Inflation, Select Measures



Source: Federal Reserve Bank of St. Louis (FRED) series CIAAUCSL, MEDCPIM094SFRBCLE, & TRMMEANCPIM094SFRBCLE.

Consumer Inflation, Select Measures



Source: Federal Reserve Bank of St. Louis (FRED) series CIAAUCSL, MEDCPIM094SFRBCLC, & TRMMEANCPIM094SFRBCLC.

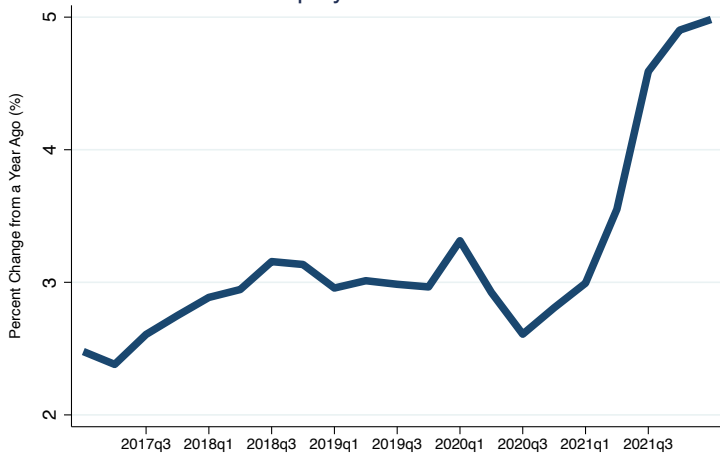
What's that you say, Mrs. Robinson?



Joan Robinson (1903 – 1983)

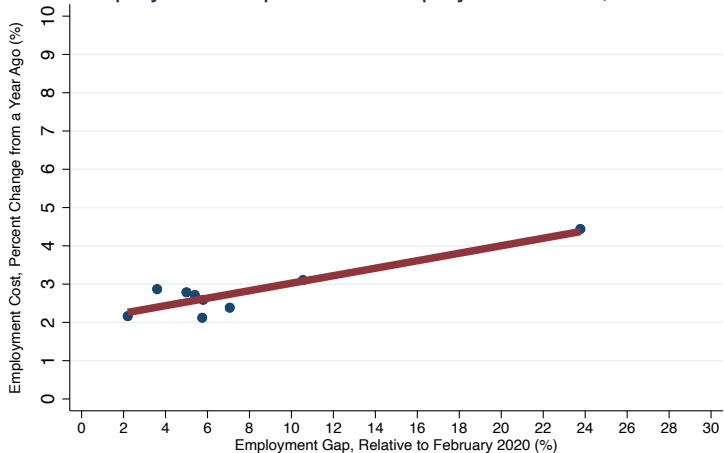
The Economics of Imperfect Competition (1933)

Employment Cost Index



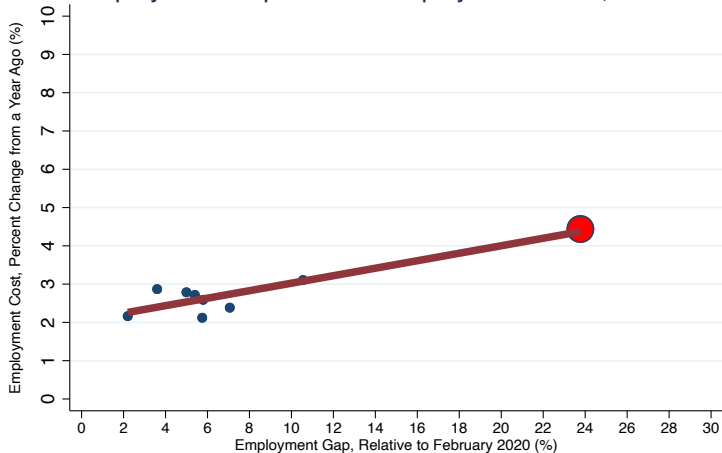
Source: Federal Reserve Bank of St. Louis (FRED) series ECIWAG.

Employment Gaps versus Employment Costs, Q3 2020



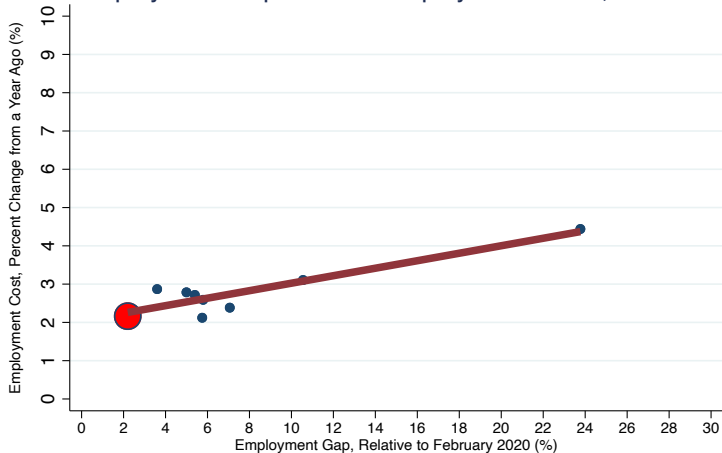
Source: Federal Reserve Bank of St. Louis (FRED) series USPRIV and BLS employment-cost industry-level measures.

Employment Gaps versus Employment Costs, Q3 2020



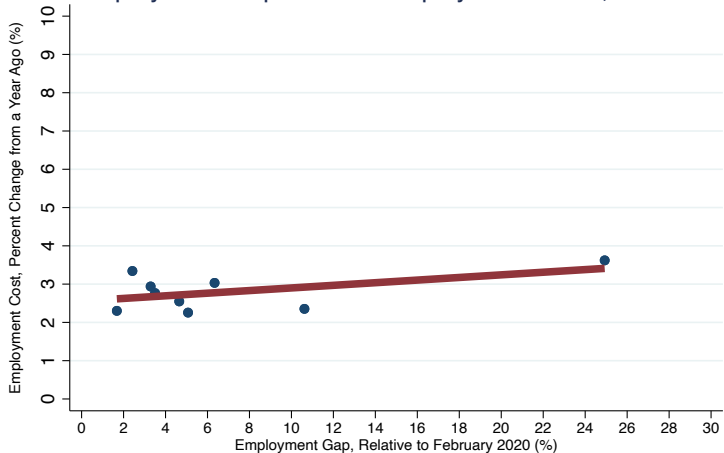
Source: Federal Reserve Bank of St. Louis (FRED) series USPRIV and BLS employment-cost industry-level measures.

Employment Gaps versus Employment Costs, Q3 2020



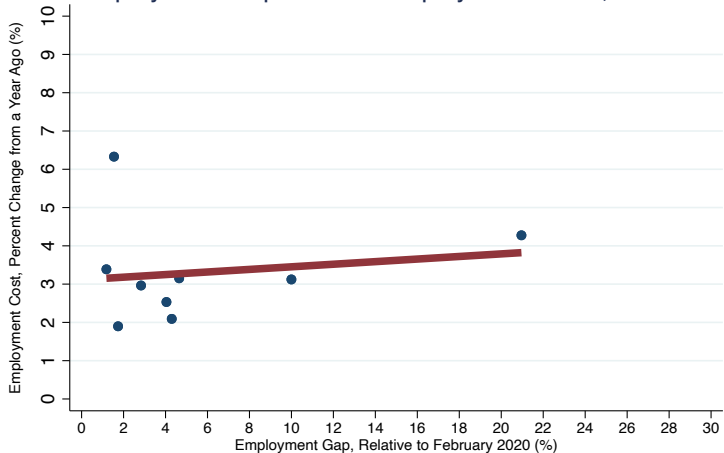
Source: Federal Reserve Bank of St. Louis (FRED) series USPRIV and BLS employment-cost industry-level measures.

Employment Gaps versus Employment Costs, Q4 2020



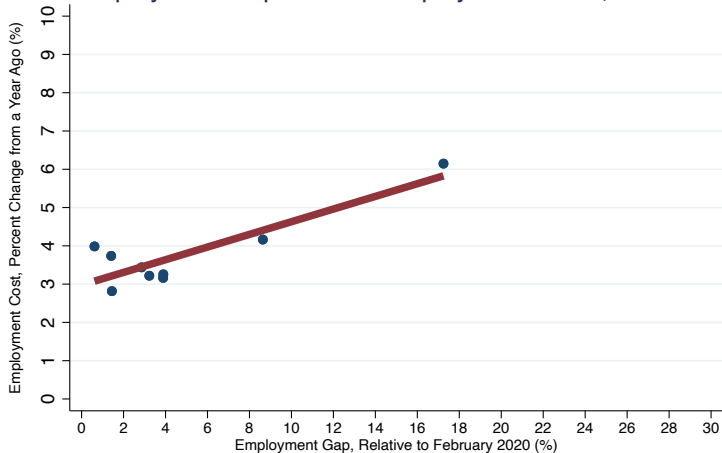
Source: Federal Reserve Bank of St. Louis (FRED) series USPRIV and BLS employment-cost industry-level measures.

Employment Gaps versus Employment Costs, Q1 2021



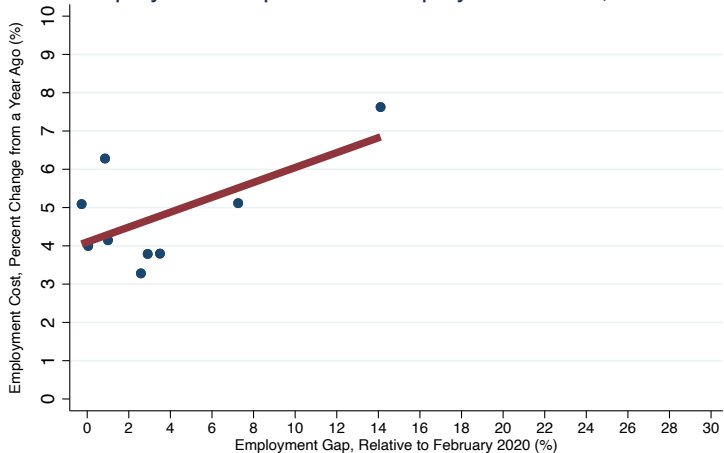
Source: Federal Reserve Bank of St. Louis (FRED) series USPRIV and BLS employment-cost industry-level measures.

Employment Gaps versus Employment Costs, Q2 2021



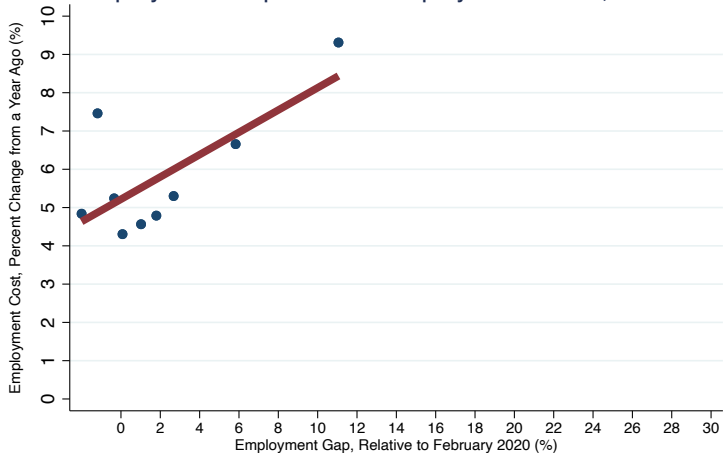
Source: Federal Reserve Bank of St. Louis (FRED) series USPRIV and BLS employment-cost industry-level measures.

Employment Gaps versus Employment Costs, Q3 2021



Source: Federal Reserve Bank of St. Louis (FRED) series USPRIV and BLS employment-cost industry-level measures.

Employment Gaps versus Employment Costs, Q4 2021



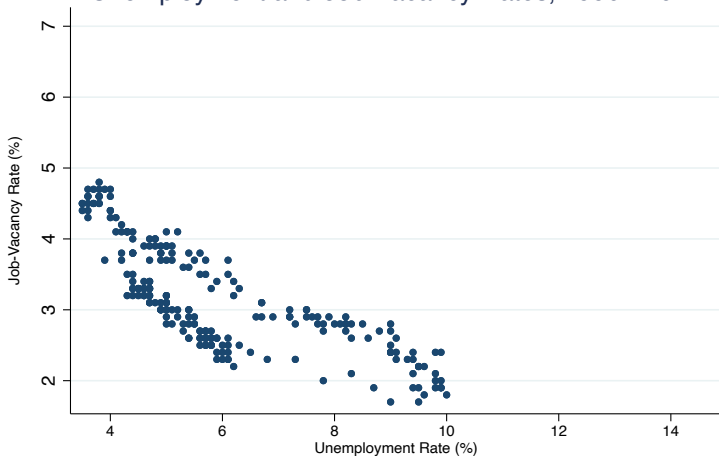
Source: Federal Reserve Bank of St. Louis (FRED) series USPRIV and BLS employment-cost industry-level measures.

A most-peculiar Beveridge



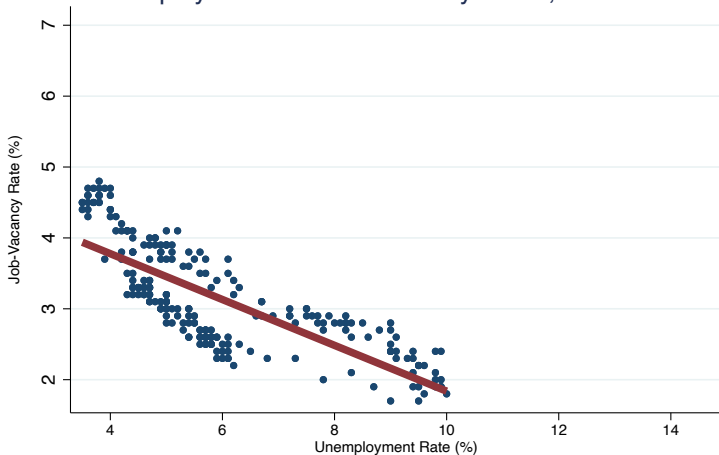
William Henry Beveridge (1879 – 1963)

Unemployment and Job-Vacancy Rates, 1990 - 2022



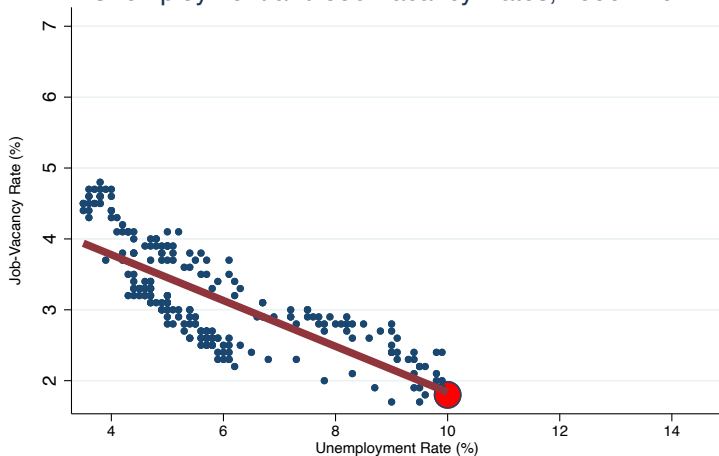
Source: Federal Reserve Bank of St. Louis (FRED) series UNRATE & JTSJOR.

Unemployment and Job-Vacancy Rates, 1990 - 2022



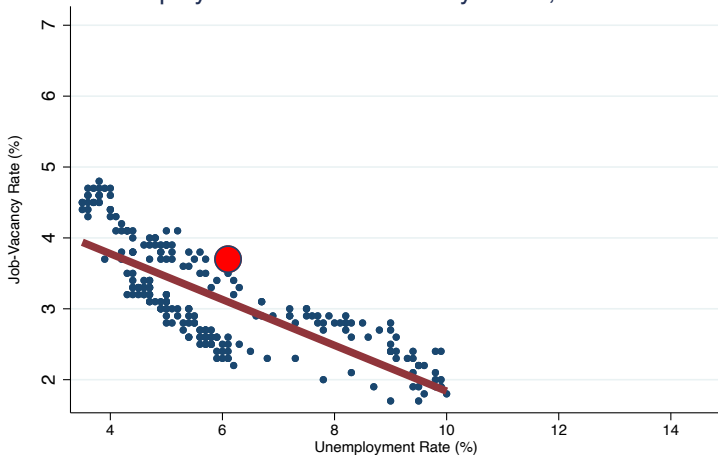
Source: Federal Reserve Bank of St. Louis (FRED) series UNRATE & JTSJOR.

Unemployment and Job-Vacancy Rates, 1990 - 2022



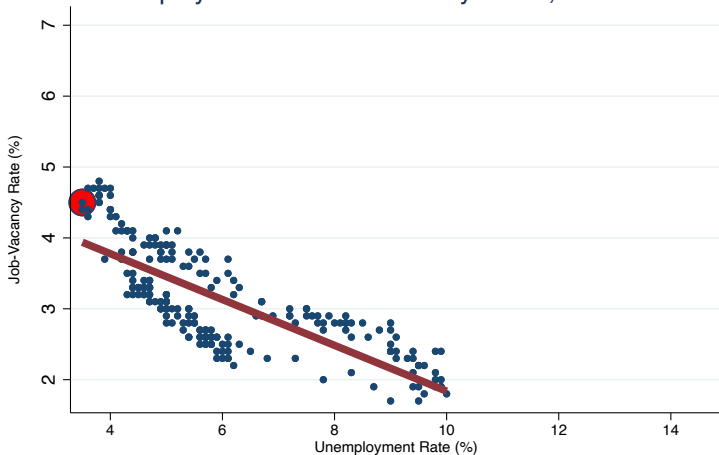
Source: Federal Reserve Bank of St. Louis (FRED) series UNRATE & JTSJOR.

Unemployment and Job-Vacancy Rates, 1990 - 2022



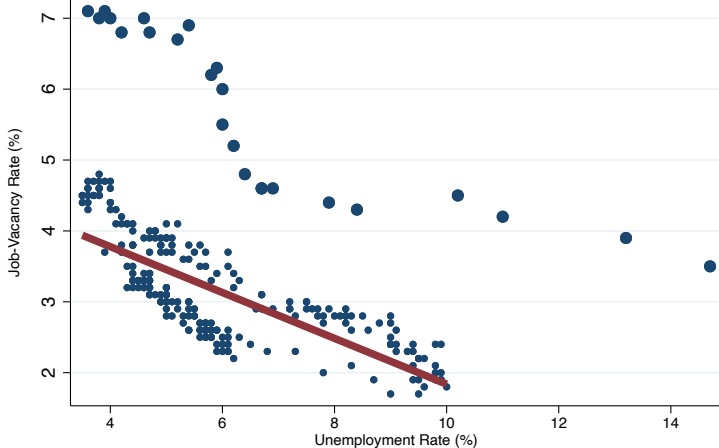
Source: Federal Reserve Bank of St. Louis (FRED) series UNRATE & JTSJOR.

Unemployment and Job-Vacancy Rates, 1990 - 2022



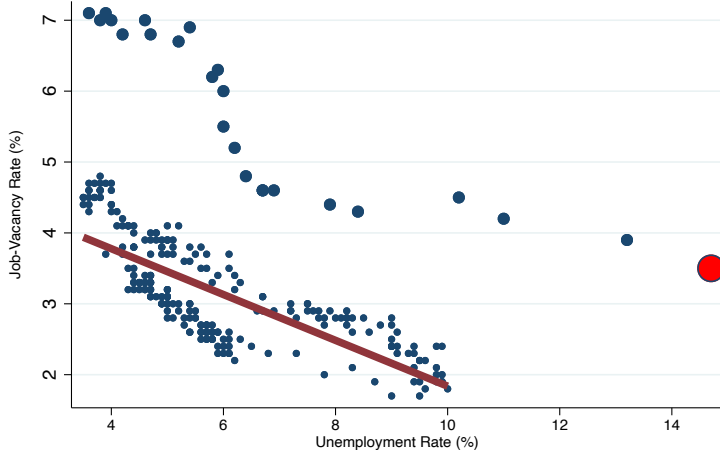
Source: Federal Reserve Bank of St. Louis (FRED) series UNRATE & JTSJOR.

Unemployment and Job-Vacancy Rates, 1990 - 2022



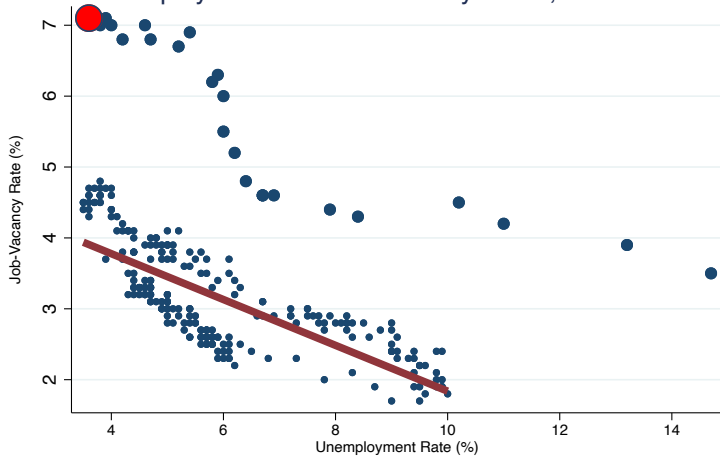
Source: Federal Reserve Bank of St. Louis (FRED) series UNRATE & JTSJOR.

Unemployment and Job-Vacancy Rates, 1990 - 2022



Source: Federal Reserve Bank of St. Louis (FRED) series UNRATE & JTSJOR.

Unemployment and Job-Vacancy Rates, 1990 - 2022



Source: Federal Reserve Bank of St. Louis (FRED) series UNRATE & JTSJOR.

Volcker rules



Paul Volcker (1927 – 2019)

"All the News
That's Fit to Print"

The New York Times

LATE CITY EDITION

Weather: Mostly sunny, mild today;
mostly cloudy tonight and tomorrow.
Temperature range: today 55-66;
yesterday 54-61. Details on page B14.

VOL.CXXIX . . No.44,374

Copyright © 1979 The New York Times

NEW YORK, THURSDAY, OCTOBER 18, 1979

Published 10 times a week from New York City
except on Sundays and holidays.

25 CENTS

MARTIAL LAW IS SET IN SOUTH KOREA CITY AFTER STUDENT RIOT

200 ARRESTED IN PUSAN CLASH

Protest Demonstration One of the
Biggest Since Lifting That
Ended Rhee's Rule in '60

By HELEN

SEOUL, South Korea, Oct. 17 — Reacting to anti-Government demonstrations by thousands of students and other citizens in the southern port city of Pusan, the Government of President Park Chung Hee imposed martial law there today and named a general to administer it.

Two hundred people were arrested during the demonstrations, which began yesterday afternoon and ran into the night. About 30 policemen and two or three students were injured but no one was killed, the Home Affairs Minister, Koo Ja Choon, said today. More than a dozen police cars were reported destroyed.

The demonstrations represented one of the biggest anti-Government protests since the abolition of martial law in 1960.



PITTSBURGH WINS THE WORLD SERIES: Willie Stargell being greeted by Bill Robinson after Pirates' 36-year-old first baseman hit a home run that proved to be the winner of the 4-3 game and the Series with Baltimore, Page D17.

Volcker Asserts U.S. Must Trim Living Standard

Warns of Inflation Peril if
Oil Spending Is Not Cut

By STEVEN RATTNER

Special to The New York Times

WASHINGTON, Oct. 17 — Paul A. Volcker, the chairman of the Federal Reserve Board, asserted today that Americans must accept a reduction in their living standards, if inflation is to be reduced.

In Congressional testimony before the Joint Economic Committee, Mr. Volcker maintained that, because of the drain of American wealth to the oil-producing countries, Americans would have to accept less if they try to keep up, he warned, the result would be a new burst of inflation.

"The standard of living of the average American has to decline," he said. "I don't think you can escape that."

A Familiar Argument

In that logic, Mr. Volcker was following not only similar remarks of his own of recent weeks, but also the identical line of argument that the Administration has put forward for many months. Adminis-

HOUSE STIFFENS CURB ON CAMPAIGN FUNDS FOR ITS OWN RACES

PROPOSAL ADOPTED, 217 TO 198

Would Strictly Limit Contributions
by Political Action Groups —
Outlook in Senate Is Hazy

By STEVEN V. ROBERTS

Special to The New York Times

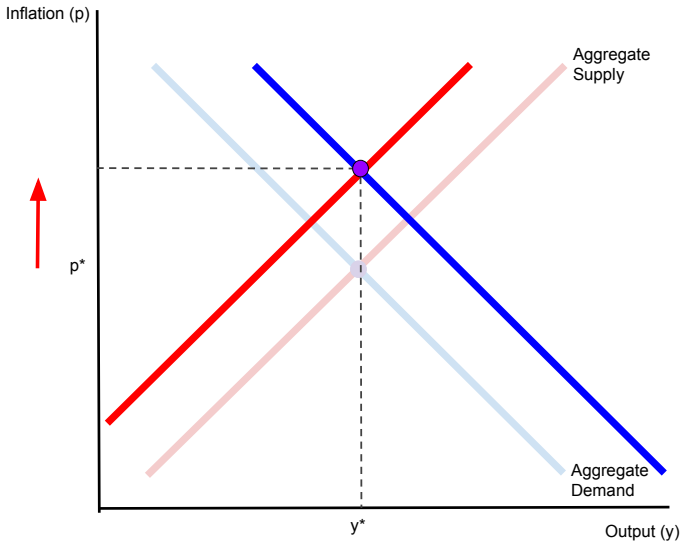
WASHINGTON, Oct. 17 — The House of Representatives voted today, 217 to 198, to place strict limits on campaign contributions to House races by special interest groups.

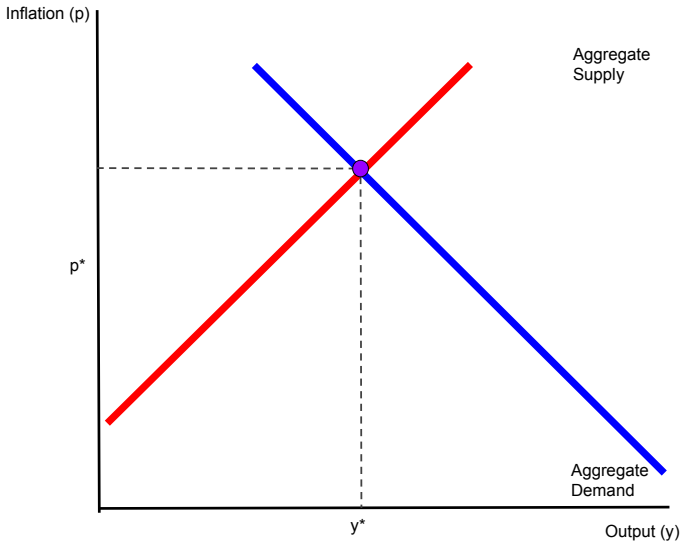
The House was clearly responding to a mounting fear among legislators that loose interest groups, often devoted to a single, narrow issue, are spending vast sums of money to gain influence over the legislative process. Representative Jim Wright of Texas, the Democratic leader, summed up the feeling by saying:

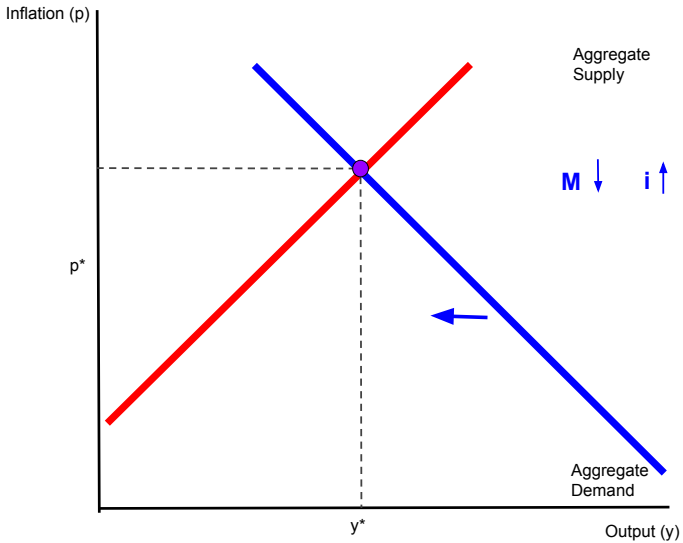
"It is threatening to the democratic process if more and more of the money we receive must come from special inter-

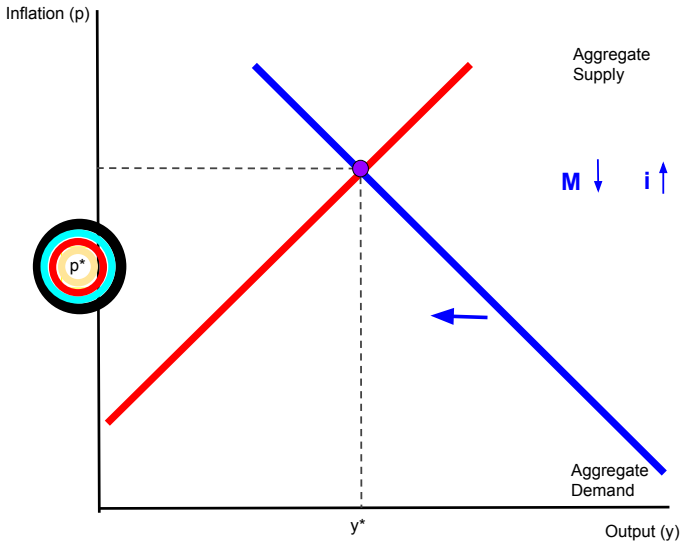
"The standard of living of the average American has to decline,
I don't think you can escape that."

— Paul Volcker (1979)

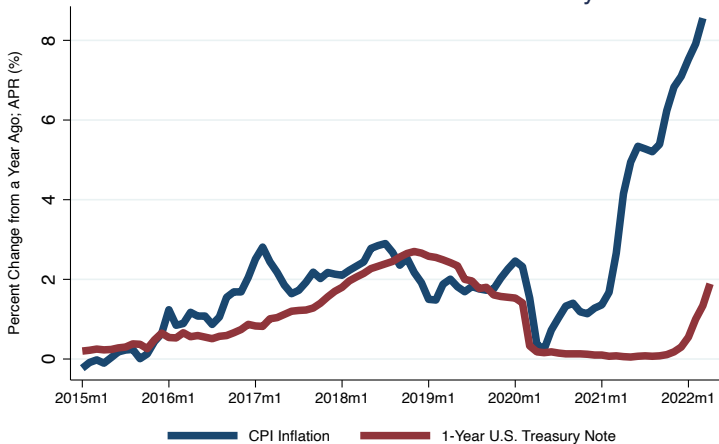








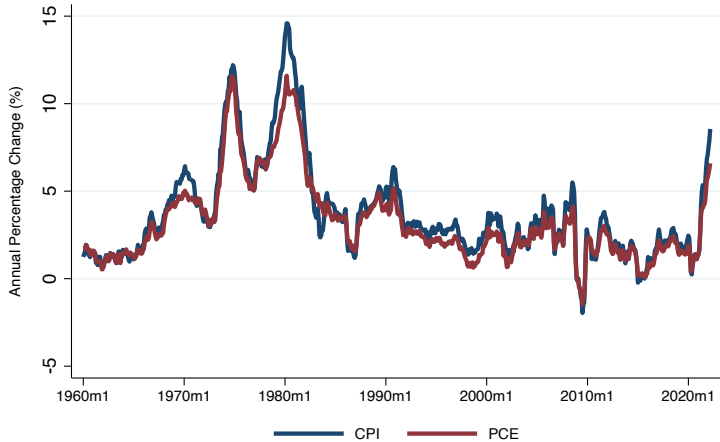
Consumer Inflation and 1-Year Treasury Rate



Source: Federal Reserve Bank of St. Louis (FRED) series CPIAUCSL & GS1.

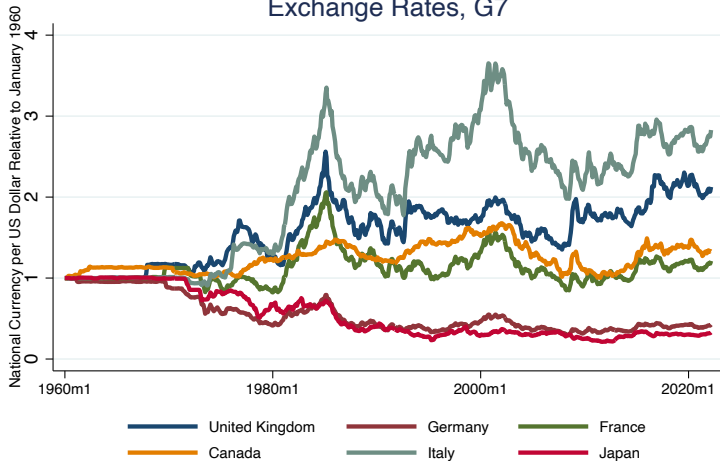
That Seventies Show

U.S. Consumer Price Inflation



Source: Federal Reserve Bank of St. Louis (FRED) CPIAUCSL and PCECTPI.

Exchange Rates, G7



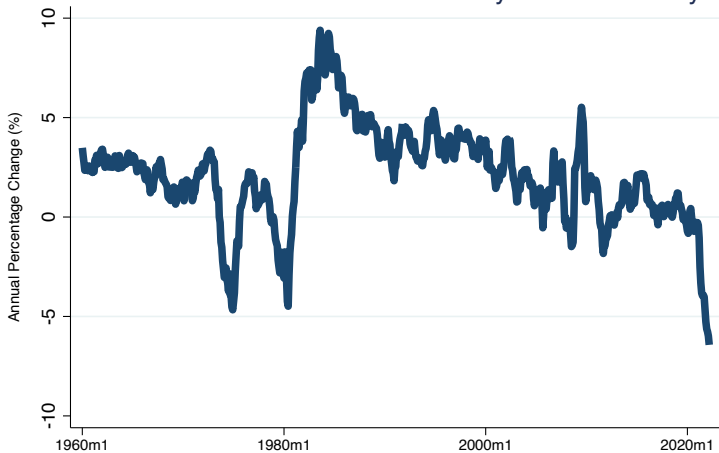
Source: Federal Reserve Bank of St. Louis (FRED) series CCUSMA02GBM618N, CCUSMA02DEM618N, CCUSMA02FRM618N, CCUSM

Output Gap



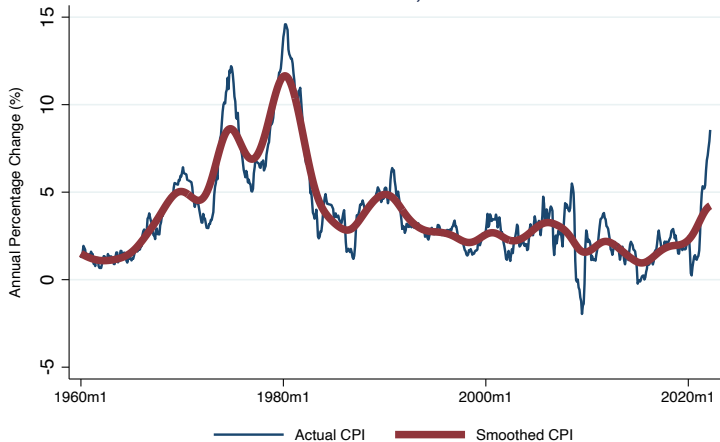
Source: Federal Reserve Bank of St. Louis (FRED) GDPC1 & GDPPOT.

U.S. Ex-Post Real 10-Year Treasury Yield to Maturity



Source: Federal Reserve Bank of St. Louis (FRED) CPIAUCSL and GS10.

U.S. Consumer Price Inflation, Actual and HP Smoothed



Source: Federal Reserve Bank of St. Louis (FRED) CPALTT01USQ657N.

Thank you