

EconSouth Third Quarter 2011

Fed@Issue: GDP Growth, the Unemployment Rate, and Okun's Law

Author: Patrick Higgins, economist in the research department of the Atlanta Federal Reserve Bank

Discussion questions

1. What were the three different projections for potential GDP growth made by the CEA, CBO, and Federal Reserve Board of Governors, respectively, in 2011? Give brief explanations of the CEA, CBO, and Federal Reserve Board of Governors.
2. Who developed Okun's Law? What does Okun's Law state?
3. What was the consensus projection for average GDP growth in the second half of 2011 by leading business economists as reported in the August issue of *Blue Chip Economic Indicators*?
4. What are the estimates of the *CBO's Labor Force Projections through 2021* report?
5. According to author Patrick Higgins' model, "is GDP growth of 2.5 percent 3 percent fast enough to substantially reduce the unemployment rate by 2014?"

Related links

[Econ Ed Live!: GDP and Pizza](#)—This online course will teach your students everything they need to know about GDP.

[Econ Ed Live!: The Story of Unemployment](#)—Use this online course to teach your students about unemployment.

[The Economic Lowdown](#)—This podcast can help your students understand unemployment.

[The Inflation Project](#)—Use this resource to learn more about Okun's Law.

macroblog: [August 26, 2011](#), and [October 21, 2011](#) posts—View these two entries to learn about projected GDP growth.

[National Economic Trends: Jobless Recoveries or Jobless Growth?](#)—Read this December 2011 article from the St. Louis Fed.