

- Keynes' perspective on Great Depression
- Keynes' perspective on the Classical Economics
- Possible solutions to Great Depression
- Pros and cons of monetary policy
- Pros and cons of fiscal policy
- What is Keynesian economics?
- Keynes' perspective on saving and economic growth
- Alternative theory on saving and economic growth (Google!)

## summarize (Keynes' perspective) → assignment macro Econ.

- A • Great depression caused lack of consumption and AD (aggregated demand) decreased self adjusting mechanism failed, underemployment equilibrium also occurs.
- the great depression was an intellectual failure for the economists working on business cycle theory.
- B • assumption of full employment in the economy is not realistic.
- He severely criticized that cut real wages help in promoting employment in the economy.
- C • Keynes advocated for increased government expenditures & lower taxes.
- d • pros - can produce real effects on output and employment only if some price are rigid.
- pros - policy can only be used to influence interest rates.
  - cons - limited government involvement in the market.
- e • pros - In recession, expansionary fiscal policy can stimulate economic activity.
- cons - government could stabilize the business cycle and regulate economic output.
- f • Keynesians economy is basically unstable, markets do not function efficiently. private expenditure is very volatile.
- g • Individuals should save less and spend more, raising their marginal propensity to consume to effect full employment and economic growth.
- h • Government spending on infrastructure unemployment benefits, and education will increase consumer demand. (about Economic growth)
- Investment generates saving of households.
  - when economic growth is lacking, the government should stimulate demand.