Homework

(Deadline: TO BE DECIDED AFTER MID-TERM)

Instructions:

1) Read the following article:

https://www.investopedia.com/terms/k/keynesianeconomics.asp

2) You are to summarize the article into 10-13 key points (ประเด็นสำคัญ), which are accompanied by brief explanations.
3) Your work must be within one and a half pages. One page is preferred.
4) Your work has to be HAND-WRITTEN on IPAD or SCANNED PAPER(S).
5) **Your key points MUST be about economic theories (not Keynes' biography) and cover the following notions.**
    a. Keynes' perspective on Great Depression
    b. Keynes' perspective on the Classical Economics
    c. Possible solutions to Great Depression
    d. Pros and cons of monetary policy
    e. Pros and cons of fiscal policy
    f. What is Keynesian economics?
    g. Keynes' perspective on saving and economic growth
    h. Alternative theory on saving and economic growth (Google!)
6) You will be fully awarded 10 marks (10%) for 10 correct and accurate key points. The extra 3 key points are for 3 extra marks in case some of your conclusions are incorrect.

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7) Submission after deadline will not be accepted.

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ⓐ • Keynes rejected the idea that the economy would return to natural state of equilibrium. He argued that when the economy is down, gloom can result depressed economic activity

ⓑ • Keynes disagree with classical theory that during recession pessimism and certain aspects of the market economy would exacerbate economic weakness and further weaken overall demand.

ⓒ • Keynes proposed that the government spend more money and cut taxes to turn a budget deficit, it will increase consumer demand in the economy.

ⓓ • Pros of monetary policy : Central bank can act quickly to use monetary policy tools. A weaker currency on world markets can boost export

• Cons of monetary policy : Interest rates can only be lowered nominally to 0%, which limits the bank's use of this policy tool when interest rates are already low.

ⓔ • Pros of fiscal policy : Government can direct spending toward project sector or region to stimulate the economy and it can use taxation to discourage negative externalities.

• Cons of fiscal policy : Fiscal policy can be very influenced by politics It can involve a considerable time lag in implementation, as political parties are debating and arguing. Also, it can be subject to special interest.

ⓕ • Keynesian economics is a macroeconomic theory of total spending in the economy and its effect on output, employment and inflation.

ⓖ • Keynes' perspective on saving : He saw it as dangerous for the economy because the more money sitting stagnant is reduce money in the economy stimulating growth.

• Keynes' perspective on economic growth: Keynes belived that a lower level of inflation and wages would induce employers to make capital investments and employ more people, stimulating employment and economic growth.

• Keynes defined saving and investment in such a way that in his theory, saving always equals investment.

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(h) • EGT show that saving rate did not affect the rate of growth. In the absence of exognous Circumstances, saving would only depress the marginal productivity of capital forcing the economy towards a stationary state.

• Saving is important to economic because of its relationship to investment. If there is increase in productive wealth, some individual must willing to obstain from consuming their income.