Key points

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1. Keynesian economic is a demand-driven theory

- Keynesian economic focuses on analyzing the aggregate variables contributing to demand of households. He believes that people demand have direct impact on the output growth so government could potentially influence the demand to change the output

2. Government Spending have directs effects to the economy's output

- Keynes believes that government spending is part of the economy output since he believes that the aggregate expenditure is equal to the economy's output and government spending is part of the aggregate spending.

3. Keynes believes that government should be the one responsible in spending money to create jobs

- During the Great Depression unemployment rate rises and according to Keynes the unemployment rate needs to be equal to the natural rate of unemployment so government should be the one creating jobs to bring the unemployment rate down.

4. Classical economists believe that if the government doesn't interfere with wages, the economy will return to state of equilibrium

- They believe that only way that the econ will not return to equilibrium is if the government intervene the price or wages

5. Keynes is against excessive savings

- Keynes believes that Aggregate Expenditure is directly proportional to The output growth and if people are not spending their money then no money will be put in the economy therefore output will fall.

6. Keynes oppose the British government way of helping the economy

- The british government increased welfare spending and increased tax. This lower the confidence of the people and they will most likely save their money and so the economic output will not rise.

7. Keynesian economics uses the idea of multiplier effect to explain.

The multiplier effect is simply the effect where one variable in the Aggregate expenditure changes causing a change in the output e.g. tax multiplier $-\frac{\Delta Y}{\Delta T}$ since tax is inversely proportional to the output then if tax goes down then output rises.

8. Fiscal policy uses the simple idea of government using multiplier effect to stabalize output.

- In order to stabalize the output, the government can use the multiplier effect to stabalize the output. In a recession, they can increase government spending or decrease tax and in an expansion, they can decrease government spending and increase tax.

9. Prices changes slowly, so government could intervene the money supply in order to boost the economy

- to save the economy and stabilized output government can increased or decrease money supply in order to control the interest rate thus controlling the demand for money

10. If the government does not intervene the economy will be unstable and become vulnerable.

- Keynes believes that even if the interest rate doesn't directly have effect for the output, it is better to increase the confidence of the people in that short term.