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1. Possible solutions to the Great Depression

Keynes along with some economists argued for expansionary fiscal policy to solve the Great Depression. They expanded that a higher percentage of government spending should be concentrated on public works and public sector projects, such as road-building. This could either be financed by raising the money supply, borrowing (running a budget deficit), raising the money supply, or raising taxes. Throughout a recession, Consumption, and Investment are decreasing, while Exports will decline during a global slump. Hence, as AD=C+I+G+(X-M), the only way for real GDP to grow is if the government takes up the slack.

2. What is Keynesian economics?

Keynesian economics depicted a new way of looking at spending, output, and inflation. The theory was developed during the Great Depression of the 1930s by the British economist John Maynard Keynes where he advised towards an increase in government expenditure and lower taxes to encourage demand and eliminate the depression from the global economy. It argues against classical economics theories that natural economic forces and incentives alone would be enough to help recover the economy and considered a "demand-side" theory that focuses on changes in the economy over the short run.

3. Keynes' perspective on the Great Depression

After the Great Depression, Keynes was inspired to perceive the nature of the economy differently in which he conclusively proved real-world applications which include deductions for a society in an economic crisis. Keynes inferred that when an economic turndown approaches, the fear that makes investors become self-fulfilling can lead to continuous periods of depressed economic activity and employment. He was very disapproving of the British government at the time and argued that the government was in a better position than market forces to form a robust economy.

4. Keynes' perspective on saving and economic growth

Keynes and his followers held the concept that individuals should save less and spend more, increasing their marginal propensity to consume to reach full employment and improve economic growth. Spending from one consumer becomes income for a business that then spends on equipment, worker wages, energy, materials, purchased services, investor returns, and taxes. The worker's income can then be spent on goods and services generating money continuously in a cycle stated previously.

5. New Keynesian Economics

The new Keynesian theory considers the sluggish behavior of prices and its cause, and how inefficiencies could cause market failure and might advocate government intervention. The benefits of government intervention continue to be a highlight for debates. Moreover, New

Keynesian economists clarified a case for expansionary monetary policy, arguing that deficit spending encourages saving, rather than raising demand or economic growth.

6.Pros of monetary policy

- Many central banks are operated as independent agencies.
- A weaker currency can increase demand for exports as these products will be less expensive in the foreign market.
- Some central banks are assigned to target a level of inflation.

7. Cons of monetary policy

- Hyperinflation can occur.
- Yet with this policy, interest rates can still increase. If businesses expect this, they will be less willing to expand their operations, leading to less production and eventually higher prices.

8.Pros of fiscal policy

- Direct spending from the government can be concentrated toward specific projects, sectors, or regions to stimulate the economy.
- Firms that overuse limited resources taxing polluters can help eliminate the negative effects they cause while provoking government revenue.

9. Cons of fiscal policy

- Individuals and businesses may spend tax incentives on imports.
- Increasing taxes can be politically dangerous to perform and is an unpopular method.
- A government budget deficit is when it spends more money annually than it takes in.

10. What is neoclassical economics?

Neoclassical economics is a comprehensive theory that highlights on supply and demand as the stimulators behind the production, pricing, and consumption of goods and services. Its theories implicit modern-day economics, along with the principles of Keynesian economics. Even though the neoclassical approach is the most widely taught theory of economics, it has its detractors.

11. An alternative theory on saving and economic growth

The approach of individual saving behavior and aggregate saving tendencies discusses the role of the latter in the process of economic growth. Even if the best possible saving decisions are carried out in a dynamic general equilibrium framework of analysis, however, the parameters of individual saving problems are jointly established by aggregate savings and investment outcomes, and finally by the character of income distribution at the aggregate level.

12. Keynesian Economics and Fiscal Policy

The fiscal multiplier commonly associated with the Keynesian theory is one of the two broad multipliers in macroeconomics. The other multiplier is the money multiplier which explains the money-creation process proceeds from a system of fractional reserve banking. Moreover, the money multiplier is less contentious than its Keynesian fiscal counterpart.