

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.

สามคะแนนเป็นคะแนนพิเศษ หากนักเรียนคนไหนสรุปผิดบางข้อจาก 13 ข้อ ก็ยังมีสิทธิได้คะแนนเต็ม

7) Submission after deadline will not be accepted.

part 1

Sint Phulekurd 690641449

- Keynesian economic is a macroeconomic theory of total spending in the economy and its effect on output, unemployment and inflation. it focus on changes in the economy over the short run
- cyclical swings in employment & economic output create profit opportunities that individuals & entrepreneurs would have an incentive to pursue. this help to correct the imbalances in the economy.
- once economic downturn sets in, the fear & gloom will tend to become self-fulfilling and can lead to a sustained period of depressed economic activity & unemployment
- Keynes encourage a countercyclical fiscal policy that the government should undertake deficit spending to make up for the decline in investment and boost consumer spending. this help to stabilize aggregate demand.
- Keynes proposed that the government should turn a budget deficit which would increase consumer demand in the economy and overall economic activity. also reduction in unemployment.
- Individual should save less and spend more to raise their marginal propensity to consume to effect full employment & economic growth.
- In Harrod-Domar model, higher savings can help finance higher levels of investment and boost productivity over long run ($S=I$)
- an injection of government spending eventually leads to added business activity and more spending. this help boosts aggregate output and generates more income.
- Keynesian model misrepresented the relationship between saving, investment and economic growth. Fiscal stimulus is far less effective and money multiplier is more controversial.

- in normal market, prices didn't react quickly. Government intervention will help boost short-term demand in the economy and also make market growth become more stable.
- As interest rates reach zero, it become less effective because it reduces the incentive to invest which cause lower economic activity and economic recovery may stall completely

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