

- 1.) **What is Keynesian economics?** Keynesian economics focuses on using active government policy to manage aggregate demand in order to address or prevent economic recessions. Keynesian economics was developed by John Maynard Keynes, and it is considered a "demand-side" theory that focuses on changes in the economy over the short run.
- 2.) **Keynes' perspective on Great Depression:** The Great Depression inspired Keynes to think differently about the nature of the economy. From these theories, he established real-world applications that could have implications for a society in economic crisis. Keynes also criticized the idea of excessive saving, unless it was for a specific purpose such as retirement or education. He thought it as dangerous for the economy because the more money sitting stagnant, the less money in the economy stimulating growth.
- 3.) **Possible solutions to Great Depression:** Keynesian macroeconomics argues that the solution to a recession is expansionary fiscal policy, such as tax cuts to stimulate consumption and investment or direct increases in government spending that would shift the aggregate demand curve to the right.
- 4.) **Keynes' perspective on the classical Economics:** Keynes thought that free-market economics tended toward underconsumption and under-saving. He called this the crucial economic problem and used it to criticize high-interest rates and individual preferences for saving. Keynes also refuted Say's Law of Markets. Classical economics was eventually replaced with more updated ideas, such as Keynesian economics, which called for more government intervention.
- 5.) **What is monetary policy?** The demand side of economic policy, refers to the actions undertaken by a central bank to control money supply and achieve macroeconomic goals that promote sustainable economic growth. Furthermore, Monetary policy can be broadly classified as either expansionary or contractionary.
- 6.) **Pros and Cons of Monetary policy:** A primary advantage is the speed with which changes can be implemented, and its flexibility with regard to the size of the change to be implemented. Reserves can be increased or decreased in small or large increments. In terms of major disadvantages of monetary policy is the loan-making link through which it is carried out. Furthermore, Monetary tools are general and affect an entire country.
- 7.) **What is Fiscal policy?** It is the use of government spending and taxation to influence the economy. Government typically use fiscal policy to promote strong and sustainable growth and reduce poverty.
- 8.) **Pros and Cons of Fiscal policy:** The pros are Fiscal policy can use taxation to discourage negative externalities, and the effects of fiscal policy tools can be seen much quicker than the effects of Monetary tools. The cons is it can create budget deficits, for example if spending is high and taxes are low for too long, such a deficit can continue to widen to dangerous levels.
- 9.) **Alternative theory on saving and economic growth:** More people start to save money which lead to the reduction of the economic growth as the amount of money in the system decreases. Money usually run the flow of the economy. However, when people decided to save money by various method, for example deposit to the bank, these actions result to the reduction of the economic growth.
- 10.) **What is Economic Growth?** It is an increase in the production of goods and services in an economy. Economic growth is commonly measured in terms of the increase in aggregated market value of additional goods and services produced, using estimates such as GDP.
- 11.) **Keynes' perspective on saving and economic growth?** Keynes also criticized the idea of excessive saving, unless it was for a specific purpose such as retirement or education. He saw it as dangerous for the economy because the more money sitting stagnant, the less money in the economy stimulating growth. This was another of Keynes' theories geared toward preventing deep economic depressions.
- 12.) **How does Keynesian economics deal with inflation?** Keynesian macroeconomics argues that the solution to a recession is expansionary fiscal policy that shifts the aggregate demand curve to the right. Contractionary fiscal policy consists of tax increases or cuts in government spending designed to decrease aggregate demand and reduce inflationary pressures.
- 13.) **The similar between Keynesian economic and classical economic:** 1.) The effects of technology in job creation; both parties conclude that technologies perform a vital role in the regulating the cost of labour, the provision of commodities, and the worth of goods and services in the market 2.) Money demand; Both concepts give essential consideration to capital provision and demand for money as crucial determinants that interfere with the percentage of interest in the economy.