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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.

- Keyness proposed a solution to the economic downturn by stimulating of 2 methods : Reducing interest rates and investment in infrastructure.

- If demand is included in the economic downturn, the weakness in productivity and the resulting jobs will lower prices and wages.

- Increased government expenditures and lower taxes to stimulate demand pull the global economy out of the depression.

- <u>Pros</u> of monetary policy : Interest rate targeting control inflation, can be implemented fairly easily, central Banks are independent and politically neutral, weakening the currency can boost exports.

- <u>Cons</u> of monetary policy : effects have a time lag, technical limitations, monetary tools are general and affect an entire country, the risk of hyperinflation.

- <u>Pros</u> of fisical policy : can direct spending to specific purposes, can use taxation to discourage negative externalities, short time lag.

- <u>Cons</u> of fisical policy : may be political motivated, tax incentives may be spent on imports, can create budget deficits.

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

- In Keynesian economics, aggregate demand does not necessarily equal the productive capacity of the economy.

- Economic growth is an increase in the production of production of economic goods and services, compared from one period of time to another.

- Saving function is derived from the consumption function, it is the difference between income and planned consumption.

- Classical economic assumed that cyclical swings in employment and economic output create profit opportunities that individuals and entrepreneurs.

- A fall in the saving ratio doesn't lead to to a fall in investment. On the country, since it implies on increase inconsumer demand, it will increase profits, stimulate investment, and growth of over income.