

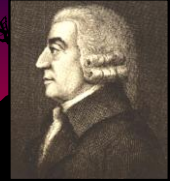
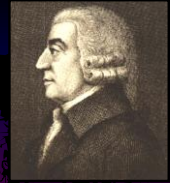
The Big Three

The Three Most Influential Economists in history.

Adam Smith (Scottish)
Karl Marx (German)
John Maynard Keynes (British)

Adam Smith
1723- 1790

The founder of modern economics. He is a Capitalist. A capitalist is the person who invest and hopes to Capitalize on their investments

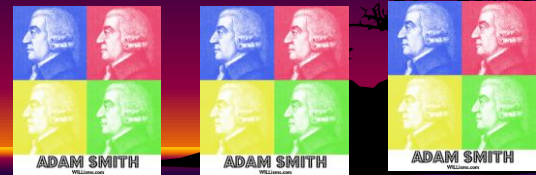


Basic Beliefs

1~Individuals will make what society needs if left to their own devices.



2~An invisible hand will regulate the economy, and the market would create the best effect for everyone.



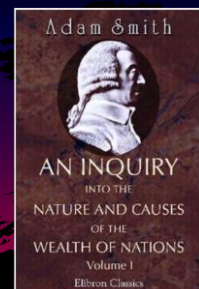
3~Government should have a Laissez Faire attitude toward the economy.

Laissez Faire= French for "Allow to do."

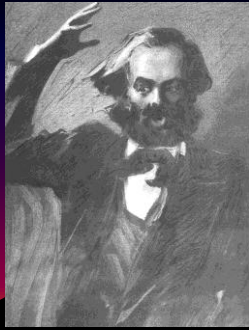
He wrote a book called

"The wealth of Nations."

In 1776 – the same year that United States claimed Independence



Karl Marx
1818 – 1883



He said that Capitalism was unstable, and would eventually decline.

It would follow the path:

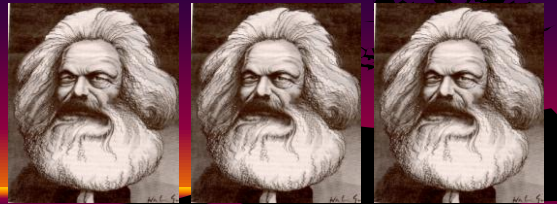
Pre-capitalism \rightarrow Capitalism
 \downarrow
 Communism

Basic Beliefs

1~He thought that once the capitalist established the factory, all the value would be gained through the labor. This is called exploitation.



2~Exploitation would lead to a class struggle, and that class struggle would lead to a 2 class system.



Class one: The wealthy upper class capitalists

Class two: Underpaid, and underprivileged workers



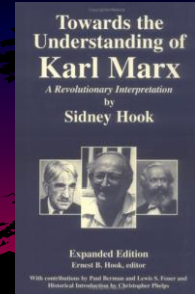
3~Most would belong to the 2nd class (have you heard the term 2nd class citizen)



4~He said that the natural progression of society was toward Communism.



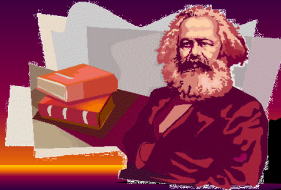
Communism: The People (or workers) own the means of production (factory)



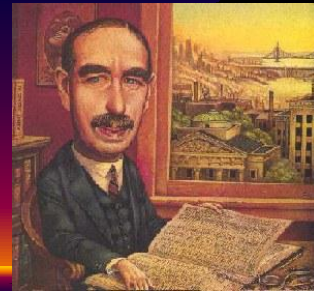
Two problems:

1) Command economies are less efficient

2) With capitalism workers wages increase as the company grows- In effect they share the profits.



John Maynard Keynes
1883- 1946

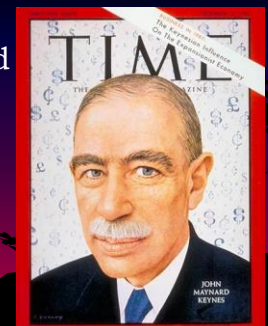


Devised his philosophy during the depression Era (1930's) when 25 % people were out of work, and most believed that it was the end of the free market system (capitalism)



Basic Beliefs

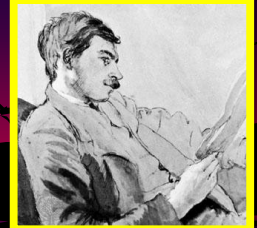
1~Keynes believed that government could “prime the pump” so to speak, by putting money into the private sector (business).



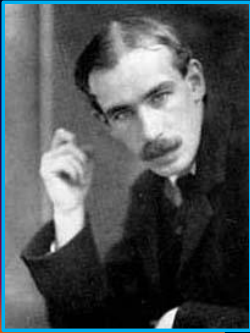
2~Government could get the supply and demand system going again.



The U.S. Government followed his advice, and started a massive public works project building roads and dams.



WW2 started right after that and pulled the nation out of the depression. So his theory is not completely tried.



He founded the International Monetary Fund (IMF) which loans money to other countries to help them “prime the pump.”

