

Econ 5110 history of economic thought

[Business](#)



Assignment is due History of Economic Thought A) Marshall's attention was mainly directed towards microeconomic problems but aggregative theme had a place in his thought. He perceived the major economic question as determination of general price level. He developed a general price level developed around a version of "quantity theory" of money (Barber 186). Marshall modified the existing procedure on this theory by shifting focus from rate of money turnover to an examination of money balances the community held. Marshall's cash balance approach was later to open up a fresh analytical horizon from one of his pupils (Barber 186). He maintained that the amount of money held was determined by institutional arrangements of the economy and could be treated as a constant on ceteris paribus assumptions (Barber 187). According to Marshall, despite the state of society, there was a certain amount of resources, people of various classes kept in form of currency, and if all remained same, there was a relation between volume of money and price levels. If one increased by five percent, the other would also increase by five percent.

B)

In the seventeenth century, many writings on economic policies by businesspersons and merchants existed. These were arguing in favour of policies that supported them. However, despite the biasness, some economists like Francis Bacon and Rene Decartes showed subtle and careful analysis. This seventeenth century economic thinking in England was mercantilist as typified by the doctrine of balance-of-trade. Irrespective of the actual aim of these writers, their doctrines were used to support protectionist interests rather than general economic interest that would be important to the whole economy. Compare to the neoclassical economist <https://assignbuster.com/econ-5110-history-of-economic-thought/>

whose policies focused on general price levels, output, and income distribution, these economists were more biased.

Work Cited

Barber J. William. A History of Economic Thought. Harmondsworth: Penguin Books, 1967.

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