

Who john maynard keynes and milton friedman were and what the respective schools ...

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John Maynard Keynes and Milton Friedman The economic theory presented by John Maynard Keynes is often known as Keynesian economics. Keynes was a British economist, most long-familiar for his elementary account for the sources of the Great Depression. The economic theory presented by Keynes was founded on a circulatory course of money, which denotes to the notion that upon increasing spending within an economy causes an increase in earnings thus eventually leading to more increase in spending and consequentially in earnings. The notions of Keynes engendered legion interventionist policies throughout the Great Depression (Conerly). According to the theory of Keynes, the spending of an individual moves towards the earnings of another individual, and that earning then causes increased spending thus causing more earning to any other individual and thus the cycle continues. This continuous cycle thus aids a normal, operating economy. Upon the occurrence of Great Depression, the individuals were naturally convinced towards increased savings and hording their money which according to Keynes hindered in the circulatory money flow and induced the economy to stay wherever it was. Therefore, according to Keynes, in order to make the economy better, the money was needed to be inserted into the economy by increasing spending. It was argued by Keynes that in order to enhance spending; the administration should take its part by enhancing the money supply or in other words by purchasing things on its own and supplying money into the economy although, this solution was not determined to be popular throughout the Great Depression. Besides, it is often referred that the increased spending of United States on the defense during President Roosevelt was intended to enhance spending and to help

the economy revive from the great Depression (The Economist). The basis of Keynes framework was on demand and spending, the liquidity-oriented theory of short-term rates of interests, the causal factors of spending, and the necessity that administrations construct strategic but mighty treatments within the economy to hold it on a level stagger and avert limits of frenzied excess and depression. His theory included interest rates, money and employment. The incidence of the Great Depression guided Keynes and his economic heirs to deeply underrate the function and impact of monetary policy (Mariano). For Keynes, the solution was to maintain the total of government expenditure and private investing stable. Keynes can be regarded as an adversary of laissez-faire while a promoter of public administration. According to Keynes, ingenious government officers of goodwill could frame economic establishments that would be master to the market or be able to at least fine-tune the market with subsidies, taxes and regulations to bring forth superior consequences. Keynes contends that the private inducements of the dynamic players in the marketplace were coordinated with the public property. Keynes could be regarded as an advocate of technocracy (Intellectual Takeout). Milton Friedman One of the most eminent proponents of free markets was Milton Friedman. He was born in the New York City in the year 1912 to a family of Jewish immigrants and completed his education within United States. Milton Friedman was prized the Noble Prize in the year in 1976 for his contributions to the field of economics specifically his accomplishments in the area of monetary theory and history, consumption analysis, and for his manifestation of the complication of stabilization policy (Friedman). Milton Friedman contributed

to the framework presented by Keynes. He added a theory of inflation and prices grounded on the notion of the instinctive rate of unemployment and the restraints of administration policy in steadying the economy across its long-run development trend (Discover IT). He identified boundaries away from which treatment would activate destructive and uncontrollable inflation. He, in his thirty years campaign, fixed the balance. He contributed protuberance to monetary policy (Conjecture Corporation). According to Friedman the central was to maintain the money supply or stabilizing the measure of purchasing power in promptly expendable pattern in the hands of households and businesses. Friedman was of the view that the public good was usually and frequently coordinated with the interests of private market and the sequences of significant and important failures of market were the exclusion, instead the rule. He was a proponent of laissez-faire approximation (Bullock). Furthermore, Friedman considered that in case where the public good is not coordinated with private interests only governments cannot be depended upon to determine the issue. It was argued by Friedman that failures of governments were more dreadful as compared to market failures (Liberty Fund, Inc.). Keynes and Friedman both accorded that flourishing macroeconomic management was essential and that an individual economy can be subjected to intolerable instability, on its own and that powerful, strategic but restricted economic treatment by the administration is required for maintaining stability (Weise). Works Cited Bullock, Penn. "Friedman Economics." Reason Foundation. 1 Sept. 2009. Web. 30 Mar. 2014. Conerly, Bill. "Keynes vs. Friedman at the Fed." Forbes. 3 Aug. 2012. Web. 30 Mar. 2014. Conjecture Corporation. "What Is

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