

# Economic exam 2

Literature, Russian Literature



Economic Exam 2 Q Marx as an historian, a sociologist, and as an economist

Karl Marx was an enthusiastic reader of historical literature. It was his interest in historical literature that led him to the work of George Hegel. He interpreted historic works in his own understanding which also led to a great interest in philosophy. In addition, it also led to his formulation of the economic interpretation of history where he explored non-economic motives that influence the society. As a sociologist Marx also made efforts to explain the existence of social classes and why they behave in the ways they do (Schumpeter 9). As an economist, Marx did a lot of analysis regarding the output of economies and the main hindrances and drivers of economies. For example, he proposed a theory in regard to labor and value (Schumpeter 21).

Q. 2. Changes that Schumpeter thought were in the capitalism system, and was he right?

Schumpeter came up with a theory based on Marx capitalism principles in which he stated that economies can evolve, create new structures and destroy old structures. In his view governments posed the greatest risk when it comes to economy destruction (Schumpeter 59). He was right because, most government evolved from communist or monarchies to democratic governments but still go to war with each other.

Q. 3. How Keynes' macroeconomic theory differs from the classical theory of markets?

Keynes' theory on macroeconomics also known as Keynesian economics focuses on the total expenditure in an economy and the effect the expenditure has on inflation and an economy's output (Kennedy 196). In

Keynesian economics, decisions made by both public and private institutions affect the output of an economy. Classical theory of economics has its basis centered on the concept of free-market economies. The main difference between the two economic theories is the influence of government on an economy. The Keynesian economic theory is reliant on the expenditure and policies of governments but the classical economic theory makes the assumption that there is a free-market (Kennedy 199). Another difference between the two theories is that Keynesian economics theory works on providing short-term results for an economy while classical economic theory focuses on providing long-term solutions for economic problems.

Q. 4. Characteristics of Anglo-Saxon capitalism and how does it differ from European and Asian capitalism? Which is the better example of Anglo-Saxon capitalism, the U. S. economy or the British economy?

The main characteristic of the Anglo-Saxon capitalism model is that it operates based on common law with a judicial system which contemplates minimal government interference in the economy (Pryor 107). The difference between the Anglo-Saxon capitalism model and the European capitalism model is that it uses common law while the latter uses civil law. Asian capitalism uses religious law, common law and civil law. The United States economy is the better Anglo-Saxon economy in comparison with the British economy due to its minimal government interference with the economy. The British economy uses hybrid capitalism of a mixture between European and Anglo-Saxon capitalism.

Q. 5. Key differences among the economies of the United States, Germany, Sweden, Japan, and South Korea.

There are several key differences between different economies. The United States economy differs from European economies in that it manages to balance the number of import with the number of products it exports. Germany on the other hand is very restrictive to imports and does more exports than the imports it acquires. Sweden is one of the European countries that rely on a lot of imports as compared to the amount of commodities they export. Japan is an economy which imports raw products, processes them and exports them as finished goods. South Korea is highly industrialized (Pryor 132).

Q. 6. Marx used Hegel's dialectic process to explain change in societies.

What was Marx's theory of societal change in history?

The Hegelian-Marxist thinking has an effect on the entire social setting and political structures of most societies. Karl Marx used Hegel's theory of dialectic as a way to support his theory of economies for countries. Marx's theory of societal change proposed that men are responsible for their own history and that they can change it if they decided to dominate it. As noted today, human beings continuously transform nature to suit their needs. In the process of making these changes, human beings also end up transforming themselves. Therefore, as societies change, they develop divisions of labor which result to stratification of classes and humans begin differentiating each other by their means of production and power. Since the resources are scarce, any surplus accumulated goes to those who have more power.

Works Cited

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Schumpeter, Joseph A. Capitalism, Socialism and Democracy. London: Routledge, 2013.