

Adam smith, karl marx, and john maynard keynes essay sample

[Economics](#)



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Throughout the centuries, there have been many economists, who have contributed to the many economic theories. Among them is Adam Smith, also known as the Father of Capitalism. His theory on beneficial workings of the free marketplace and his 1776 *Wealth of Nations* is what he is most noted for. Karl Marx, the Father of Communism, is most famous for his theory on the conflict within capitalism. There is also John Maynard Keynes, who is known as the Father of the Mixed Economy, and is known for Keynesian Economics. Each of them has had a great impact on economic theories of today.

Adam Smith, who lived in the 18th century, is known as the Father of Economics. Prior to him, economics wasn't a big issue; either politics or philosophy was studied. No one really explored the issue of economics. Smith then wrote *The Wealth of Nations* and it was the start of an economic revolution. The book had Smith's basic economic ideas as well as a large amount of factual data. He explained the concepts of self-interest, the division of labor, the function of markets, and the international implications of a laissez faire economy. His views were greatly influenced by the three years he spent in France with the French Physiocrats, who promoted the laissez-faire policy. The policy called for the government to have a "hands-off" approach to trade and allow prices to seek their natural levels.

The second economist who contributed a great amount of economic thought was Karl Marx. Marx, known as the Father of Communism, lived during the early 19th century. His theories were influenced by the Industrial Revolution, a time when child labor and the exploitation of workers were common.

Marx's book, "*Das Kapital*" included his theories. Among them, he believed <https://assignbuster.com/adam-smith-karl-marx-and-john-maynard-keynes-essay-sample/>

that all historic changes came about through conflict between two opposing social forces, one an existing thesis and the other an opposing antithesis. The outcome is a synthesis that becomes the next thesis. This means that no matter how society is organized, it will always contain internal conflicts in search of a new synthesis. Marx believed that capitalism was the conflict between the owners of a capital and the workers who needed to sell their labor to survive. His theory of capitalism was based on the belief that all profits result from the exploitation of workers.

The third economist, John Maynard Keynes, was born in 1883, the year that Marx died, and is known as the Father of the Mixed Economy for his theory on employment, interest, and money. Before his book, *The General Theory of Employment, Interest, and Money* was published in 1936; he predicted that it would revolutionize the way people thought about economic problems. He was right and the transformation became known as “ Keynesian Revolution.” His book showed how an economy could be stuck at an equilibrium output level far below full employment because of insufficient collective demand. Keynes believed government should take an active role in bringing the economy out of the depression by injecting government spending into the income stream. This meant that increased economic spending by government at a time of declining tax revenues would result in large budget deficits. Among the revolutionary ideas presented by Keynes was the concept of a demand-determined equilibrium wherein unemployment is possible, the ineffectiveness of price flexibility to cure unemployment, and the possibility of using government money to help eliminate recessions and

control economic booms. Using his book, he constructed the basic relationships and ideas behind “ macroeconomics.”