

Paul samuelson, abba lerner and john kenneth galbraith in relation to the idea of...

[Literature](#), [Russian Literature](#)



MICRO AND MICRO ECONOMICS al Affiliation) Part There are different ideas that are presented by Paul Samuelson, Abba Lerner and John Kenneth Galbraith in relation to the idea of creation of a framework for human flourishing. According to Lerner he enunciated three basic rules that are used in functional finance that he believed were to change the lives of people. In one of his principles he stated that a government should maintain a reasonable level of demand at all times (Samuelson & Puttaswamaiah, 2002). In this consideration, he also added that in case of too little spending in the society; the government should reduce taxes or increase its own spending to correct the situation that also leads to unemployment. The other principle stated that by borrowing money when there is need to raise the interest rate and through lending money when there is need to reduce the rate of interest, the administration should be able to uphold the rate of interest that encourages the best amount of investment (Samuelson & Puttaswamaiah, 2002). All the two finance principles were summarized in his principles with the limiting the national debt principle so that all the needs of the people in the society are taken into consideration.

John Kenneth Galbraith also had principles that argued and was based on understanding the trouble that exist currently within economics and economic policies. The works that were created by him were partly rooted to Marshall's theory of the firm most of his principles were followed after the post war economy was dominated by bureaucratic corporations with more demand of consumers and also financiers. The principles he developed believed on expenditure as a factor that would be used to satisfy the needs of the consumer. The policies that are developed by the government are

those focusing on consumer satisfaction.

Paul Samuelsson developed policies and view that also focused on the actions of the government and the saving of the economy. Balanced-budget multiplier was a principle that was developed by him. He states that dollars of tax reduction are almost as powerful as weapon that can be used against mass unemployment as an increase in in the expenditures that are made by the government. He thought that only a portion of tax can be cut for expenditure where all the government expenditure would be used. In all the cases, there is implication of greater consumption and not saving which becomes the key to prosperity. He emphasized on fiscal policy over monetary policy to be used as a tool for stabilization. He used the policy as a treatment of money.

Part 2

There should be encouragement of monopolies in the economy. Formation of monopolies will result to production of quality goods and services and innovation. This will not destroy competition but increase production in the economy.

Formation of a free market which allows people to use whatever they want should not be encouraged in the economy. Free markets will lead to problems such as prices that are not affordable to consumers and also production of poor goods and services with harm to consumers.

Reference

Samuelson, P., & Puttaswamaiah, K. (2002). Paul Samuelson and the foundations of modern economics. New Brunswick, N. J., U. S. A.: Transaction Publishers.

<https://assignbuster.com/paul-samuelson-abba-lerner-and-john-kenneth-galbraith-in-relation-to-the-idea-of-human-flourishing/>