

117 Economic Thought

Some of the big ideas....

that we will come back to later in the course

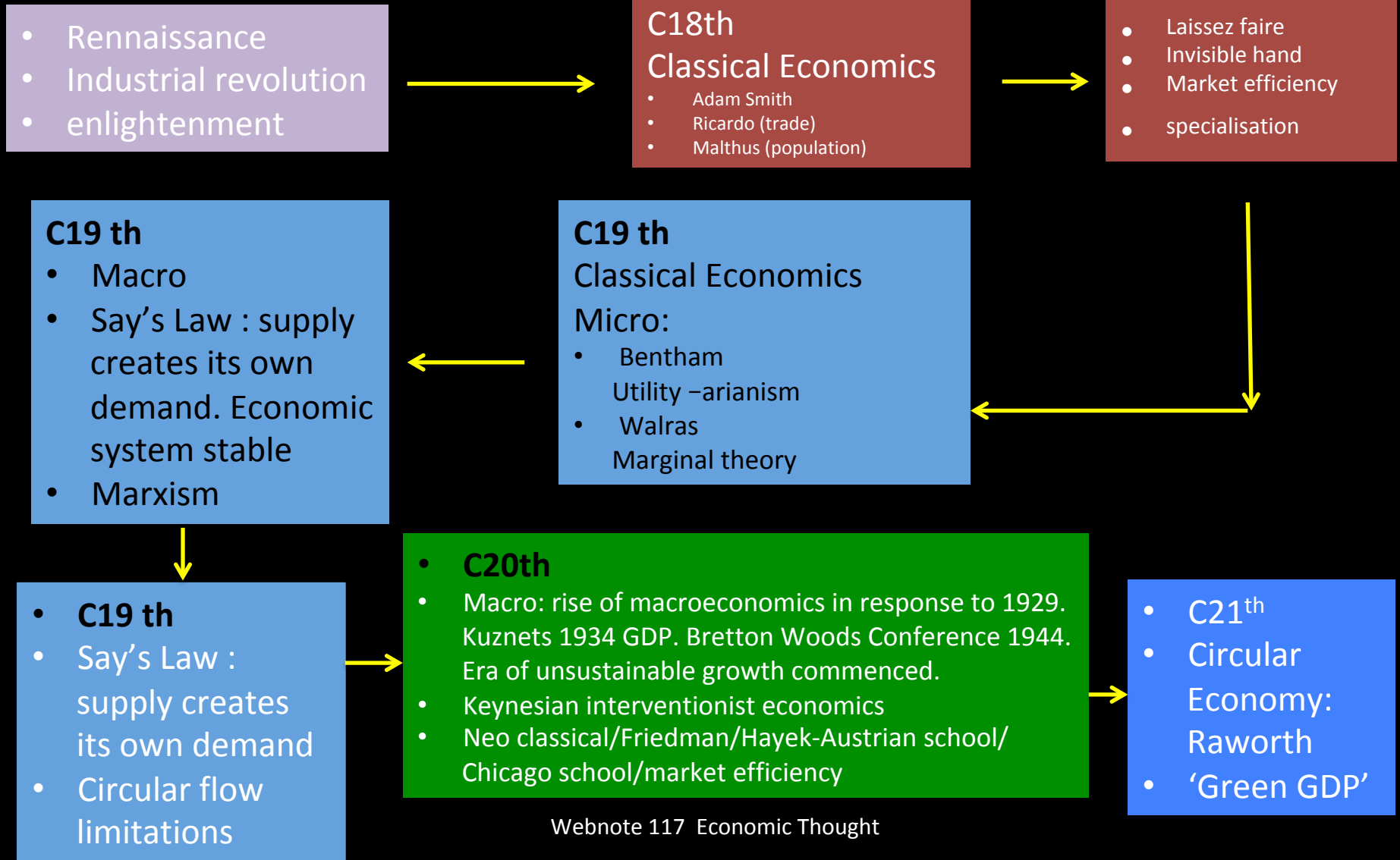
3 Questions every economic system
needs to answer post **1750**

- **What?** Market + Government
- **How ?** Man or machine
- **For whom?** who gets the
goods+services

Some big thinkers...

- **C18-19th**: Classical; Adam Smith, Malthus, Ricardo
- **C20th**: Keynesian; JM Keynes
- Neo Classical; Friedman, Hayek
- **C21th**: Circular Economy (doughnut economics; Kate Raworth)

Thought Line: 'linear to circular'

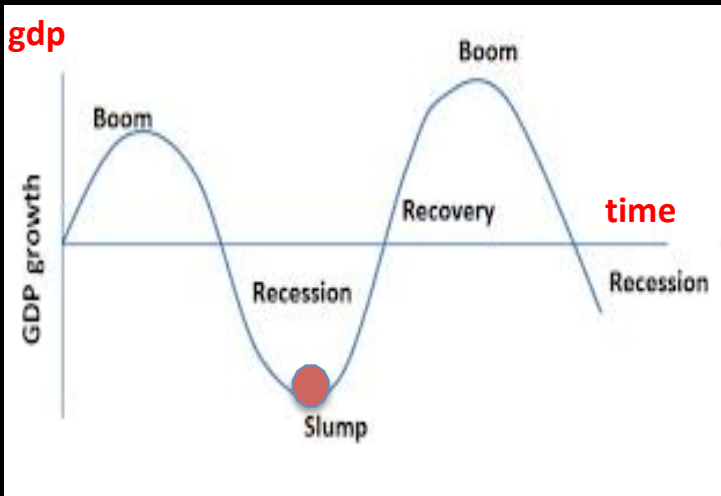


Thought Line: 'linear to circular'

- Renaissance
- Industrial revolution
- enlightenment

- C18th + C 19th
- Laissez faire
 - Invisible hand
 - Market efficiency
 - Specialisation + division of labour
 - Industrial age

- **C20th: Market or Government Debate**
- Macro: rise of macroeconomics in response to 1929.
- How to revive (U.S.) world economy from slump:
 - A) Keynesian interventionist economics where government intervened with massive spending programmes e.g. New Deal in the USA or 'Covid' spending in the UK when in Q2 of 2020 the macroeconomy contracted by 19.8%
 - OR**
 - B) Neo classical/Friedman/Hayek-Austrian school/Chicago school/believers in market efficiency i.e. market would self recover.



How to solve the macroeconomic problem?

1929: 10+ year depression

Some big debates...

1. Classical + neo classical vs keynesian market vs intervention (how to manage a macroeconomy?)
2. Man or machine? How to manage the macro economy? The Moniac model of macromanagment.

<https://youtu.be/rAZavOcEnLg>

3. Rise of Macroeconomics: Kuznets 1934 GDP. Bretton Woods 1944 GDP established as key macro tool. Race for GDP growth. Unsustainability.
4. linear vs circular economy: Sustainability
18th, 19th + 20th (linear growth) century economics vs 21st century (circular growth)

Doughnut Economics

- Short version:

<https://youtu.be/Mkg2XMTWV4g>

- Long version:

<https://youtu.be/1BHOfIzXPjI>