

# The Big Three

The Three Most Influential Economists in history.

Adam Smith (Scottish)  
Karl Marx (German)  
John Maynard Keynes (British)

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Adam Smith  
1723- 1790

The founder of modern economics. He is a Capitalist. A capitalist is the person who invest and hopes to Capitalize on their investments



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## Basic Beliefs

1~Individuals will make what society needs if left to their own devices.



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2~An invisible hand will regulate the economy, and the market would create the best effect for everyone.



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3~Government should have a Laissez Faire attitude toward the economy.

Laissez Faire= French for "Allow to do."

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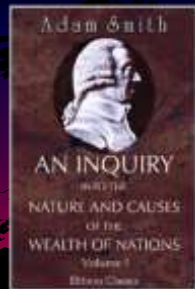
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He wrote a book called

"The wealth of Nations."

In 1776 – the same year that United States claimed Independence



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Karl Marx  
1818 – 1883



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He said that Capitalism was unstable, and would eventually decline.

It would follow the path:



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### Basic Beliefs

1~He thought that once the capitalist established the factory, all the value would be gained through the labor. This is called exploitation.



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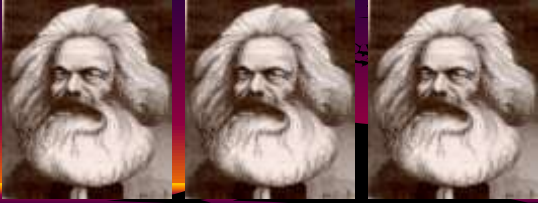
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2~Exploitation would lead to a class struggle, and that class struggle would lead to a 2 class system.



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Class one: The wealthy upper class capitalists

Class two: Underpaid, and underprivileged workers



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3~Most would belong to the 2<sup>nd</sup> class ( have you heard the term 2<sup>nd</sup> class citizen)



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4~He said that the natural progression of society was toward Communism.



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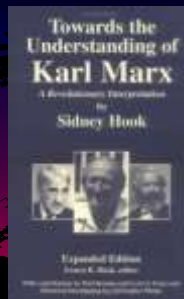
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Communism: The People (or workers) own the means of production (factory)



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Two problems:

1) Command economies are less efficient

2) With capitalism workers wages increase as the company grows- In effect they share the profits.



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John Maynard Keynes  
1883- 1946



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Devised his philosophy during the depression Era (1930's) when 25 % people were out of work, and most believed that it was the end of the free market system (capitalism)



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### Basic Beliefs

1~Keynes believed that government could “prime the pump” so to speak, by putting money into the private sector (business).



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2~Government could get the supply and demand system going again.



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The U.S. Government followed his advice, and started a massive public works project building roads and dams.



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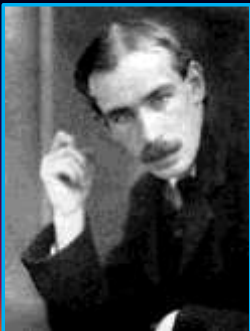
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WW2 started right after that and pulled the nation out of the depression. So his theory is not completely tried.



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He founded the  
International  
Monetary Fund (IMF)  
which loans money  
to other countries to  
help them “prime the  
pump.”



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