

I. 'Three Great Economists': Talking It Over & Thinking It Through

(Answer the following 'm/c' question and provide an explanation)

- a) In the reading, the authors note that a **Keynesian** contribution is the notion that there was *no* 'self-correcting property' in Capitalism.
- b) In the reading, the authors note that according to **Smith**, the market mechanism will direct '*selfish activities*' into '*socially useful outcomes*' as if an "Invisible Hand" was guiding the economy.
- c) In the reading, the authors note that while **Marx** was concerned about the poor and their poverty, he agreed with **Smith's** emphasis on the '*orderliness and progress*' of capitalism.
- d) *All of the above.* e) *Only b and c.* f) *Only a and b.*

II. Adam Smith:

Recall Adam Smith's emphasis on "**Capital Accumulation**" in explaining the growth of Capitalism. Using your *Supply and Demand, Production Possibilities* and *Production Function* Models, explain and illustrate graphically how an *improvement* in "*specialization*" and the "*division of labor*" can contribute to the process of economic growth and development. Think "*Pin Factory*"....

III. Bonus: Marx

The authors of the "*The Three Great Economists*" tell us that **Marx's Model of Capitalism** can be used as a *guide* to understanding the "*origins of crisis*" and the "*nature of the business cycle*". Do you agree or disagree? Explain and illustrate with Marx's schema, (***M - C...P...C*-M****).