Classical or Keynesian

[Name of the Writer]

[Name of the Institution]

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**Question 1**

Classical theory is based on the premise that how the monetarism plays an important role in the progress of the economy. The only concentration here is to make sure that how the management of the money supply is needed to be carried out. They are of the perspective that how it can be made sure that the monetarism plays an important role in terms of the stimulus is needed to be provided to the economy. Comparing that with the Keynesian perspective, it can be seen that the government needs to make use of the money and other considerations to make sure that the fiscal policy is setup in an appropriate manner. The idea is that the government must be driving the economy at any point of time. Keeping in mind the current state of the economy, the classical perspective where more hands-off style is being used is needed to be pursued to bring level of control the economy.

**Question 2**

The government has an important role in terms of how the management of the resources is supposed to be done. The idea is to make sure that the government should be taking care of the economic matters and intervening in the market correction or should they allow the market forces to dictate the term is something that has been a subject of discussion among economists for a very long time. The key fact that has to be kept in mind though whenever there is an attempt by the government to bring about the control in the market failure, more often than not that attempt has not been successful. In the well-functioning society, the government would ideally take care of the fact that how the maintenance of the contract is being done and would also make sure that the environmental and other market constraints are being looked after.

**References**

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