



# Keynesian and Monetarists view of Macroeconomy

- John Keynes, a British economist, believed that government intervention is necessary to help economy achieve its full employment level. This view was criticized by American economist Milton Friedman who being a proponent of classical economics claimed that economies achieve their production potential in **absence of**

*government intervention* and therefore  
free-markets should be promoted.

MEGALECTURE

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- Unlike Keynesian claim that avoidance of unemployment should be economies' macroeconomic priority, classical economists support the view that excessive printing of money causes **hyper-inflation** and as a result disrupts economy's functioning and therefore be avoided

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Keynesian economics support increased government spending during times of low economic activity to generate increased number of jobs. This strategy did

not prove to be very beneficial during latest financial crisis of 2008 that resulted in **huge national debts** for economies that tried generating increased economic activity through higher government expenditure.