

## The Keynesians versus the Monetarists

Keynesians and monetarists have debated for years on how best to affect real output (real GDP) and lessen the severity of business cycles. After reading about the Keynesians and monetarists in your textbook, test your knowledge by writing well-organized paragraphs answering the following questions.

1. What would a Keynesian propose to improve economic conditions in the face of a recession? What would be the reasoning behind the proposals?
2. What effects would the Keynesian policy described above have on the following economic areas?
  - a. Employment
  - b. Inflation
  - c. Real GDP
  - d. Budget deficit
  - e. Interest rates
  - f. Revenue from taxes
  - g. National debt
3. What would a monetarist propose to improve economic conditions in the face of a recession? What would be the reasoning behind the proposals?
4. What effects would the Monetarist policy described above have on the following economic areas?
  - a. Employment
  - b. Inflation
  - c. Real GDP
  - d. Budget deficit
  - e. Interest rates
  - f. Revenue from taxes
  - g. National debt
5. Compare and contrast both economic philosophies in their effects on the various economic areas above listed. Is one more effective in the long-run or the short-run than the other? Explain.