

Part 1
Economics Versus Economics.
What is Economics?

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Part 1

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Economics Versus Economics. What is Economics?

***Economy - Economize/se - Economist - Economics -
Economically - Economical - Economic***

The word economics *derives from the Greek word 'oikonomikos', which means being competent in the management of the household. Despite the fact that the word is very old, the discipline of economics as it is understood today is a rather recent development. Modern economic thought appeared in the 17th and 18th centuries when the world began changing from an agricultural to an industrial society.*

In spite of the enormous differences between the past and now, the economic problems with which society is burdened remain the same:

- Deciding on what to produce with restricted resources
- Ensuring stable prices and full use of our resources
- Guaranteeing a rise in the standard of living for both ourselves and for future generations

The Organisation of Economic Co-Operation and Development (OECD) is a forum for the governments of 37 developed countries to discuss economic and social policies. The OECD is a 'think-tank' for researching and considering the impact of new ideas.



**Organisation of Economic
Co-Operation and Development**

Source: iexpats.com.

Economic Cartoon. Famous names in history and their economic theories.



Source: 306films.wixsite.com.

Economical

- He enjoys a simple, *economical* and friendly way to travel.
- Although this car is reliable and *economical*, it has one drawback.
- They offer very *economical* parking rates in town.
- This laptop is *economical* to use; the battery lasts for up to three hours.
- To make the most *economical* use of your car, you should...

Economic

- The Prime Minister said that *economic* recovery will take some time.
- They have placed *economic* sanctions on their neighbours.
- The country is facing political and *economic* pressure.
- The government's *economic* policy is...
- Rich countries will have to give *economic* aid to the earthquake stricken region.
- Our goal is to achieve *economic* growth within the next ten years.
- Women of the past had no *economic* freedom so they stayed in a bad marriage.
- He said that the country is going through an *economic* recovery.

A History of Economics

Although reading is thought of as a passive skill, it cannot be so because of what goes on in a person's mind as he reads. In trying to reach the top of a mountain (the meaning) a great deal of thought processing occurs. As one reads he does stop to think and ask questions (where, why, what, etc...). This, of course, is done so as to facilitate comprehension and get him closer to the meaning. Another feature of this thinking process is his making predictions and logical guesses based on what he has read and what he will read.

Read the short passages quickly at first; then read them again looking at and answering the questions below.

1. What does 'its' refer to in the phrase 'its proponents supported...'?
2. If you know the word *supported* (*support*) then you can guess the meaning of the words "*proponents*" and '*advocated*'. Notice that the word '*proponents*' is a noun and '*advocated*' is a verb, also notice the *and* between the two verbs '*supported*' and '*advocated*'. ▶

The Mercantilist School (17th and 18th centuries)

The Mercantilist School believed that exports bring wealth to the nation. *Its proponents supported and advocated* devices by which the government could protect the *balance of trade*. Adam Smith *mocked them* by saying that they mistook gold for wealth, but they were not really so foolish. Before a system of international finance was highly developed, a country which had a deficit on its balance of foreign payments —paying more abroad than it received— had to cover the difference in cash and the main element in the balance of payments was the value of goods exported and imported. The Mercantilists were concerned with the problem of effective demand. They realized that a deficit in the balance is, in general, bad for production. The deficit is an influence depressing *effective demand*. Imports represent supply without de-

- ▶
3. Adam Smith '*mocked them*' (whom?) by saying... foolish. What did Adam Smith consider them to be?
4. In the second paragraph the phrase '*deficit on the balance of..*' is explained. How is it explained?
5. What can the phrase '*effective demand*' mean? Use the context to come up with an answer.
6. What is meant by the phrase '*flow of commodities*'?
7. What can the word '*peasants*' mean? Were they an important class at the time? Why/Why not?

mand. Exports, on the other hand, represent demand without supply to offset it.

Picture 1.1. François Quesnay (1694-1774) was the leading figure of the Physiocrats.



Source: Wikimedia Commons.

The Physiocrats were the first to present the mechanism of an economy in terms of its system of social classes. In 18th century France, the rent of land, along with taxes levied from the cultivators was the source of funds to support the court, the army and all arts of civilization. Rent was simply taken from the peasants as a share of the crop. The peasants had to provide their own subsistence and the necessary investment in seed and so forth, out of the rest. The Physiocrats based their doctrines on this picture; in their view the land, which yields rent, is the only source of net output.

Francois Quesnay (1694-1774), a physician at the court of Louis XIV, is sometimes acclaimed as the first modern economist who set out his analysis of the economic system in terms of an abstract scheme illustrating the flows of commodities in the process of production and consumption. This table, which Quesnay based on the circulation of blood, somewhat resembles an input/output table such as is nowadays used to show the structure of industrial production. There are three social classes: landlords, peasants and artisans.

Activity 1: *Word study: Supply the word that goes in the blanks:*

a) *deficits*, (b) *subsistence*, (c) *supply*, (d) *demand*, (e) *levy*, (f) *funds*,

(g) net, (h) yield, (i) commodities, (j) consumption

1. My earnings were considerably lower after taxes and insurance deductions were made.
2. The of fossil fuels in this country reached its highest level ever.
3. We have a plentiful of food and drink. We will not need any for quite a while.
4. You've got to go out and create a new market for the you are bringing out.
5. I'm a bit short of at the moment, can you lend me \$200 till the end of the month; here is my I.O.U.
6. for that particular model is not as high as it was last year.
7. The government will new taxes in its attempt to raise 30 billion Euros.
8. Accountants traditionally use red ink to record and losses.
9. They are living at a level; they barely have enough food and money on which to survive.
10. He bought shares that will probably a ten per cent profit.

Picture 1.2. Seaport at sunrise, a French seaport painted by Claude Lorrain in 1639, at the height of Mercantilism.



Source: [wikimedia.org/wikipedia/commons](https://commons.wikimedia.org/wiki/File:Seaport_at_sunrise.jpg) (Public_domain).

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'Before a system of international *finance* was highly developed..'

In the sentence above *finance* means nothing more than money/ control of money. Who is in control of all this money? Of course the company's *financial manager*.

Picture 1.3. A financial manager at work.



Source: [wikimedia.org/wikipedia/commons](https://commons.wikimedia.org/) (Public domain).

Activity 2: Read the following about a financial manager and supply the missing words; choose from the list that follows:

A financial manager or (1) is responsible for providing financial (2) and support to clients and colleagues to enable them to make sound business (3) This work takes place in both the private and (4) sector. The settings where a financial manager will work vary greatly and they include huge (5) concerns, financial (6), NHS trusts, small manufacturing (7) and universities.

Financial (8) is the cause of all major business decisions.

Flawless planning of the (9) is essential to be able to plan for the future, both short and (10) term; companies need to know the financial (11) of any decision before proceeding. The roles of financial managers may vary slightly, depending on the size of the (12) : in larger companies, the role is more concerned with strategic analysis; in smaller (13), a financial manager may be responsible for the collection and preparation of (14) as well as the (15) of them.

- | | |
|-------------------|------------------|
| a. interpretation | i. public |
| b. accounts | j. institutions |
| c. budget | k. consideration |
| d. analyst | l. concerns |
| e. multinational | m. firms |
| f. advice | n. organization |
| g. decisions | o. consequences |
| h. long | |

The gerund

The gerund is formed by adding -ing at the end of a verb, just like the present participle.

e.g. *run - running, leave - leaving, speak - speaking*

Form

Present Active:	taking
Present Passive:	being accused
Perfect or Past Active:	having taken
Perfect or Past Passive:	having been accused

Uses

1. It is used as a subject or object of a sentence.

e.g. *Playing tennis is my favourite sport* (subject: always at the beginning)

I find parking very difficult (object: after the main verb)

2. After prepositions.

e.g. *After leaving school he found a job.*

She insisted on coming.

They were accused of stealing.

I am fond of climbing mountains.

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*He is good at writing letters.
I'm sorry for keeping you waiting.
She is interested in reading.*

Also after phrasal verbs (= verb + preposition or adverb).

e.g. *be for/against* *keep on*
care for *look forward to*
give up
put off

Picture 1.4. Main characteristics of a senior financial manager: Accomplishments, Experience, Education, Skills.



SENIOR FINANCIAL MANAGER

Summary

Financial manager in highly competitive industry focused on developing long-term plans, short-term initiatives, and acquisitions that improve the bottom line while controlling expenses. Balance enterprise financial data to create spending and investment analytics that help guide the foundation for long-term growth.

Highlights

- Team Management
- Financial Analysis
- Profit & Loss Analysis
- Strategic Planning
- Financial Modelling
- Business Valuation
- Process Implementation

Accomplishments

Developed a process for assessing customer profitability for a \$14B revenue stream.
?

Experience

Senior Financial Manager
November 2004 to Current
Verizon - Alpharetta, Georgia

- Oversees requested program deliverables to ensure company achieves the expected return on investment and business benefits.
- Partners with the business points of contact in Engineering, Planning, Pricing & Program Management organizations to align the work effort with the business benefit.
- Reviews the financials for the organization and provides executive level reporting.
- Provides additional financial expertise associated with timely and accurate reports and analysis to various levels of executive management.
- Responsible for the preparation of monthly financial deliverables.
- Developed a proprietary model to evaluate the underlying architecture expenditure of the Verizon Business network and redirect the pricing initiatives.
- Helped create and socialize a process for evaluating large enterprise contracts used to deliver a monthly comparison against original signed proposals providing management the ability to manage/minimize variances.

Education

Business Administration Finance
Webster University - London, England
Business Administration Finance Thesis: "The Effect that Monetary and Fiscal Policies have on the Equities Market"

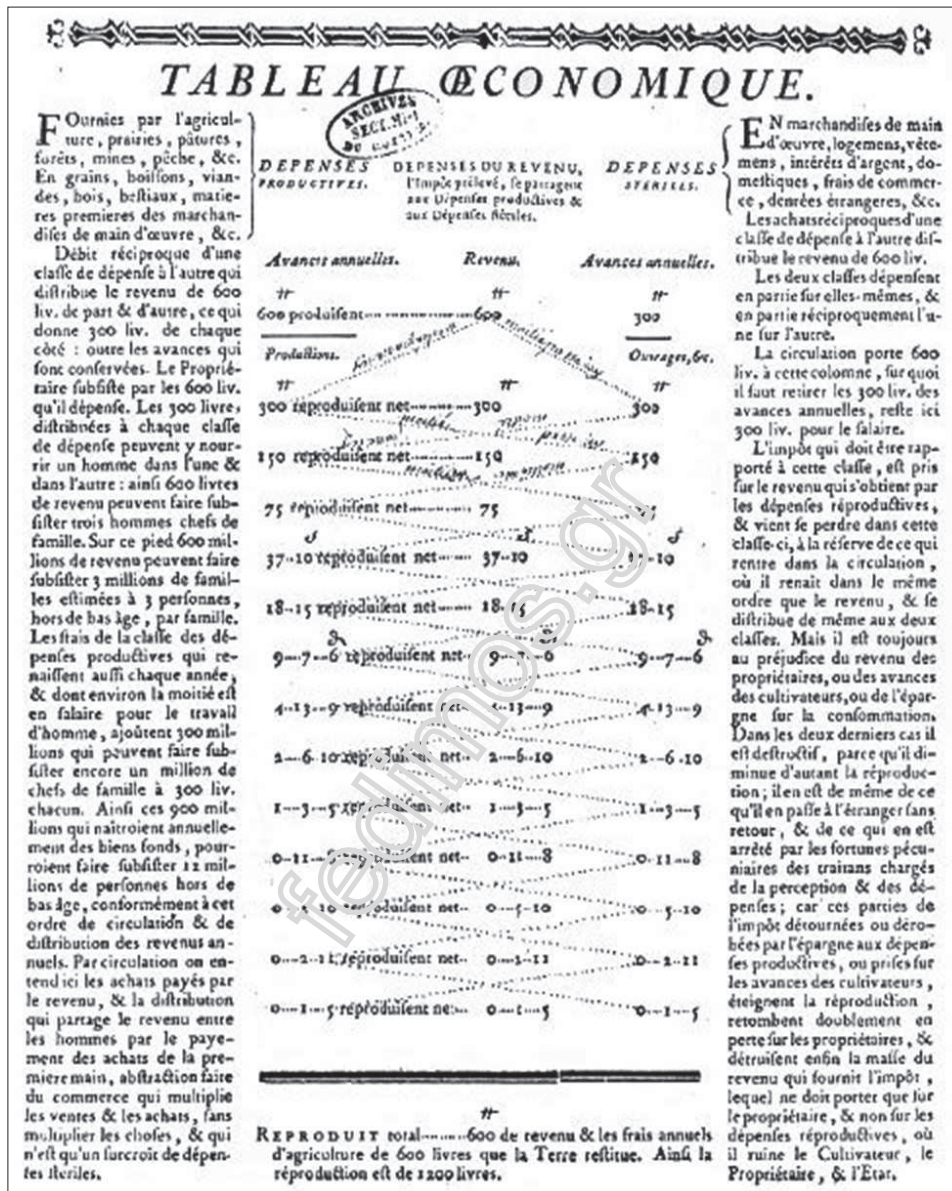
Bachelor of Arts : Economics
Lynchburg College - Virginia
Economics

Skills

Financial analysis, forecasting, leadership, Microsoft Office, Oracle, SAP, presentations, pricing, assessing customer valuation

Source: blog.hubspot.com

Picture 1.5. Various editions of the Tableau Économique. Quesnay (2nd. Ed., 1759).



Source: www.hetwebsite.net.

Note: When *to* is used as a preposition it is followed by a gerund, e.g. *look forward to, take to, be used to, be accustomed to, get used to, but used to + infinitive*
 e.g. *I am used to waiting* (a present habit)
I used to sing as a child (a past habit, not any more)

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3. After certain verbs.

e.g. *I enjoy meeting people.*

She avoids talking to him.

Some of these verbs which are followed by a gerund are:

admit	imagine
appreciate	keep
avoid	mind
consider	miss
deny	postpone
detest	propose
dislike	remember
enjoy	resent
escape	resist
excuse	risk
fancy (= imagine)	stop
finish	suggest
forgive	

4. After some idiomatic expressions.

e.g. *It's no use talking.*

I think it's worth buying.

5. We often use a phrase beginning with an -ing form instead of a clause. When the action of the phrase happened before the main action, we usually put the phrase in front of the subject of the sentence.

e.g. *Putting on his hat, he left the house.*

When we want to say that the two actions were happening at the same time, we usually put the phrase after the verb.

e.g. *They were sitting drinking coffee.*

The infinitive

Form:

Simple Present Active	to go
Present Progressive or Continuous	to be going
Perfect or Past Active	to have gone
Perfect or Past Progressive Active	to have been going
Simple Present Passive	to be promoted
Perfect or Past Passive	to have been promoted

Uses

1. After certain verbs.

e.g. *I can't afford to pay all my bills.*
I hope to see you soon.

Such verbs followed by an infinitive are: agree, appear, seem, attempt, choose, dare, decide, expect, help, learn, manage, need, offer, promise, refuse.

2. After certain verbs followed by an object.

e.g. *He advised me to study hard.*
She invited me to have lunch with her.

Some of the verbs that are followed by an object and an infinitive are: allow, force, persuade, teach, encourage, order, remind, tell, warn.

3. After certain verbs which sometimes take an object and sometimes don't.

e.g. *I want to find out the truth.*
I want you to find out the truth.
She'd like to help me.
She'd like him to help me.

4. After certain adjectives.

e.g. *It's difficult to explain.*
It's possible to do it.

5. After the verbs of perception, hear, see, watch and also help, make and let (infinitive without to).

e.g. *He made them finish the Activity.*
He didn't let them go out.
They heard him come.

but Passive

I was made to do the Activity.
He was heard to come.

exception let: *The grass was let grow.*

6. To express purpose.

e.g. *I came here to learn English.*
She needs money to buy things.

7. After certain verbs followed by question words, e.g. what, where, who, how, when, etc.

e.g. *I don't know what to do.*
I'm not sure how to break the news to him.
Please tell me where to put it.

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8. We can use the infinitive as the object of some verbs.

e.g. *Margaret began to sing a song.*

We also use the infinitive as the subject of a sentence, but if we do this, we generally do not put the infinitive in front of the verb. We begin the sentence with it, and put the infinitive later in the sentence.

e.g. *It is useful to know how to mend a puncture.*

9. As the gerund is a form of noun, it can follow a possessive adjective.

*I don't mind **their** borrowing it.*

*I dislike **his** answering so rudely.*

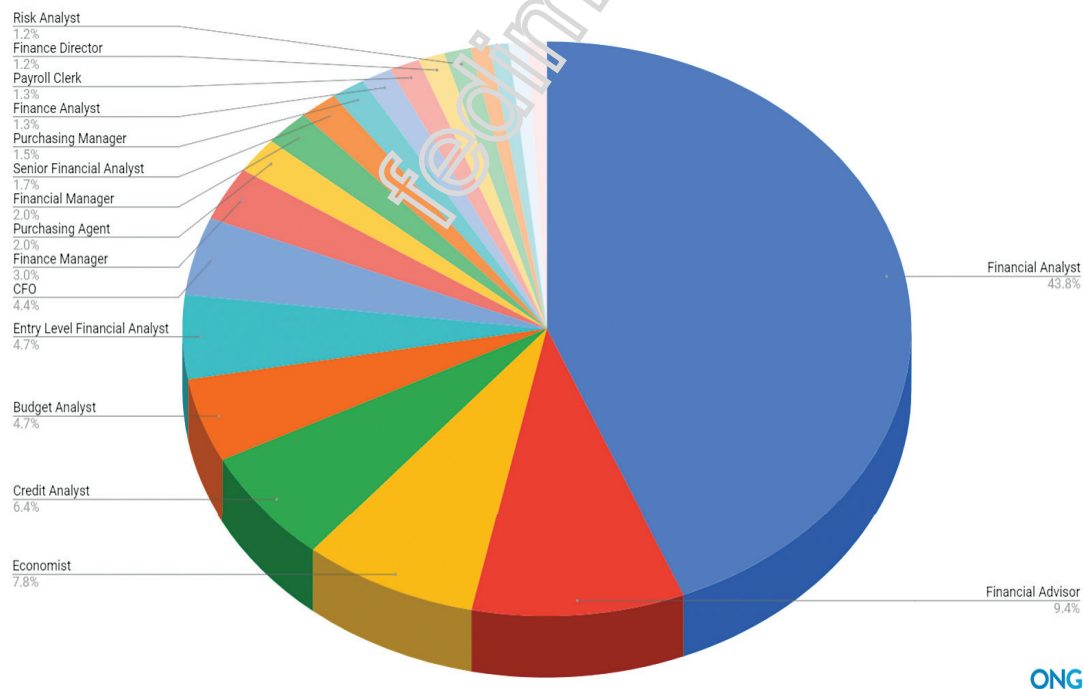
*Do you remember **their** asking about this?*

But in conversation the object form of the pronoun is often used instead of a possessive adjective.

*I don't like **him** answering so rudely.*

*I remember **them** asking about this.*

Picture 1.6. Top Finance Job Titles (Candidates). Below is a pie chart of the top 20 finance titles candidates search for via Google.



Source: ahrefs and Google Keyword Planner.

Gerund or Infinitive?

1. Continue, start, begin, cease: Either the gerund or the infinitive can be used.

e.g. *It started to snow.*
It started snowing.
I began working.
I began to work.

The infinitive is more common.

2. Love, like, prefer, hate: When the gerund is used the statement is more general.

e.g. *I love swimming.*
She hates going to parties.
I don't like driving in the dark.

When the infinitive is used the statement is more specific.

e.g. *I like reading books, but I don't like to read a book now.*
I hate to tell you, but I don't love you any more.

3. Remember, forget, stop, try: Remember, forget + gerund = the action expressed is the earlier action.

e.g. *I remember reading about it in the papers,* (the gerund 'reading' is the first action, 'remember' is the second action)
I remember being very unhappy as a teenager, (the gerund action, 'remember' = second action)
I can't forget being very unhappy as a child, (the gerund 'being' is the earlier action, 'forget' is the second action)

Remember, forget + infinitive = the action of the infinitive happens after remember, forget.

e.g. *Remember to put some petrol in the car.* (first action = remember, second action = to put)
Don't forget to post this letter. (first action = forget, second action = to post)

Stop + gerund = cease a previous activity

e.g. *I stopped smoking years ago.*
Stop talking, please.

Stop + infinitive = purpose, it tells us why

e.g. *He stopped to ask the way.*
I stopped to pick up a hitchhiker.

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Try + gerund = make an experiment, the method you achieve a goal

e.g. *Try smoking less every day.*
Try phoning Helen.

Try + infinitive = attempt —what you want to do— your goal

e.g. *We tried to put out the fire but it was impossible.*

Activity 3: *Use a gerund or an infinitive in the following sentences, indicating where both forms are possible:*

1. Boys enjoy football.
2. The snow started
3. A dog likes rabbits.
4. Haven't you finished your dinner yet?
5. Some doctors disapprove of as they believe it is bad for the lungs.
6. I stopped a sixpence lying in the gutter.
7. Most people dislike up on cold mornings.
8. Before to England, he was studying in Heidelberg.
9. Did you forget (telephone) him?
10. No, I clearly remember (do) it.

Picture 1.7. Boys enjoy football



Source: Quang Nguyen Vinh, Pexels.

Activity 4: Use either the infinitive (with or without 'to') or the gerund or both. Note the perfect forms in some cases. The actual verbs are given in brackets:

1. We let him (go).
2. I am tired of letters. (dictate)
3. I can't help I had more time. (wish)
4. Gregory enjoys (cook).
5. I completely forgot the letter. (answer)
6. I must remember him at the station this evening. (meet)
7. Alistair remembers her for the first time ten years ago.
(meet)
8. It started hard, so it wasn't worth for a picnic.
(1. rain, 2. go)
9. I hope a holiday soon, but I must first finish
my book. (1. have, 2. write)
10. Angela stopped a year ago. (smoke)
11. Would you mind the window? (shut)
12. Anastasia has finished a pullover for her husband. (knit)
13. Barbara hurt her right hand, so she tried with her left.
(write)
14. Alexandra gave up a car after the accident. (drive)
15. When did you begin English? (learn)