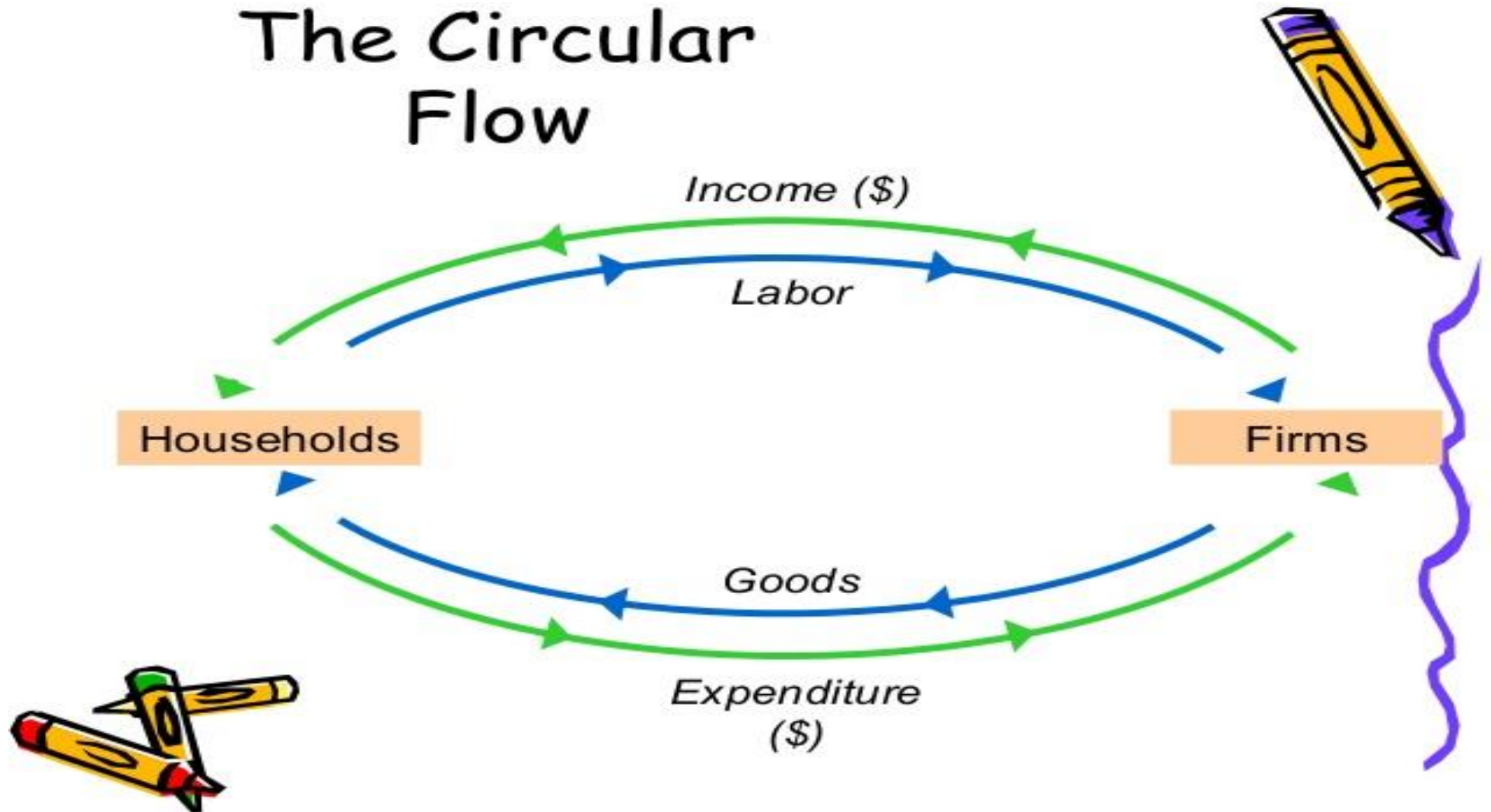


- What is a circular flow diagram and what do they show?

- Circular flow diagram- an economic model that pictures income as flowing continuously between business and consumers. AKA the flow of money.



Why are their different ideas on Economics?

- Conservative vs liberal. Republican vs. Democrat. Free Market vs Command.
- The problem is people have different ideas on what is best for the economy.
- Origins of different ideas. Adam Smith. John Maynard Keynes.

Historic economists

- Adam Smith: Scottish philosopher and economist
 - Father of free market economics
 - Used the term Laissez Faire- Hands off.
 - Wrote Wealth of Nations
 - Created the idea of the Invisible Hand



Historic economists

- John Maynard Keynes- British Economist
- Father (one of anyway) of Command based system.
- Influenced by Karl Marx.
- Favored government intervention in the economy to stabilize prices in economic “down times”

