

IV Standard Economic Theory

A. The Importance of Theory

1. Theory answers questions: What are the questions.

- a) coherence of decentralized systems.
- b) welfare, differential
- c) instability of our type of economy.

2. The main proposition of the Keynesian "Marshallian" or "Walrasian" price theory is that decentralized markets yield a coherent result.

- a) how is this shown
- b) limited derivation of the proof.
- c) why the proposition may not apply for an economy that is cobwebbed

d) the "policy" significance of the proposition: that the small thing is i.e. the imposition of outputs can be left to markets (see if you can get the quote from Keynes on this)

a) implication: private control & therefore "ownership" of means of production

b) implies proposition to use the same income for other than labor

c. Thus the findings of basic theory therefore lead to a presumption in favor of private decisions even into the creation of some type of capital assets; basic theory points toward some form of capitalism - although it is not inconsistent with the decisions of Lenin + Leanes -

3. The Keynesian Revolution and its attendant in the summary of The Patriotic Revolution.