Dear Students,

Well done for the hard work in looking at two key Economists that you will encounter in the GCE Economics course. Aaron Mistry has kindly allowed his work to be used as an example of a good response to this task (see next 2 pages).

If you have enjoyed this and would like to read up on a couple of other influential Economists that we will study on the course I would recommend the following:

1. Karl Marx
2. Friedrich Hayek

Have a lovely Summer and see you all in September.

Mr Hallett

Head of Economics
Adam Smith (1723 – 1790)

Early Life:
Adam Smith was a Scottish Political Economist and philosopher. He was the son by second marriage of his dad, also named Adam Smith. His father was a comptroller of customs in a small town called Kirkcaldy near Edinburgh, also the place where Adam was born and grew up. At the time it had a small population of around 1,500 residents but nevertheless it was a thriving fishing village. Adam’s mother was called Margaret Douglas; she was the daughter of a substantial landlord. The exact date of Adam’s birth is unknown. However, he was baptized in Kirkcaldy on 5th June 1723, with his father sadly passing away roughly six months prior to the baptism.

Adam’s Study Life:
In Kirkcaldy, Adam attended Burgh School where he studied Latin, Maths, History and Writing. He then went on to Glasgow University at the age of 14 studying Moral Philosophy. He was deeply influenced by the professor, Francis Hutcheson, of his philosophical and ethical views. Adam graduated in 1740 and won the Snell Exhibition Scholarship and travelled on horseback to Oxford to continue his studying at Balliol College. Despite getting into the prestigious college, William Robert Scott once said “the Oxford of his time gave little if any help towards what would be his lifework.” Adam decided to renounce his exhibition in 1746.

What did Adam publish?
Smith published the book Wealth of Nations in 1776, with it being one of the most influential books even written to date. It describes detailed explanations on the relationship between work and the production of a nation’s wealth. His conclusion from his explanations and theories was that the best economic situation of a nation results from encouraging free enterprise. This is a system in which there is open competition in business and trade without any government control. This theory from Smith has had great influence on other economic theories ever since and has also formed the basis of the economic policies of the Conservative government in the mid 1980’s.

How did Adam think economies should be run?
Smith strongly believed that economic growth and development was best achieved in an environment of free competition between businesses. He felt that economies should be run with the universal “natural laws.” At the time Smith’s published book was the most systematic and detailed study of economics. Because of this his wise economical thinking became the basis for many economical theories and systems which were made years after his death. He also believed that more wealth to common people would benefit a nation’s economy and society as a whole.
John Marnard Keynes (1883 – 1946)

Early Life:

John Maynard Keynes was born on 5th June 1883 in Cambridge into a very academic family. His father was an economist and philosopher. His mother went on to become the town’s first female mayor.

What did John publish?

Keynes published ‘The Economic Consequences of the Peace.’ This best-selling book was what made John world famous. In this book he explained his perception by much of the British public that Germany had been treated unfairly which was, in turn, a vital factor in the later and huge public support for the rise of Hitler. He also predicted that the harsh terms imposed on Germany would lead to the financial collapse of the country. This would then have counter effects and would later have serious economic and political repercussions on Europe and the rest of the world.

School Life:

He excelled well at Eton school and he later went on to study at Cambridge University, where he studied Mathematics. After he graduated, Keynes went to work in the India Office and on a dissertation both at the same time. This helped him to earn a fellowship at King’s College. In 1908 he quit the civil service and returned to Cambridge. Following the outbreak of WW1, he decided to join the treasury.

How did John think economies should be run?

Keynes strongly felt that governments should increase their spending and lower their taxes in order to stimulate demand in the outcome of recession. He also addresses the idea that it is actually demand that drives production and not supply. During Keynes lifetime, many people disagreed with his point of view so his theories and predictions were only appreciated until the political and economic crises occurred. John unfortunately passed on 21st April 1946, almost one year after the ending of the second world war. It wasn’t until this time Keynes’ predictions were recognised and fully appreciated by the public.