

## Keynes's Law

Demand creates its own supply i.e. changes in demand cause changes in production and employment

Governments can create economic demand through lower taxation rates and increased government spending (i.e. fiscal policy)

• Created through the prism of the Great Depression

Provides short-term solutions?

## Say's Law of Markets

Production is the source of demand

i.e.

an endeavor that produces more than it consumes creates a surplus (sic wealth) which provides the capacity for the demand for other products

Say's Law suggests that the key to economic growth is increased production

Provides long-term solutions?