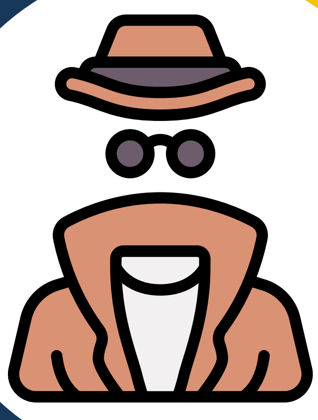
ECOHOLICS

Classical Theory of Economic Development

Includes following:



LAISSEZ FAIRE POLICY

- Believe in existence of free market perfectly competitive economy.
- Invisible hand that maximizes national income.

CAPITAL ACCUMULATION

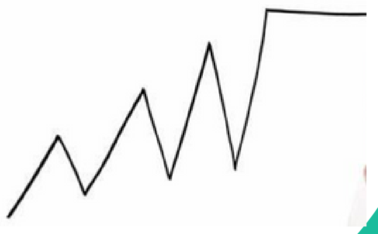
- Key to economic progress.
- Emphasis on larger saving.
- Only Capitalists and landlords are capable of saving
- Working class incapable- wages =subsistence level.

PROFITS

- Profits induce investment
- Large Profit- Greater capital accumulation and investment.

TENDENCY OF PROFIT TO DECLINE

- Not continuous
- Declines when competition increases for larger capital accumulation among capitalists.



STATIONARY STATE

- End of process of capital accumulation.
- Profits starts declining reaches zero. Population & capital accumulation stop increasing & Wage rate reaches to subsistence level.
- Scarcity of natural resources that finally stops growth.

Basics clear?
We will be learning all the theories one by one!

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