

(and prevent businesses from shutting down, high levels of unemployment, etc.)	Overspending by the government could lead to higher levels of inflation.
Believed that humans often make irrational decisions depending on the state of the economy, which creates a psychological response in them.	Believes that humans make rational decisions and that there are rarely big swings in consumer confidence.
Believed that fiscal policy (the deliberate manipulation of govt. spending and taxation) is a vital way of preventing Aggregate Demand from collapsing during a recession.	Believes that governments should have no discretionary or determining role in altering the state of Aggregate Demand. Only the money supply should be managed through monetary policy.
Government borrowing is necessary to help increase Aggregate Demand. A budget deficit can have positive impacts if it is invested in infrastructure (e.g. increased investment in healthcare can boost productivity and employment).	We should aim to reduce government borrowing and balance the budget because there is no benefit from higher government spending. Lower taxes will increase economic efficiency.

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