

A. ASSIGNMENT RECAP

- Write a **350-word personal reflection** focusing on one key concept or idea from their assigned school of economic thought.
- Explain why they found it important or novel and how it has impacted their perspectives.
- The journal will be assessed on **depth of reflection, use of evidence, analytical insight, and writing style.**

Suggested Structure:

1. **Introduction (Suggested 50 words)**
2. **World View (Suggested 80 words)**
3. **Assumptions (Suggested 80 words)**
4. **Examples of Applications (Suggested 80 words)**
5. **Reflective (Suggested 80 words)**

B. KEYWORD EXPLANATION

1. Classical Economics

- An 18th-19th century school founded by Adam Smith focused on how markets and capitalism operate through concepts like the invisible hand, emphasizing free markets and minimal government intervention.
- **Key concept - Invisible hand**
- The invisible hand refers to the automated nature of markets, where the decisions of self-interested individuals inadvertently promote the social good. Markets maximize efficiency when left alone.

2. Neoclassical Economics

- A 19th-20th century school based on marginal utility theory, rational choice theory and equilibrium analysis which formalized economics as a deductive mathematical science grounded in optimization.
- **Key concept - Rational choice theory**
- Assumes individuals act rationally to maximize utility/profits. People weigh costs and benefits rationally when making economic decisions. Provides a foundation for modeling behavior.

3. Marxian Economics

- A radical critique of capitalism pioneered by Karl Marx, analyzing class conflict, labor exploitation, historical materialism, crisis tendencies in capitalism, and advocating revolutionary socialism.
- **Key concept - Class conflict**
- Marx saw economic history as driven by conflict between social classes. He critiqued capitalism concentrating power and wealth, exploiting workers. Class dynamics shape society.

4. Austrian Economics

- The estimated parameter values from a regression model quantify the effect of each independent variable on the dependent variable.
- **Key concept - Opportunity cost**
- Every decision has an opportunity cost - the value of the next best-foregone alternative. Opportunity cost theory studies decision-making and advocates people thinking at the margin.