

## **Project title: The role of the state in Keynes's economic theory (KT.08.03)**

**Code:** KT.08.03

**Duration:** 2008 - 2009

**Implementing institution:** Faculty of Political Economics - University of Economics and Business, VNU Hanoi

**Manager:** Dr. Dinh Van Thong

### **Purposes:**

Solving the problems from a scientific view: The project attempts to present systematically the role of the state in Keynes's theory.

Meeting the demand of practical context: firstly, the project assists the lectures on History of economic theories in universities; secondly, the project can be used as reference for the state's role in adjusting the market economy in Vietnam.

### **Main contents:**

#### **Chapter 1: Some different viewpoints on the role of the state during the history of economic ideology before Keynes.**

In this chapter, it is generally presented the appearance and development of the idea about the state's role towards economic development throughout different periods of time from ancient, medieval ages to the time of classical economic theories; meanwhile, pointed out the difference of Keynes's opinion about the state's role towards the market economy in Capitalism.

#### **Chapter 2: Keynes's theory about the role of state in adjusting the economy.**

The project concentrates on presenting in a systematic way the fundamental content of Keynes's theory and the idea of the state's role in adjusting the economy against crisis and unemployment.

+ Firstly, the project summarizes Keynes's general theory.

- + The project presents the main definitions and categories in Keynes's theory such as Income, Saving, Investment, Marginal Propensity to Consume (MPC), Investment and the Multiplier principle, Marginal Efficiency of Capital, Interest.
- + The project also introduces the main economic policies and economic tools that are utilized by the state to adjust the economy: policies to encourage investment, tools and policies towards finance, credit and money.

### **Chapter 3: Possibility and limitation of Keynes's theory about the role of the state in adjusting the economy.**

This chapter concentrates on these following issues:

- + Achievement of Keynes's theory in confirming the role of the state against crisis and unemployment.
- + Limitation of Keynes's theory.
- + The possibility of applying Keynes's theory in Vietnam's practical context: the Socialist's Government can apply to a certain extent the economic policies and economic tools proposed by Keynes to target the objective of developing the economy.

#### **Results obtained:**

The project systemizes the idea about the state's role in the history of economic ideology, especially in Keynes's theory to assist the learning and study of History of economic theories.

The project presents systematically the economic policies and economic tools in Keynes's theory, which can be used as reference for state's adjustment of the market economy.