

you see that the gradual decrease is from 10 to 9 to 7, and then something happens over here, but we won't go into that. because there are many pitfalls here. But, for practical purposes we'll continue with our present line of thinking.

Now, our economics studies, then, at the college will concern themselves with macro economics mostly, and for this reason I devoted most of the time to some of the concepts which are fundamental to understanding the neoclassical synthesis. It was John Maynard Caine who gave capitalism a bold and a vigorous theoretical foundation on which many of our present economic policies rest. And the opinion is widespread that Caine has explained what has determined the volume of employment at any given time, and that governments have it in their power to maintain stable and high levels of national income and employment within the framework of our traditional economic environment. And I think that's the important thing; our traditional economic environment.

I'm not finished, but I think we should have a ten-minute break now.

Let me explain one more aspect before I open this session to questions. That is, that the institutional assumptions dominate this neoclassical thinking. The important thing is that consumer expenditures are limited to national income, and it's unlikely to expand unless income expands.

The second observation is that investment opportunities are limited in a mature economy such as our own. Private investment, therefore, may continue year in and year out at the level that falls below a level that is necessary to maintain full employment. And the essential thesis, then, of the system, is that aggregate effective demand - that is, the total amount of money spent on all types of goods and services, determines the level of economic activity.

The observation that I would like to make, and that can easily be substantiated by looking at what has been happening within the last 30 years, is a gradual