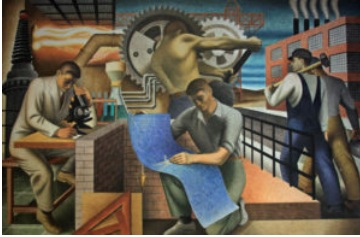


14.8: Introduction to New Classical Economics

What you'll learn to do: describe the basic tenets of new classical economics



Many contemporary macroeconomic models use rational expectations and Ricardian Equivalence theories in their predictions of future economic trends.

New Classical Economics is a neoclassical perspective that makes a stronger case for the ineffectiveness of fiscal & monetary policy to stabilize the economy. This case is based on two beliefs that are unique to New Classical Economics: the theories of rational expectations and Ricardian Equivalence.

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