**A. MACROECONOMICS: INVISIBLE HAND TO INTERVENTION**

Focus on Western Europe (WE) and North America economic development

1. 18th Century: Laissez-faire and Mercantilism

∙ Macro = ∑ micro markets

∙ Focus was on local markets in short run

∙ Efficiency: Household, firm, maximization

∙ Mercantilism dominant economic model motivating empire-building through exports > imports to colonies; acquisition of precious metals

2. 19th Century: Industrial Revolution

∙ Capital (technology) added value to output supplanting labor

∙ Marxism critique of capitalism: workers loose power relative to employers–capitalists

∙ Colonial oppression as an extension of Mercantilism and gold standard

∙ Business, financial cycles: wage fluctuations; interest rates attract financial, real capital

∙ Public and private transportation, communication infrastructure financed by debt

∙ Corporate (trusts) structure: limited liability of owners/managers through debt and equity

3. 20th Century: Mixed Economy Develops

∙ Gov’t countervailing power to ‘Big Business’; use of tariffs to regulate trade

∙ Technological growth accelerates productivity, in developed, but not developing countries private sector (AT&T, IBM, Exxon, GM, GE) and public sector (NASA, DofD, funding of basic research)

∙ Liberalism: Labor, progressive movements in US; socialism in WE; EU/EMU in WE replace Communism in Soviet Union

∙ Nationalism leads to growth of military power (WWI, WWII, cold war, regional wars)

∙ Keynesian intervention through fiscal policy (gov’t spending and revenue) seek to reduce recessions

∙ Central banks develop monetary policy tools to manage interest rates, money supply to address inflations

∙ De-regulation, globalization, reduction in trade barriers (GATT, WTO, EU, regional pacts) increases mobility of financial capital and destabilization of floating currencies

4. 21st Century

∙ Continued technological (productivity) change in private sector (Microsoft, Apple, HP, Facebook, Alphabet-Google)

∙ Emergence of service sector replacing manufacturing as source of employment, income

∙ Increased role for gov’t severing link between benefits and costs (tax revenue)

∙ Ideology becomes basis for policy rather than response to economic characteristics

∙ Bubbles spread quickly and creative policies take time to ameliorate