

# Classical view versus Keynesian view 1

The classical view had been prevailing until the Great Depression, whereas the Keynesian view has emerged during the Great Depression.

Classical view	Keynesian view
Markets are <b>perfectly competitive</b> .	Markets are <b>not</b> perfectly competitive.
Prices and wages are <b>flexible</b> .	Prices and wages are <b>inflexible</b> (sticky).
There is <b>full employment</b> , i.e. no cyclical unemployment.	There is <b>cyclical unemployment</b> .
There is <b>no</b> need for <b>intervention</b> by the government.	<b>Government stabilization policies</b> are necessary.