

## Economic Theories and Models: a Contribution in Understanding Their Foundations

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### Abstract

The interest of discovering and revealing the thoughts of great scholars, condensed in theories comes at the right time in order to understand the knowledge revealed during studies of social sciences, in particular economics. The capital intention of this article is to make understand the ideas which led these authors to state them, taking into account the temporal spatial conditions of the corresponding times. Which led to the emergence of these ideologies. Which over time have been considered as framework laws of a constitution, or even more gospel words to follow and not to break.

The answer to the question posed in the background, namely Can we easily affirm that the theories and models designed by these authors are founded on the basis of facts and phenomena observed in their time? In other words: do these theories have a link with their eras? For this we adopted a comparative societal analysis which allowed us to note that most of the results or constructions of models married the living ideology at that time. That the classics, for example, could only build models with reference to the functioning of their time, or that the Keynesians could only develop theories that matched the image of the facts observed at that time.

The comprehension of this constructive process of theories and economic models will allow us, my faith, at the end of this glance, to include/understand the reasons which animated the founders of these theories to state them. Better still, we will be able to envisage future visions and ideological thoughts of future generations, in view of the evolution of human behavior observed today.

**Keywords :** Theories, Models, Economics, Classics, Neoclassics, Marxists, Keynesians

### Introduction

The currents of ideological thoughts that have dominated economic thought from the 18th century to the present day are: the Classics with their neoclassical descendants, the Keynesians with their disciples the Neokeynesians, in the middle of these two currents is the Marxist current. These currents of thought were opposed for several years. This contradiction of ideology was widely visible that one can wonder today if we lived in two different worlds. As if the period of 1778 -1850 (Classic) was the reverse of the period between the two wars (Keynesian).

In economics, a **model** is defined as a simplified representation of economic reality, or part of it. According to the National Center for Textual and Lexical Resources (CNRTL) **Theory** is the set of notions, ideas, abstract concepts applied to a particular domain. The definition of these two concepts have aroused in several authors a curiosity in order to understand how these are mounted, how they were developed and built in what context and so on. So many studies have been carried out dealing with this subject.

According to **Raymond BARRE (1986)** *French economist* , in "the economic theory" gives a source of economic theory which would arise from economic observation, he who would decry the facts, and the methods relating to the administration of resources and which manifests itself in time and in the 'space.

According to him "it is incumbent on economic theory or analysis to elaborate concepts, to seek determinants, facts and phenomena, to update the general and stable relations which are established between them, to abstract from reality a simplified explanation of how the economy works".

**François QUESNEY (1758)**, king's doctor published in 1758 an "economic table" in which he detailed his recommendations to straighten the royal finances, because the coffers were emptied visibly as France was engaged in a war which opposed it to Great Britain and France. Prussia. The physiocrats found that the British treasury benefited from lower interest rates than France because it always honored its debts. He therefore pleaded for a vast agricultural reform to encourage farmers to produce more while taking measures to liberalize trade and facilitate the circulation of wheat. These are therefore measures aimed at supporting growth. In 1775, the Caisse d'Escompte was created, the ancestor of the Banque de France, which represents a state guarantee to lenders. We had to take big liberal measures because we were at the gates of the great wave of the classical current .

Emeritus Professor **Jean Marie ALBERTINI** and Dr. **Ahmed SILEM (2001)** in their work "understanding economic theories" say that if the major currents of economic and political science accelerated the appearance of new theories at the end of the 1980s, the clash between the orthodoxies inherited from Keynes, Smith and Marx dominated economics. At the beginning of the 21st century, orthodoxies must face the onslaught of heretics. Since the end of the 20th century, the economy of the former industrial countries has not gone well. The 2008 crisis demonstrated that the unprecedented expansion of financial and speculative activities was leading to an economic impasse which should lead to a transformation of economics

**Agnès LABROUSSE et Al (2017)** in the article "What a historicized economic theory means. A look back at the methods of three generations of institutionalism" present 3 approaches three approaches stemming from historical institutionalism: the German historical school, original American institutionalism and the theory of regulation. It identifies the shared methodological principles and analyzes their application to the process of theoretical development.

Following the formula of Hédoïn (2014), historical institutionalism "theorizes history and historicizes theory". Our contribution has endeavored to highlight the fundamental methodological principles of the various approaches that constitute it:

- The principle of non-conservation of the world. To describe and explain a world in perpetual change, it is necessary to investigate it and not to postulate *a priori* its states.
- The principle of abduction. Because it makes it possible to analyze a moving reality, the ADI schema provides an alternative to the DN schema.
- The principle of relevance which takes precedence over the principle of parsimony to structure the theory. Theory necessarily reduces complexity, but this reduction is controlled by the double criterion of adequacy to the structuring features of reality and to the knowledge project of the researcher. The explanatory power of theory is fundamental for an institutionalist economy which defines itself as a science of reality within the framework of critical realism, incorporating elements of constructivism.

**Allan KIRMAN (2012)** in his article "Economic theories in the crisis" The crisis has highlighted the significant distance that exists between economic theory and the phenomena it is supposed to explain. I give some historical explanations of this discrepancy between theory and reality. Then I discuss the strength of the foundations of general equilibrium theory and financial economics and why our models do not incorporate the possibility of a crisis. I suggest some leads for an analysis that takes into account the possibility of this kind of episode, with simple examples. Once the economy is considered as a complex and evolving system, the problem of its theoretical analysis, but also of its regulation, changes in nature. Politicians have clearly indicated the need for new approaches, and economists have a responsibility to provide them

**Jean Pierre POITIER (2016)** in his article resources in economics published in the major dossiers review SES, sets out 3 approaches to the construction and development of economic theories and models

- Continuity approach : This first approach, represented for example by Georges J. Stigler and Mark Blaug , consists in highlighting a continuity, a succession of analytical progress over time. This “continuist ” approach offers a cumulative interpretation of economics, which presupposes a separation between the analytical work and the value judgments, the (pre-analytical) “visions” of the authors. The economic discourse is disconnected from the global evolution of societies. The progression of science can be envisaged in a more or less regular way according to historians, generally admitting the possibility of "delays" and incidents along the way. It leads to modern economic theory, which constitutes a kind of "promised land"
- discontinuous ” approach It refuses to envisage a cumulative progress of economic knowledge. Rather, we seek to identify the moments of rupture in the history of economic ideas, the plurality of paths explored and the possible bifurcations. Dethroned theories survive and reappear
- “relativist” or “environmentalist ” **approach** In this perspective, the authors must be situated in the economic, social, scientific and philosophical context of their time. Great innovations in economic thought come from attempts to find solutions to contemporary problems

In view of these studies, the theories and models are well-ordered constructions and related to the facts. A major question arises: Can we really affirm that the theories and models designed by these authors are based on the facts and phenomena observed in their time? Or weren't the theories stated by these authors just remedies or solutions to the problems that were undermining at that time?

To easily answer this question, we will adopt a methodology based on a comparative method, more precisely the comparative societal method of Marc Maurice (1989), of the different economic theories with their times or the sociological contexts in which they were stated. This will better show that these were only answers to the problems of that time, and that no other theory different from those stated could not work at that time. The use of this methodological procedure is justified by the fact that this method seeks more precisely to explain the logic subsequent to the facts. Phenomena do not pray independently, rather it is a logical sequence of sets of phenomena. It compares a chain of ideologies with observed facts or phenomena.

In view of the foregoing we can emmeter the hypotheses which will be to be verified in the following our work:

*Hypotheses :*

*H1: the sociological and economic contexts justify the ideology of the statement of economic theories and models.*

*H2: the theories and models are designed by authors of that time, living the realities of that time, and often in contradiction to the theories t and models of the past*

## **I) Presentation of the results**

The history of economic thought makes it possible to highlight 3 main currents, namely: **the Liberal current, the Marxist current, and the Keynesian current** . Around these three currents, gravitate theories which are fruits of their ideologies

We will briefly discuss the major currents of thought with their theories and models, while presenting the atmosphere of the political and economic social contexts in which we were there or which preceded them.

### **1) Liberal school of thought: the Classics and Neoclassics**

Before presenting the liberal current of thought, let us visualize the context of the 1880s. Period during which the liberal current reigned.

#### **a) Socio-political and socio-economic context of the years 1750-1880**

The 1880s were marked by periods of conquest, several countries wanting to show their domination, annexing other states. The state that held the most colonies was respected by others and considered powerful and strong. It is also the periods of the great revolutions. This is how we witnessed invasions, annexations and others;

- **1781-1789** , Conference period in the American Revolution.
- **1789** , Beginning of the French revolution.
- **1880 – 1885** periods of anti-British unrest in Ireland.
- **1883 – 1887** France which had already invaded, in 1858, then annexed in **1863** , Cochinchina and placed Cambodia under protectorate, and in 1863 extended its empire to Indochina.
- **1886-1889** partitions of Africa at the Berlin conference.
- Conflict between ten British and German firms in the Tana region.
- Agricultural revolution in Algeria, creation of the Vineyard.
- Strike of black workers in the sugar plantations in the United States. The USA has more than 160,000 km of railroads, produces one million tons of steel, and 30,000 tons of copper. From **1880 to 1890** the capital invested in the purchase of machinery increased by an average of 200%, from **1880 to 1888** , 400 railway companies were eliminated in favor of large national networks such as the *Pennsylvania* , *Railroad* , the *Baltimor and Oshio*

#### b) **The liberal current: classical and neoclassical current**

The liberal current is made up of two branches, one classical which appears at the end of the 18<sup>th</sup> century , the other neoclassical at the end of the 19<sup>th</sup> century The classical current of the 18<sup>th</sup> century is characterized by a radical evolution of mentalities, economic values, techniques and processes. This is what is called the first industrial revolution. Economic power lies more in the possession of production goods than in the sphere of exchanges. It was in England, the first great power at the time, with Adam Smith (1723-1790), David Ricardo (1772 - 1823); then in France with Jean Baptiste Say (1767 - 1832) that classical liberal thought was born . (See Appendix)

Despite the plurality of their work, the classical authors manage to forge an analysis based on a few major principles.

- **The homoeconomicus model** ; The individualism of agents, the affirmation of economic freedom .
- **Analysis of the production of labor:** Division of labor, theory of value, law of outlets, quantity theory of money.
- **Distribution** : Theory of rent, theory of wages, theory of interest.

The Neoclassical current is a continuation of the classical current, while the classics say that the balance occurs naturally without the intervention of external agents. The Neoclassicals, on the other hand, do not refute this hypothesis of general equilibrium, but they add that this equilibrium can occur when all the other sectors or markets are in equilibrium. Neoclassicals are more micro-analysts than macro-analysts.

Appearing in the second half of the 19<sup>th</sup> century , neoclassical thought has its origins in the work of Léon Walras, Vilfredo Pareto and Alfred Marshall. (See Appendix)

All Neoclassical thought is based on 3 essential principles dear to its authors, namely:

- Margin calculation  
Consumer's margin (marginal utility), producer's margin, (marginal revenue).
- The market model, partial equilibrium, general equilibrium .
- Normative approach  
A pure and perfect market condition under assumptions of transparency of information, atomicity of supply and demand, single price, etc.

It should be noted, however, that the liberal current has seen several schools, namely: the Chicago school and the monetarist current with Milton Friedman, the school of supply-side economics with the Laffer curve, the school of public economics with James Buchanan (Nobel Prize in 1985), the new classical school with Lucas and Wallace.

**Comment** ; we can easily understand that the classical and neoclassical vision was accompanied by the spirit of profit-seeking capitalism, of individual gain. All their penneae and their analyzes were based on individual interest, including profit and the accumulation of personal gains, in the image of the socio-political and economic context of the 17 and 18 centuries. Hypothesis H1 verified, *H1: the sociological and economic contexts justify the ideology of the statement of theories and models*

## 2) Dysfunction of the liberal system and the Marxist current

**Marx** (1818 -1883) was born in Prussia (see image in appendix), from a wealthy, cultured and liberal family (lawyer father), he entered the University of Bohn in Law-Philosophy (Wikipedia).

We are not going to dwell on the detailed theory of Marx, because from his enumerated criticisms of capitalism, derives his theory, before describing the socio-economic context of the time.

### a) socio-economic context of the end of the 18s

During this period we observed:

- the movement of people from the countryside to the cities will contribute to the emergence of a new social class: the proletariat.
- a division of society into classes: employer class and proletarian class which was the consequence of the emergence and domination of capitalism.
- The birth of labor movements.
- the predominance of the capitalism system gave rise to divisions that led people to take an interest in systems other than socialism and communism and consequently in new economic theories.
- Crisis of overproduction added to the drop in wages and consumption for the benefit of entrepreneurs who seek more profit.
- A disruption of all the market systems which led to an imbalance of these, hence the entire dysfunction of the economy.

### b) Marxist Current

For Karl Marx, the crisis of capitalism is inevitable, and this for several reasons he details all this in his book capital published in 1867:

For Marx, the crisis of capitalism is inevitable, and this for several reasons. On the one hand, production and consumption are disjoint operations and not always correlated over time. That is to say, do not always follow a process of constant volume and quantity each time, this can then lead to shortages, insufficiencies, and shortages, with regard to production if individuals do not consume or consume little. With regard to consumption, the desires of individuals vary according to their needs, their moods, and this does not always follow a constancy over time, so productions do not always follow the rhythm of consumption desires. Hence the discrepancies and the ensuing crisis.

On the other hand: The capitalist economy reveals a problem of workers' under-consumption because entrepreneurs, seeking their profits, reduce wages which do not allow workers to consume the goods and products they want, hence under-consumption . This ideology of Karl Marx was developed following the crisis of overproduction observed at the end of the 18th century, thus going in contradiction with the theory of self-regulation of the market advocated by the classics. Even the extension of Marx's vision with Rober Boyer's Theory of Regulation (1986) goes in the same direction. The theory of regulation finds its origin in severe and radical criticisms of the neoclassical program which postulates the self-regulating character of the market.



Thus this theory of Boyer's Regulation was already appealing to the Keynesian vision, R. Boyer (1986) introduces five institutional forms (currency, the wage relationship, competition, the terms of membership in the international regime, the State ) involved in determining the accumulation regime. This set of intermediate concepts allows Boyer to define the notion of regulation: "*We will qualify mode of regulation any set of procedures and behaviours, individual and collective, which triple property of: reproducing the fundamental social relations through the conjunction, of historically determined institutional forms, support and steer the accumulation regime by force, ensure dynamic compatibility of a set of decentralized decisions*" (Boyer 1986 theory of regulation, p. 54).

**Comment** : Marx's ideology and its extension with the theory of regulation have their origins in the overproduction crisis of 1920. Because consumption not following the volume and quantity of available production leads to the crisis of overproduction and the emergence of the Marxist and later Keynesian vision. Hypothesis 1 verified. *H1: the sociological and economic contexts justify the ideology of the statement of economic theories and models.*

### 3) Origin of Keynesian Thought

Before we dwell on Keynesian thought itself, we will see that they were the conditions, or even the context which prevailed before the blossoming of Keynesian ideology. Because after Karl Marx's criticisms of classical thought, a wave of consequences appeared, starting with the Great Depression (1873-1896), then the economic crisis of 1929.

#### a) Economic social context of the time

- **The great depression:** The great depression or more exactly great deflation is the period of global economic slowdown between 1873 and 1896 and which begins with a brutal episode, the banking crisis of May 1873. This phenomenon is connected to the industrial changes of the time which disrupt the economic fields, provoking strong movement of capital heading towards new sectors of the future. It should be noted that between 1870 and 1910, the volume of world production will double .
- **The crisis of 1929:** The origins of the financial crisis of 1929 are due to the fact that certain banking institutions in the USA had a liberal behavior, of laissez faire in the management of financial operations. Inundated at that time with liberal thoughts, the course of economic activities was destined to work in this way.

In his work entitled "*the economic crisis of 1929*" in English " the Great Crash " published in 1955 presenting the scenario and the analysis of the Crash of 1929, JK Galbraith insists particularly on the harmful consequences of speculative behavior, also affirming that knowledge of the mechanisms at play in 1929 should make it possible to avoid the recurrence of this type of event.

Galbraith finally puts forward 5 explanatory factors for the financial crisis and the economic crisis:

- Income inequality, one of Karl Marx's criticisms.
- The problems of corporate structures (including investment holding companies playing on leverage.
- Those of the banking system (made up of a large and fragile independent unit)
- A fragile American trade balance (declining exports, dependent on external economies, themselves fragile and indebted).
- The lack of economic knowledge and the poor decisions of the Hoover administration, insisting on balanced budgets and rejecting any constructive policy, whether fiscal or monetary.

#### b) Keynesian current

*The General Theory of Employment, Interest and Money* is the main work (work of the Englishman John Maynard Keynes (1883 -1946), (see image in appendix). Published in London in 1936 (then translated into France after the Second World War), the *General Theory* (24 Chapters) is above all a theory of employment. It presents solutions to the context of overproduction, the 1929 crisis of regulation between production and consumption, state intervention in the opposite of the classical vision therefore the theory and ideology were insufficient to resolve the problem of the time, that is to say crisis of overproduction, banking crisis, great depression.

- The General Theory tackles *Say's Law "The supply creates its demand"* (which implicitly assumes that the economic system is operating at full capacity) *and the stabilizing role of the markets.*

- The general theory aims *to present the functioning of the economic system taken as a whole.* By considering global incomes, global profits, global production, global employment, global savings and investment, much more than the incomes, production, employment..., of industries, of companies or individuals considered in isolation.

- The general theory is also intended to demonstrate that *the real volume of production and employment depends* , not on production capacity or the pre-existing level of income, but *on current decisions to produce, which in turn depend on investment decisions and the current estimate of current and future consumption amounts.*

- *The general theory is a theory of money* (credit money). The general theory of employment and money are closely linked

**Comment:** By observing the above we find that the general theory of Keynes is the solution to the ambient problem of the socio-economic context after the crisis of overproduction which led to the Great Depression and the stock market crash of 1929. All its content is the opposite of classical and neoclassical thought and ideology that have led to the dysfunction of the economy with overproduction. Thus the general theory of Keynes was oriented in the image of the ambient socio-economic context of that time, hence hypothesis 1 verified. *H1: the sociological and economic contexts justify the ideology of the statement of the theories and economic models of their time.*

**II) Structural comparison of economic theories and models to temporal spatial environments**

We will show in this structural comparison on the basis of the above, and using the method of societal comparative approach, that the theories are daughters of their times. The authors of these could only state them given the facts observed, and thus direct economic activity towards this operating model.

Let us illustrate this through tables.

**Table 1:** Comparison of Current Thoughts, Theories and Environmental Context .

stream of thoughts	Century	Economic systems	Economic theories	Environmental context	Economic cycles
Classical School .	18th century	Liberal capitalism.	-Theory of rent, - law of outlets, - division of labour, etc.	-Great expansion of new territories, - liberal economic society -Great industrial revolution.	Normative Keynesian economics.
Neoclassical	19th century	Mercantilism	Individual and rational behavior -Consumer theory -Producer theory		The permanent income hypothesis

<b>Marxism</b>	19th century	Socialism Steps	-Marxist theory -Theory of regulation	- Deterioration of workers' wages. -Increased producer profit - protest movement and proletarian strike	Monetarism
<b>Keynesian school</b>	Late 18th century	Central planning	General Theory	- High unemployment rate, -Great Depression, -Financial crisis 1929 Microeconomic Market Dysfunction	The Phillips Curve
<b>The Neo-Keynesians</b>	20th century	Interventionism	Imbalance theory		Rational expectations

*Source* : author's research

NB: we expect by economic cycle here the opposite vision of the current of thought which will give rise to theories opposed to the latter.

**Comments:** this table highlights the different schools of thought, economic theories and the context in which they were stated. We clearly observe that the theories depended first of all on the nature, on the school of thought, on the economic system which reigned and the context in which one was located. The classical theories, daughters of liberal doctrines, of the mercantilist system, could only espouse the spirit of the “ **laisser faire** ” of non- interventionism. In the same way they were (these theories), accomplices of the spirit which animated the time in which one is located. So much so that it is intriguing to wonder whether Keynes, the father of interventionism emerging at that time, should not have espoused liberal ideology? Conversely, we can say that those who lived at that time were molded to this ideology that it was very difficult for them to accept other different thoughts from their time. As Keynes said: " *The difficulty is not in understanding new ideas, but in escaping old ideas*". We can affirm from the above that, **theories are only daughters (products) of the thoughts of the time in which the authors of these formulated them** . Hypothesis 2 verified: *H2: the theories and models are designed by authors of this time, living the realities of this time, and often in contradiction to the theories t and models of the past*

That the law of outlets of JB. Say "supply creates its own demand" or even the theory of rent could only be enumerated taking into account the spirit, or the ideology of the 18th century which reigned in Europe that is to say capitalism. To make profit, to gain more, to get richer and richer, and the direct consequence of this behavior is the enrichment of the bourgeois class and the deterioration of the proletarian class. Hence the birth of the Marxist theory of the 19th century which is a consequence of the malfunctioning, or the death of capitalism in favor of socialism.

**Table 2 : Nature, objective, and expected effects of some theories**

Theories	Type / origin	Purpose / objective	Expected effects	Economic system
<b>Rent theories</b>	Classical school of thought	Amass land for production	Production increase	Capitalism
<b>Law of outlets</b>	//	let it be	Boost exchanges	Capitalism
<b>Work division</b>	//	Ease of production	Production increase	Capitalism
<b>consumer theory</b>	Neoclassical	Consumer utility	Maximize consumer utility	Mercantilism
<b>Producer theory</b>	//	Producer utility	Maximize	Mercantilism



			producer profit	
<b>Marxist Theory</b>	Marxism	Promote the well-being of proletarians	Rebalancing of social classes	Socialism
<b>General theory</b>	Keynesian	-Increase investment - Increase effective demand	-Reduce unemployment, - Boost growth etc.	Interventionism, Central planning

*Source* : Author research

NB: we expect by economic system here The mode of operation of the economic activity of the time. .

**Comments** : Looking at this table (tab 2) we see that the objective, nature and effects of the theories chosen agree with the ideology of the economic system. Classical and neoclassical theories go in the direction of capitalism to create more, to produce more and more, this is the spirit of capitalism. We note that no theory of classical or neoclassical origin goes against the ideology of producing more, of earning more of seeing preferring one's own interest in the first place. Because the classical ideology has the niche of promoting individual interest despite the collective interest. For them (the classics) the sum of the individual interest contributes to the collective interest. Hence the conclusion that the theories are conceived with the ideology of the time from which they were conceived. Similarly, Keynesian theories reflect the interventionist spirit. In this view of things, the state must promote growth and solve unemployment by encouraging consumption and promoting investment. It is the interventionist ideology which radically opposes the liberal vision of the classical current of thought. Hypothesis 2 verified *H2: the theories and models are designed by authors of this time, living the realities of this time, and often in contradiction to the theories t and models of the past.*

### III) Look and projection on new economic theories and models

With the observation of the demonstrations above mentioned above, it is easy to understand according to the contemporary contexts the statements of the new theories.

The financial crises, that of 1929, and that of the end of the 80s, as well as that of the sub - primes in 2009, have truly influenced the behavior of economic agents, and the functioning of economic activity itself.

If Keynes' ideas were remedies for the crisis of 1929, they were only short-lived. Keynesian ideas are criticized for their duration of action, short and medium term, and not in the long term, he himself already affirmed " *in the long term we will all be dead*" . The second criticism is refinancing, aid does not allow states to develop, this was already the case after the 2009 crisis. Angela Meckel asked in 2011 to support the most affected European states (Greece, Italy) until 2014 at least to allow them to recover. If the Marshall Plan had results after the war, it only allowed beneficiary states to carry a heavy public debt. Keynesian policies only temporarily supported economic activity that had suffered shocks, they could not replace the reforms likely to ensure the definitive exit from the crisis.

We currently live in a world where each country should take care of itself. By taking charge of developing individually, self-financing, producing to ensure national demand, and exporting the surplus to acquire foreign currency and take care of one's current balance, the direct objective here is **the search for growth** . We are more in a situation of **nationalism , protectionism** , even if its practices are not very acceptable, it is towards this voice that we go day after day. The States which will not produce, and which will not have imposing technologies will be third States, expect by that those which will always be used by other stronger powers in order to exploit them in advance, and which will not have never a voice internationally. Those who will always and always suffer the domination of the industrialized powers. As in a cycle or a spiral, we gradually return to a withdrawal, as during the classical and Neoclassical period when Capitalism and Mercantilism reigned.

Unlike those times, new theories could emphasize more technological research, emphasize research and development in almost all fields of activity to make life easier and easier. While emphasizing the transformation and manufacture of products taking into account the environment, the ecosystem, climate change, which was not the concern of the capitalists in the 18th<sup>century</sup> .

The models of growth are diverse and are represented differently according to the sources of creation of this one. In his article the new growth theories Pierre Yves Hénin, and Pierre Ralle (1993), these take two types of new presentation of growth theories. We have a first qualified AK here the origin factor is endogenous to the good or the product. In the second, which is called BH, the factor at the origin of growth is not homogeneous with the good.

These new theories of growth base their foundations on old theories by adding the impact of current variables. Barro's model (1990) focuses its growth on infrastructure. Although Arrow (1960) identifies a factor for increasing human capital, he does not focus his analysis on examining the externalities generated by physical investment. Today, education is a more specific way of accumulating human capital. China illustrates a perfect example. Another variable to explain today's growth patterns is technological capital and research and development Rømer (1990). Based on the modern development of the industrial economy, this work has been able to describe the dynamic competition mechanisms that regulate business investment in R&D (research and development) and the macroeconomic pace of innovation.

### Conclusion

Moreover, it was a question in this article of demonstrating that economic theories and models are daughters of their time. To do this, we used the societal comparative method. It emerges from our work that it is indeed clear that the theories highlighted in this work perfectly expose this vision of things. We then discussed the new theories in the case of growth, to illustrate the fact that they are like the old ones but taking current variables into account. Today we cannot speak of growth if we just take into account labor and capital as prescribed by Solow and Trevor: (1956). It is logical to add new elements, to the observation of the functioning or the evolution of the phenomena. Technology, Research and Development, human capital through education are all elements to be taken into account to explain, or to access growth, capital for African countries which are currently lagging behind in terms of development.

## APPENDICES

### THE FOUNDING FATHERS OF CLASSICAL THOUGHT



David Ricardo (1772-1823)



A. Smith (1723-1790)



JB Say (1767-1832)

### THE HEIRS OF LIBERAL THOUGHT: THE NEOCLASSICS



L. Walras V.  
(1834-1910)



Pareto  
(1848-1923)



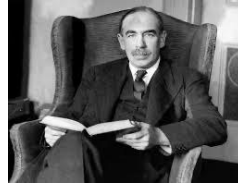
A. Marshall  
(1842-1924)

### PIONEER OF MARXIST THOUGHT



Karl Marx (1818 -1883)

**PIONE OF KEYNESIAN THOUGHT**



J.M Keynes (1883 -1946).

**ENCADRE 1 : EPIGRAPHE**

*“ Ceux qui agissent en fonction de l'intérêt général sont en réalité conduits à favoriser des intérêts particuliers qui ne font pas partie de leurs intentions ”.*

**MILTON FRIEDMAN (1912-2006)**

*“ La difficulté n'est pas de comprendre les idées nouvelles, mais d'échapper aux idées anciennes ”*

**JOHN MAYNARD KEYNES (1883-1946)**

*“ Plus on étudie, plus on demeure convaincu que toutes nos connaissances ne datent que d'hier, et qu'il en n'est peut-être davantage qui ne dateront que de demain ”*

**JEAN BAPTISTE SAY (1767-1832)**

*“ C'est une main invisible qui conduit l'individu ”*

**ADAM SMITH (1723-1790)**

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