“FAMILIES” OF MODERN THEORIES OF POLITICAL ECONOMY
The FREEDOM Family Tree

- Collective action problems
- Embedded Liberalism
- Hegemonic Stability Theory
- Individulismn
- Comparative Advantage
- Keynesianism
- Neo Liberalism
- Modernization Theory
- Property Rights
- Dependence Development
- Free Market
- Stag Hunt
- Development
- Rational Choice Theory
- Product Cycle
- Prisoners Dilemma
- Modified Liberalism
- Staples Theory
- Competition
- Liberalism
Political Economy of Freedom: The Liberal Family

• Liberalism
  – Neo-liberalism
  – Comparative Advantage
  – Rational choice theory

• Repaired of modified Liberalism
  – Embedded liberalism
  – Keynesianism
  – Hegemonic Stability Theory
More “relatives” in the Liberal Family

• Focused on Economic Development
  – Modernization theory
  – Staples Theory
  – Product-cycle theory
  – Dependent development
Liberal language: some terms

• Transaction costs
• Strategic interaction
• Stages of economic growth
• Property rights
• Laissez-faire
• Business cycle
Some Liberal Policies to ensure freedom

- Minimal state intervention in markets
- Structural adjustment
- Multilateralism
- Gold Standard......
Political Economy of Equality: The Family

- Marxism
- Socialism
- Distributive Justice
- Keynesianism
- Dependency Theory
Equality Language

• Language criticizing liberalism
  – Exploitation
  – Surplus value
• And with regard to development
  – Unequal exchange
  – Imperialism
  – Unequal terms of trade
  – Core
  – Periphery
Policies to bring about equality

- The welfare state
- Keynesianism—deficit spending
- NIEO
The **COMMUNITY**

- Communal identity
- Communal Sharing
- Gift Economy
- General Will
- Cooperation
- Equality as basis of Community
- Fairness
- Mutual Obligation
- Communal Ownership
- Collective action
- Economic Nationalism
- Development

**Retaliation**
- Capital Controls
- Currency Manipulation
- Market Control
- Trade Protection

**Economic Nationalism**
- Infant Industry protection
- Import Substitution

**Development**
- Late Development-planning
- Strategic trade
- State-led Development
- Export-led growth
The Political Economy of Community: The Family

- Communitarianism
- Communal Sharing
- Nationalism
- Economic Nationalism
  - For developing countries:
    - ISI and Infant Industry protection
    - State-Led Development
Policies to preserve community

- Protectionism
  - Trade protection
    - Tariffs
    - Non-tariff barriers to trade
    - Subsidies to domestic industry
    - Bilateralism
  - Currency manipulation (example: competitive devaluation)
  - Capital controls
Theories and the Business Cycle in 20th century History

19th Cent.
Britain Provides
“Hegemonic Stability”
Classical Liberalism

Great Depression: Keynes and the “Liberal” welfare state

Post War
Embedded
Liberalism,
Hegemonic
Stability

1970s Recession

Rise of “Neo-liberalism” And developmental states

Asian Financial Crisis

Level of real output

Time
The **EQUALITY**

- Exploitation
- Surplus Value
- Unequal Exchange
- Unequal Terms of Trade
- Core-Periphery Relation
- Imperialism
- Class conflict
- Underdevelopment

Marxism

Keynesianism

Socialism

Redistribution of Wealth

Social Democracy

Market Socialism

NIEO

**Family Tree**

Welfare State (diminishes salience of class)

Norm of equal citizenship

**Distributive Justice**

- Norm of equal citizenship
- Redistribution of Wealth

**The Equality Family Tree**

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The **COMMUNITY**

**Family Tree**

- Communal identity
- Collective action
- Communal Ownership
- Gift Economy
- General Will
- Cooperation
- Equality as basis of Community
- Fairness
- Mutual Obligation

**Economic Nationalism**

- Retaliation
- Capital Controls
- Currency Manipulation
- Market Control
- Trade Protection

**Development**

- Infant Industry protection
- Late Development--planning
- Strategic trade
- Export-led growth

**Community And Nation**

- Communal Sharing
- Mutual Obligation
- State-led Development
- Community
- Comunitarianism
- Fairness
- General Will
- Import Substitution