

Study Guide and Things to Think About

PE 101 2014

- The Families of our Theories
- Shifts in Political Economy over time
 - Changing relationship between society and the market
 - What the market is good at
 - Fatal flaws of the market (four of them)
 - Market values overtaking other values in social life
- Bring society back into political economy
 - On a local or national scale
 - Use the market as a tool
 - Redistribute income
 - Reduce the realm where money matters
 - On a global scale
 - Embedded liberalism and embedded environmentalism
 - Redistribute income globally
 - Empathic civilization
- Can our theories survive Shifts in the Business Cycle?
- Conclusion



I. “Families” of Modern Theories of Political Economy: Three Family Trees

Political Economy of Freedom: The Liberal Family

- **Economic Liberalism**
 - Neo-liberalism
 - Comparative Advantage
 - Rational choice theory
- **Political Liberalism**
 - Embedded liberalism (international Political liberalism)
 - Keynesianism
 - Hegemonic Stability Theory (International Political liberalism)
 - Distributive Justice

More “relatives” in the Liberal Family

- Economic Liberalism Focused on Economic Development
 - Modernization theory (Rostow)
 - Staples Theory
 - Product-cycle theory
- State-led or institution-led liberalism focused on development
 - Institutional incentives and constraints
 - State-led development (East Asia)
 - Export oriented development

Economic Liberal language: some terms

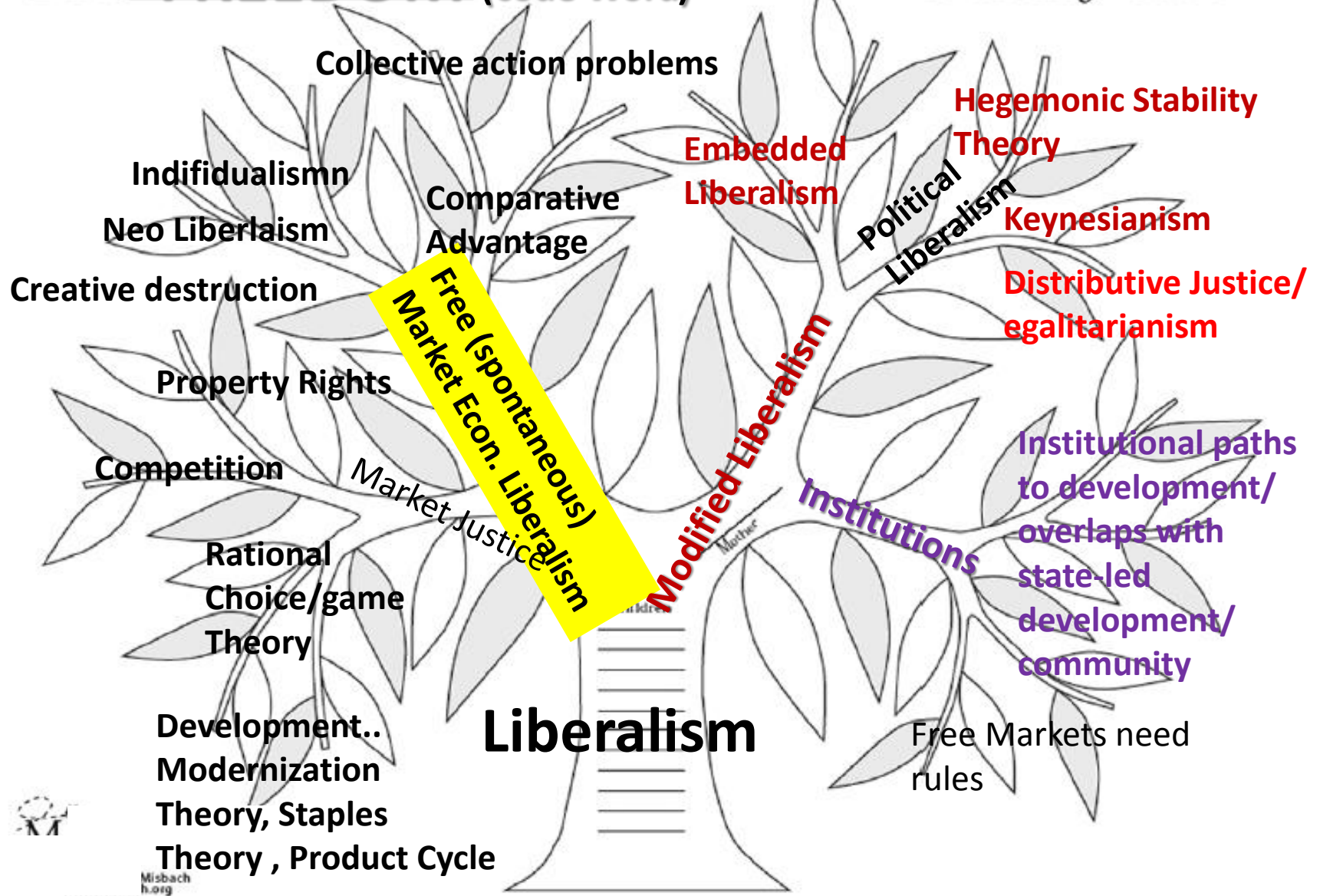
- Transaction costs
- Strategic interaction
- Stages of economic growth
- Property rights
- Laissez-faire
- Business cycle

Policies

- Economic Liberal Policies
 - Minimal state intervention in markets
 - Structural adjustment
 - Multilateralism
 - Gold Standard.....
- Political Liberal Policies
 - Distributive Justice
 - Welfare state

The **FREEDOM** (code Word)

Family Tree



Political Economy of Equality : The Family

- Liberal Equality (Critique of Economic Liberalism and solution: Freedom with equality)
 - Democratic Socialism
 - Welfare State
 - Embedded Liberalism
 - Hegemonic Stability (means to ensure embedded liberalism)
 - Political liberalism (spans both the freedom and equality school)

Radical Equality Language

- Marxism
- Language criticizing liberalism
 - Exploitation
 - Surplus value
 - **And with regard to Third World development**
 - Unequal exchange
 - Dependency theory
 - Imperialism
 - Unequal terms of trade
 - Core
 - Periphery

...and policies to bring about “radical equality”

- Death of Capitalism and the “Free Market”
- Revolution
- Central Planning
- Communal ownership of property
- Gift economy
- Communal sharing
- Kibbutz?

The EQUALITY (code word)

Family Tree

**Solution: Communism-hybrid
With Community**

Welfare State (diminishes salience of class)

Exploitation

Surplus Value

Class conflict

Norm of equal citizenship

**Radical Equality Critique
of Capitalism**

**Liberal Equality
(Hybrid with Freedom and
Political Liberalism)**

Unequal Exchange

Unequal Terms of Trade

Social Democracy

Underdevelopment

Socialism

Core-Periphery Relation

Redistribution of Wealth

Imperialism

Equality

**Solution for Development: See
Community....Econ. Nationalism**



The Political Economy of Community: The Family

- Community: General Characteristics
 - Common identity
 - Mutual Obligation
 - Cooperation and successful collective action
- Radical community: Communism
 - Communal Sharing
 - Common property ownership
- Nationalism
 - Common Land, religion, language, ethnicity, religion, history, tradition, myths, or some combination
- Economic Nationalism
 - General
 - Protectionism
 - Tariffs
 - Currency controls
 - Capital controls
 - Regulation
 - Market control
 - Currency manipulation
 - Dumping
 - Strategic trade
 - For developing countries:
 - ISI and Infant Industry protection
 - State-Led Development
 - Export orientation with market control
 - planning

The **COMMUNITY** (code word)

Family Tree



Scenerios for the Future: How can our theories help?

On a local or national scale

Use the market as a tool

Redistribute income

Reduce the realm where money matters

On a global scale

Embedded liberalism and embedded environmentalism

Redistribute income globally

Empathic civilization



II I. Theories and the Business Cycle in 20th and 21st century History

