

1) Even though the U.S economy is probably the most modern and market capitalist-oriented economy in the world, it contains elements of a traditional economy. What are some examples?

Although the United States seems like a truly Capitalistic and modern economy of the world it still started as a farming community. A lot of Americans used to live on farmlands or ranches till the first world war. The most free market economy also saw the intervention of the government in the dealings of the market after the great depression and the recent great recession in 2008 and therefore the American economy didn't remain the pure capitalist society as the world saw it to be. The United States had a history of slavery which led to the Civil War in 1861 and lasted four years.

Though the American society seems the most modern and market-oriented economy in the world. It contained traditional elements like slavery, government intervention in markets and the traditional farmers economy

2) How have developments in the world since the Great Recession of 2007-2009 affected the way we analyze economic systems and their relationships with each other

The great recession which started in 2007 after the US housing bubble burst led to a financial crisis in the United States of America and it quickly spread to other nations of the world. While it affected most of the developed world it didn't seem to affect all the countries uniformly for e.g. it did not have a drastic impact in India or other Asian countries like China. While the European countries and the USA were quickly over the recession, in some places of the world it lasted for longer.

In the aftermath of the recession, the highly capitalistic US economy saw government interventions in the market dealings. They gave out loans to the banks to overcome the recession, introduced stimulus packages, and lowered the interest rates. The UN came to the aid of many countries.

The analysis of economies changed after the recession, while some of the countries had very dramatic effects of the recession others had little to no effects. The aftermath of the recession also made it a little clearer that no economy is truly capitalistic.

3) Maoists claim to be the true heirs of Marxism-Leninism. Evaluate?

Marxism-Leninism is a variant of Marxism founded by Vladimir Lenin, which served as the ideological bedrock for the global communist movement, centred on the Soviet Union. China and North Korea have both attempted to distance themselves from Marxism-Leninism, but neither has rejected its essential principles.

Maoism is a variable form of Marxism-Leninism founded by Mao Zedong in order to bring about a socialist revolution in the Republic of China's pre-industrial society. Maoists have

long been claiming that Mao is the true heir of Lenin, metaphorically. They claim "Maoism stands on the shoulders of Leninism as firmly as Leninism stands on the shoulders of Marxism".

Mao's goals and categories of thought basically derive from this intellectual and political tradition. Populism can be seen as a protest against modern capitalism and its human and social costs, particularly as those costs are borne by the peasantry. It is not a peasant ideology, but a protest ideology of intellectuals speaking for the rural masses. Thus, Marxism and Populism appear as a logical outcome of history if Marxism in an economically backward and largely peasant land threatened by foreign capitalist political and economic forces like China.

What is unique in Chinese revolutionary history is not the emergence of a Populist strain, but its appearance actually within the Marxist movement rather than before it or in opposition to it. And it is this historical coincidence that is responsible for much of what is unique about "Marxism-Leninism in China. The Populist elements of Maoism are combined with Marxian social theory to promote revolutionary social change.

4) What relevance, if any, does the experience of the Taliban regime in Afghanistan have for the theory and practice of the new traditional economy?

The new traditional economy tries to structure a new system where the old sociocultural system is remade using modern technology mainly to make economic decisions. It is tended to be the best of all worlds combining the old with the new. The new traditional economy is supposed to be the Third Way between Socialism and Capitalism which keeps the pros of both while eliminating the cons. This new economy heavily influences upon religious values to find societal and economic order.

The Taliban took over Afghanistan last year overthrowing its then-democratic government after the US stationed in Afghanistan left for homes. The new government in Afghanistan of the Taliban is an autocratic one, although they claim that they'll implement the Law of Sharia it doesn't seem the case. The use of modern technology is not to be seen in their government. The law of Sharia (if implemented correctly) is seen as absolute. And the Taliban sees it as so. There haven't been any significant changes from the traditional orthodox form of their governance and it doesn't seem that it'll be the case in the future therefore the new Taliban regime tends more toward the old traditional economy rather than the new traditional economy.

5) How did the United States play a fundamental role in the institutional development of market capitalism?

The USA has had market capitalism as a fundamental axiom of its economy for nearly 300 years - since its constitution was drafted in 1787. We must analyze USA's internal history to explain how it has had a worldwide role in developing capitalism. One of the main reasons

the colonists rebelled against the British, was due to trade restrictions put in place so that the colonies would profit from the British Empire directly. The civil war, as well, was motivated by the issue of tariffs, which benefitted the industrial & eventually victorious Northern states. In the 1800s, the American economy was led primarily by infrastructure & transportation development. This was significant, as the USA more than doubled its territory in the 1800s via several acquisitions. As a result, by the dawn of the 1900s, the USA had the world's largest aggregate economy and was flourishing in terms of real per capita income. They were able to match the British's industrial prowess. Helped by several technological inventions, the USA had cemented itself as a global superpower, aided largely due to its free-market & lax policies on immigration. The Spanish-American war also brought mainstream global attention to the USA, leading to it then influencing events in several areas. Under President Wilson, the federal income tax was allowed, the Federal Reserve System was established, tariffs were reformed and women were now able to vote. This led to an economic boom in the 1920s. However, the 20s ended with the Great Depression, which led to a 30% decline in the American economy by 1933. America would recover from this only in the early 40s. This resulted in President Roosevelt passing several reforms to increase the federal government's role in the USA economy, known as the New Deal. As a result, output expanded rapidly around WWII, and the USA suffered significantly less damage than other nations by the end of the war, producing half the world's aggregate output. This was hugely influential in establishing the viability and prowess of capitalism worldwide. The USA, post-WWII, had become the world's leading economic superpower and was ready to lead the world's economy as well. To add on, the Cold War with the socialist USSR, the arms and space races, all contributed to the narrative which favored capitalism on a global scale. Further USA presidents passed reforms that protected the free market, only solidifying the USA's historical role in the institutional development of market capitalism.

6. a) Equity vs Efficiency Trade-Off

The Classification of economies is done in various ways, one of them being "The methods of income distribution". Different ideologies are advocating as to how the income should be distributed among the masses and what the ultimate goal should be, be it the Maxmin criterion, judging an economy on how well the poorest person is doing, or pure communism. However, not all ideologies support income distribution.

The Equity vs Efficiency trade-off simply states that as there are more and more efforts to make income equal, there will be an increase in inefficiency resulting in a stagnation of economic growth. According to their argument, greater efforts to redistribute income damage the material rewards that draw forward entrepreneurial and productive efforts. These arguments have been successful in many countries forcing redistributive efforts on the back foot. Their most aggressive support comes from the supply-side economists associated with the "Reagan Revolution" in the United States and advising Margaret Thatcher in Great Britain.

6. b) Institutional Possibilities Frontier

The new comparative economics alternative considers judging economies on the management of their social losses, looking only from the lens of socialism and capitalism and compared to the traditional ways. IPF is a curve reflecting the scope of social losses emanating from excessive disorder or dictatorship. Disorder results from an economy tending towards the extremes of Market Capitalism by indulging in predation corruption etc while Dictatorship results from an economy tending too much towards Socialism. For a particular economy, there is a balance between the two extremes that minimizes their aggregate losses, that is the point where the Total Loss Minimization is tangent to the IFP.