Economic Systems

- Everyone ahead on the reading?
  - 2nd chance to get a head start
- Reference group

7 Dimensions of economy and society

- Think of this as a "check list" when analyzing some work or writing your own
- Nature, markets, state, class, gender & ethnicity, social capital, ideology

4 Dimensions of economic performance

- Another check list
- Efficiency, equity, sustainability, "compatibility with social goals"
- Growth? The tide that lifts all/most boats?

What is an economic system?

- A way of structuring an economy
- Examples? Systems of economic organisation
  - Capitalist
  - Socialist
  - Communal
  - Feudal
  - Slave
  - Mixed
- Capitalism

What is capitalism?

- Exploitation and greed in its purest form?

- Dynamic and meritocratic engine of prosperity?

- DISCUSS

- Economic system

- Characterized by what?

- Economic system **primarily** decentralized to market interactions supervised by the state

- Minimum requirements of the state?

  - Property rights, rules/regulations (addressing externalities), umpire/arbiter, non-market economy

- Ideology, it rests on a belief in the system

- Private ownership of the means of production, markets for labour, capital, land and goods, a distinctive role for the state, legitimizing ideologies, and an expansionary tendency.

- Get to grips with fig. 6.1 on pg 53!

- The best we got (even Karl agreed)

Examples?

- USA
- Norway? - WHY NOT? DISCUSS!
    - social democratic, centralised wage-negotiations (labour market not just market based), violates property rights for redistribution
- China?
    - "State capitalism", geographically mixed, state owned run as private for de facto profit, these companies are favored politically
- Somalia?
    - The libertarian laissez-faire dream state!
    - REMEMBER SOMALIA!

But what about. . . ?

- Socialism/communism?
    - Politically it has been an unmitigated disaster
    - Economically? It has some merits
    - Command economy, that is. . .
- Mixed?
    - This is a major theme throughout the rest of the course.
        * The degree of mix