

POL2012: Theories and Models in Political Economy

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Economic Systems

- Four things you need to know

1. The Seven Dimensions of Economy and Society

- Nature
- Markets
- State
- Class
- Gender and
Ethnicity
- Social Capital
- Ideology

2. The Four Dimensions of Economic Performance

- Efficiency
- Equity
- Sustainability
- “Compatability with social goals”
- i.e. growth
- ... but the greatest of these is growth

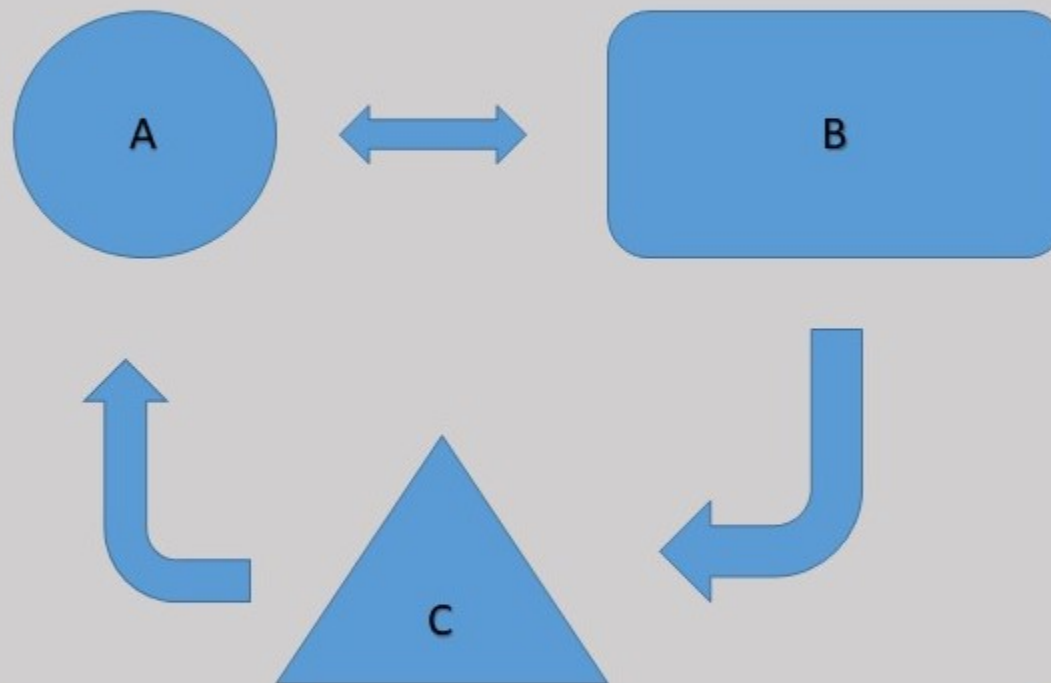
3. What is Capitalism?

- Free markets?
- Privately owned factors of production?
- “An *economic system* which is *dominated* by free *wage earning* workers who generate surplus value for owners of capital in terms of the difference between the wages paid to the worker and the value of the *commodity* produced by him/her.”
- Idiology

4. Models, Theories and Paradigms

Theoretical framework/paradigm: assumptions and axioms which are fundamental to the theory

Model:



Theory: All the lengthy text in the book/article that explains *why* the model is correct.

4. Models, Theories and Paradigms

- What matters is how you use it