

# Nationalism and Structuralism

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# Economic Nationalism

Friedrich List (Prussia) & Alexander Hamilton (USA)

# Build a Strong Domestic Economy



1. States compete economically
2. States with the most advanced economies win economic competition

# Hamilton and Manufacturers

The report on the Subject of Manufacturers

Hamilton's argument is simple:

Industrial Independence = National Power

# Let's analyze the following argument(s)

Strong Economies.

- Mature Industries
- High Quality
- Low Cost

*Do you buy this?*

Weak Economies.

- Infant Industries
- Low Quality
- High Cost

*Or this?*

# Economic Structuralism

Marxism and Dependency Theory

# MARXIST THEORY



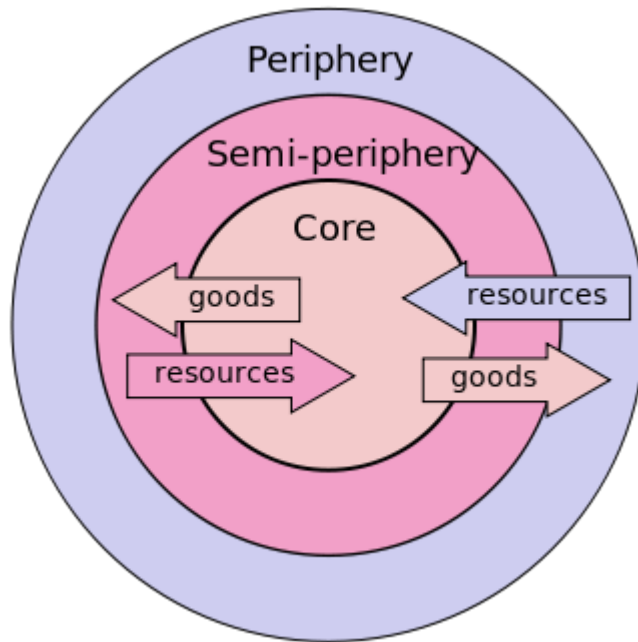
Karl Mark (1818-1883).

## **Main Economic Principles:**

- Division of Classes: Workers (labor) vs. Capitalists (Capital)
- Workers are the majority so they should own production
- Heavy involment of the state aparatus (i.e. government in the economy)

Marx actually believed that capitalism can create economic development.

# Dependency Theory (Raul Prebisch)



It explains underdevelopment as follows:

- Poor countries produce primary goods and export them to rich countries
- Rich countries produce manufactured goods with those primary goods which are sold back (with and "added value") to poor countries
- The "unfair" trade creates never ending underdevelopment in poor countries

The solution according to DT: poorer countries should embark on programs of **import substitution** so that they need not purchase the manufactured products from the richer countries. The poorer countries would still sell their primary products on the world market, but will not purchase manufactured goods from abroad.



# The End

We will make a case for Free Trade next!