

Explain the concept of economic liberalism and relate its core interests with the concept of New-imperialism or creating Economic dependency

Economic Liberalism

Economic liberalism is a political and economic ideology that supports a market economy based on individualism and private property in the means of production

Proponents

Adam Smith (Wealth of Nations)
David Ricardo

Other names

Free market economy
Laissez Faire economy

Capitalism

Private sector economy

History

Economic liberalism developed during the "Age of enlightenment" in response to the state centric mercantilism

Basic Principles of Economic Liberalism

① Free trade

The Principle of E.L is that Economic growth can be achieved through free trade - the free flow of goods and services and investment should across borders should be practiced. Political leaders should allow trade between nations to expand and deepen & keep government intervention in that trade down to a minimum.

② Market place should make the economic decisions

③ Market should be free of state intervention

Liberalism Summarized.

Relationship bw economies & politic	Economic autonomous
Main actors / units of analysis	Individuals and private firms
Nature of Economic relations	Cooperative ~ a positive sum game
Economic goals	Maximum individual and social well being

Adam Smith and Economic Liberalism

Economies of scale

- Get specialization in a thing and then ~~stop~~ produce and supply it in vast amount
- Obtain cost advantage due to the scale of operation

~~Netflix & Facebook~~
Netflix & Facebook

Invisible hand ~ human greed.

Human greed is such a market force that keeps increasing the ~~supply~~ demand of a product in equilibrium in accordance with the supply.

Proliferation of clothing and makeup brands in the 21st century

David Ricardo & E.L

Comparative advantage

economic ability to produce a particular good or service at a lower opportunity cost than its trading partners

oil production in KSA

Cheaper



trade partnership

car manufacturing in Japan

Cheaper

Opportunity cost

value which you lose when choosing bw two or more options.

Neo-Imperialism

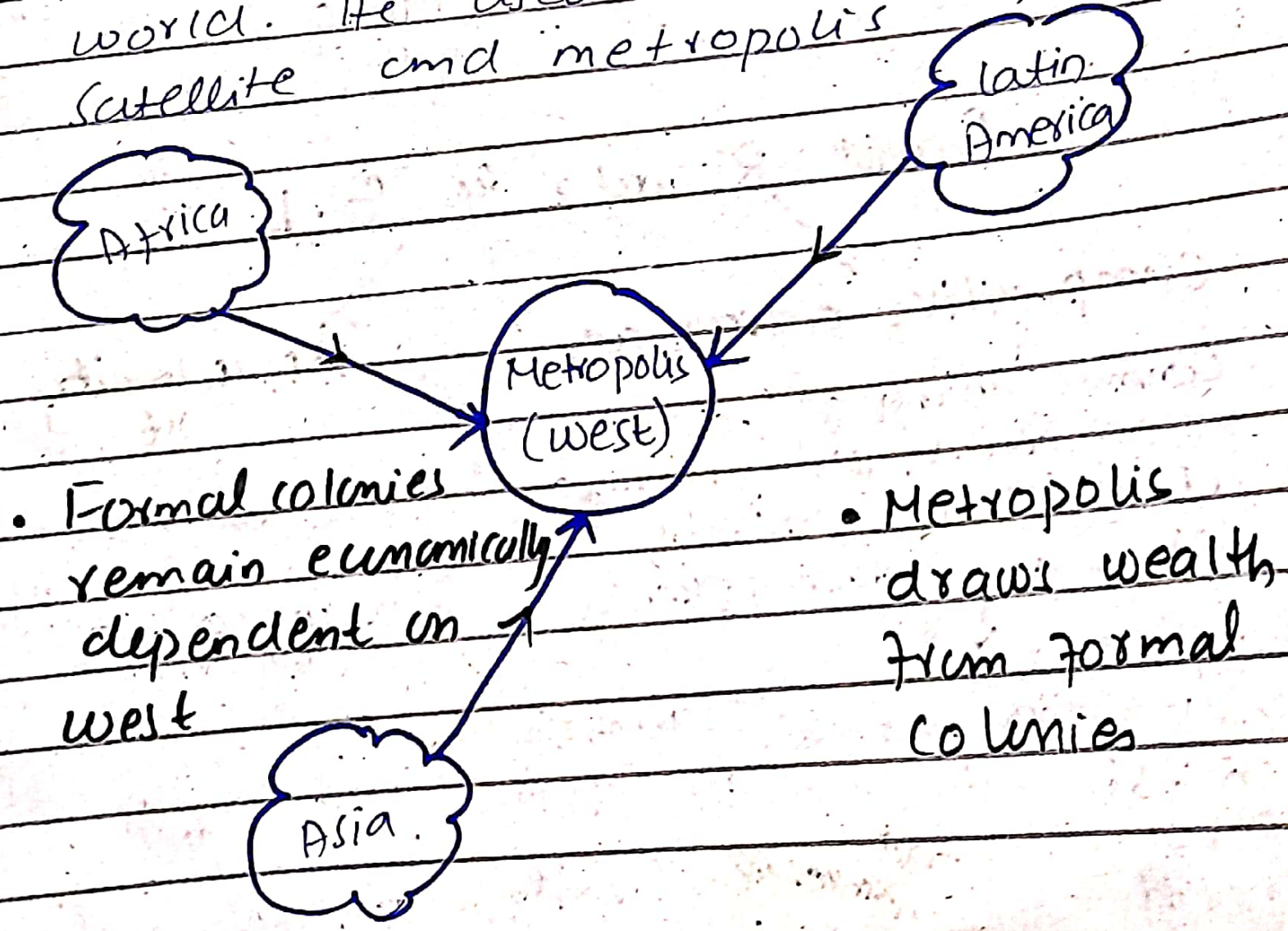
Neo Imperialism or neo colonialism is the specific contemporary phase of historical development that features the economic dependence of weaker states that were previously colonized on the strong developed states

Economic dependency

Economic dependency is an unending situation in which countries, economies and economic agents depend on each other.

In the Perspective of Neo Imperialism

Andre Gunde Frank believes that the west still dominates the 3rd world. He used the metaphor of satellite and metropolis



Economic Liberalism as a tool of Neo-Imperialists to maintain Economic dependency of weaker states on powerful developed states.

① Free trade allows dominance of products from developed states

② Markets are monopolized by big corporations and MNCs.

(3) Products of weaker states couldn't compete with government assistance

(4) Economic liberalism resulted in the formation of international alliance of oligarchic capitalists

⑤ Monopoly of US dollar and intellectual property ~ Unequal division of labour