

International Relations

Q. Explain the concept of Economic Liberalism and relates its core interests with the concept of Neo-imperialism or creating Economic Dependency.

Economic Liberalism:

Introduction:

Economic Liberalism is also called internationalism, globalism and Lessigz fare theory. Economic Liberalism was introduced by Adam Smith in "The Wealth of Nations" in 1776. David Ricardo also done additional work to his concept. According to them economies should do free trade across the borders. And the role of government in economic policies must be minimal. The forces of market should

take decisions. Economic policies must be there to increase welfare of people not national power. According to Adam Smith, capitalism ~~mean~~ ^{must} ~~to~~ freely work in market.

Basic Principles of Economic Liberalism

Economic liberalism is based on following basic principles:

(i) **Free-trade**: States should promote ~~free~~ trade across the borders. Free trade means minimum tariffs and trade barriers. It will also help to deepen the relations between governments of different states.

(ii) **market economy**: The forces of market means demand and supply should set economic policies than government.

(iii) **Private ownership**: Economic liberalism gave right to own capital privately. It will help to grow economies more rapidly than nationalization. For example after industrial revolution, privately owned industries have played important role in growth of economies.

(iv) **Minimal interference of government**
The role of government must be minimal because when its interference is high it impact the economic growth. Because they impose trade barriers like high tariffs on imports. It increase the chance of economic collapse.

Adam Smith and Economic Liberalism

Adam Smith introduced the concept of "Economies of Scale" which means decrease units cost to increase production. States achieve economies of scale when they specialize in any commodity's production and efficiently. In this way they can increase welfare of people by exporting that commodity.

He also introduced the concept of "Invisible Hand" which transfer human greed into society's welfare.

David Ricardo and Economic Liberalism

David Ricardo introduced the concepts of "Comparative Advantage" and "opportunity Cost."

Comparative advantage means cheap production of goods relative to other goods and other country. And opportunity cost means the cost of something which is forgone when we choose another good.

Neo-imperialism

Definition: Generally we define neo-imperialism as influence or expansion of one state on another by economic power, cultural influence and legal agreements. There is no use of force (military).

Characteristics of Neo-imperialism

The main characteristics of neo-imperialism are as follows:

(i) **Economic Dominance**: Economic dominance means use of economic growth to dominate other states or influence them. For example China is economically strong due to its high economic growth and dominating other states by its economic policies.

(ii) **No use of Power**: To influence and dominate they do not use direct forces (military) but instead economic, political and legal power. For example, dependency or interdependency theory.

Relationship between Economic Liberalism and neo-imperialism

The core interests of both economic liberalism and neo-imperialism are related to each other.

They relate in following sense.

(i) **Overlap:** Both theories overlap each other means the free trade and importance of market decision both are present in neo-imperialism.

As neo-imperialism means to influence other states by economic powers not with force. Economically strong nations have more power to influence other states policies.

For example influence of China is Asia countries.

USA is also shifting its foreign policy towards free trade after ~~was~~ world war 2.

(ii) **Role of market decisions:**

Both theories gave importance to market decisions to increase or promote economic growth and national power of any economy.

Try and address both parts of your answer properly

(iii) Control on other states :

Both theories tried to increase control of ~~the~~ one state on other through free trade by economic, ~~political~~ and legal agreements.

Conclusion : Economist and policy makers take economic liberalism and neo-imperialism's role of important for growth of any economy. According to them free-trade and market decisions are efficient to implement **Focus on your spelling** states policies on other. They These both concepts are related to each other and ^{have} greatly impact on each other. Economic **Concise your conclusion** neo-imperialism means influence on other states.

Q. Sir, I have a question how we will relate the core concepts of economic liberalism with economic dependency? Are not they both are two opposite concepts?

You are supposed to connect both of these in a cause effect relationship