

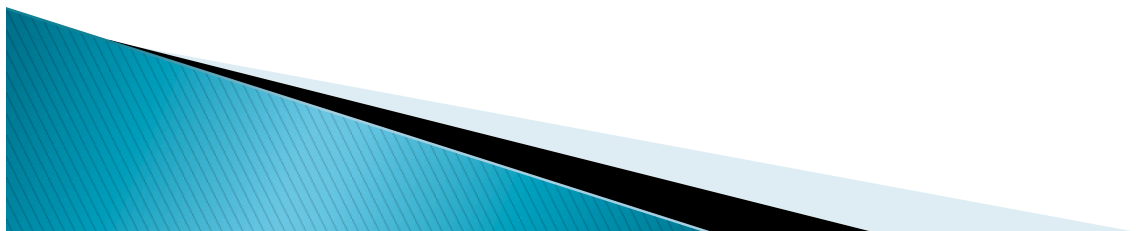
# Developmental capitalism and the liberal alternative

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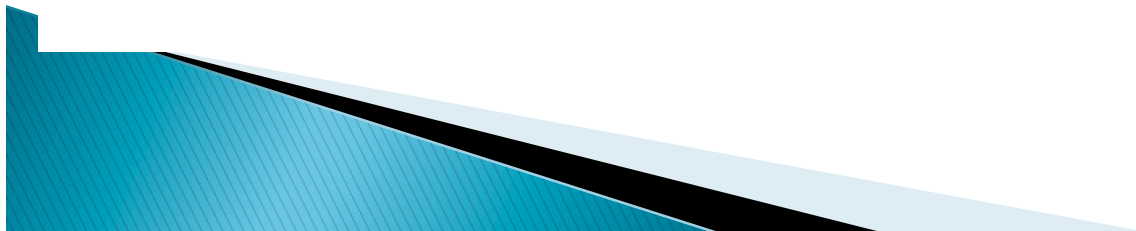
# In the study of capitalism, after 1989, with the crisis of Marxism

- ▶ The models or varieties of capitalism approach emerged.
- ▶ In this paper, I return to the stages approach, combine it with the coordination approach, to understand capitalism and to where it tends to.



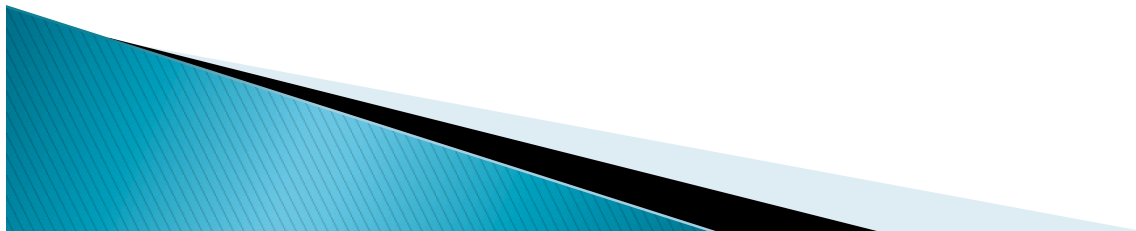
## Table 1: Forms of society and respective coordination

Forms of society	Forms of coordination	Territorial political unit
Primitive	Tradition & religion	Tribes
Slave	Religion & state	Empires
Capitalist	State & markets	Nation-states



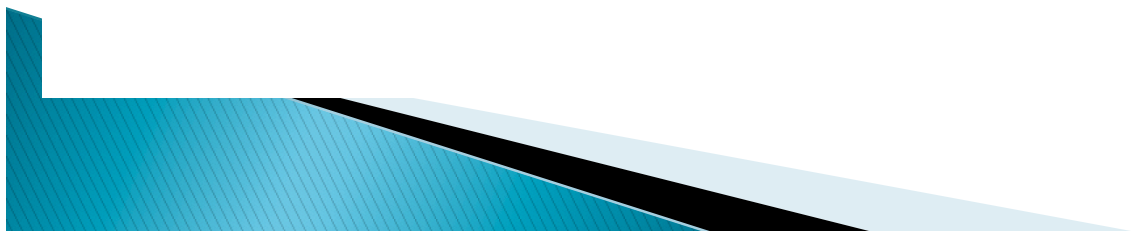
# Within capitalism, three stages

1. Mercantilism (the first developmentalism) from the XVI<sup>th</sup> to the XVIII<sup>th</sup> century
  2. Liberal capitalism (1830s–1929)
  3. Golden years of capitalism (1946–1973)
- ▶ The neoliberal years (1979–2008) were not a new stage, but a failed regression.



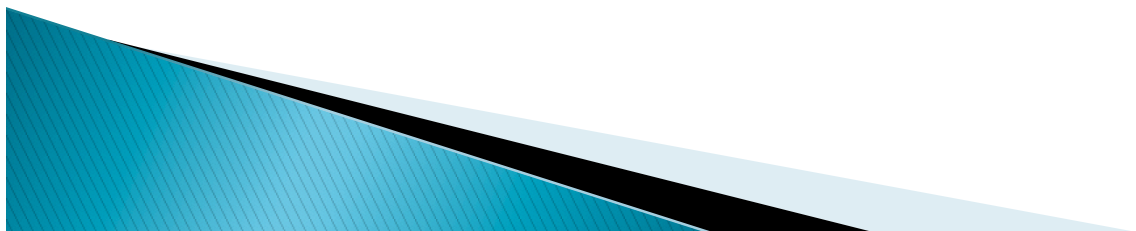
**Table 2: Models of capitalism**

<b>Social compromise</b>	<b>Forms of economic and social organization of capitalism</b>	
	<b>Developmental capitalism</b>	<b>Liberal capitalism</b>
	<b>Low:</b> Individual priority	Mercantilism (1 <sup>st</sup> developmentalism)
<b>High:</b> Social priority	Social and environmental (2 <sup>nd</sup> developmentalism)	Void



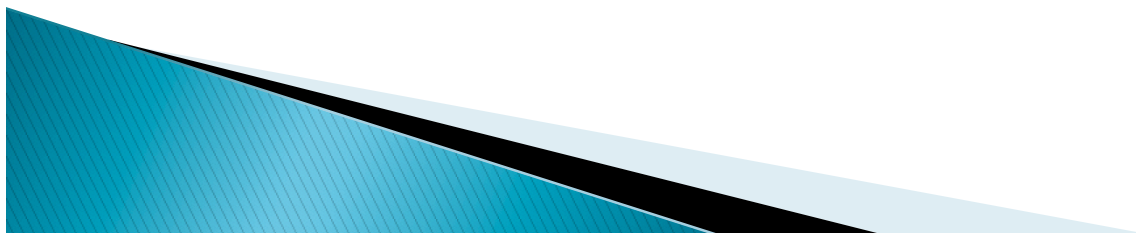
# Developmentalism is a superior form of organization of capitalism, when compared with economic liberalism, because

1. The state is the fundamental institution coordinating capitalism, not markets.
2. Markets are just able to coordinate competitive industries.
3. Only...



### 3. Only good government can, though the state,

1. coordinate non-competitive industries;
2. guarantee growth with price and financial stability;
3. guarantee individual liberties;
4. reduce income inequalities;
5. protect the environment.



# Why?

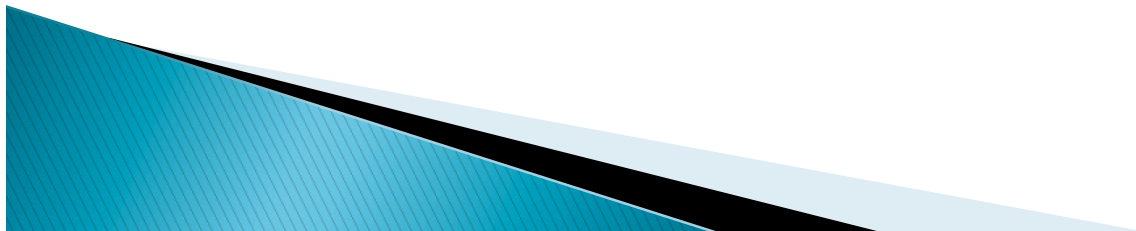
- ▶ Essentially because modern societies are complex societies that require complex coordination.
- ▶ To try to coordinate modern societies almost only with markets (as economic liberalism proposes) is so absurd as it is to coordinate it almost only with the state, as Soviet Union attempt to do.





# A conclusion and a caveat

- ▶ Thus,  
developmentalism is a superior form of organization of capitalism to economic liberalism.
- ▶ But,  
it depends of good institutions and government.



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