

Development of economic thought

Business, Management



DEVELOPMENT OF ECONOMIC THOUGHT Question To what five economic functions or relationships should the socialist planners pay attention according to Dickinson? Explain your answer.

Professor Dickinson defines economic planning as the planning that involves major decision related to the economics of a project or state. This is performed by authorized people who carry out comprehensive economic surveys for each project individually. According to Dickinson, socialist planners must follow the listed points while going through any planning task:

Planner must survey the current economic situation of the state or country in terms of taxation, BOP or expenditures.

The suspected public expenditure must be listed beforehand so that they must be included into the total expenditure.

Probability of the project must also be calculated in order to get the information that how much and how early the project be flourished in the private sector.

Also the project must be thoroughly studied in terms of macroeconomics.

While planning any task, first and foremost thing is to review the policies of the government that apply to your task and get them resolved.

Question 2:

What does Lange think about the employment prospects of Robinson and Chamberlin in a socialist Economy? Explain your answer.

Chamberlin and Robinson both have worked a lot in the field of social economy. They have provided microeconomics with magnificent theories that are still being practiced in the field of economics. They came up with the

theory of imperfect competition revolution. They were having the socialist opinion and support the equal right mandate to be chosen.

In other words, Robinson and Chamberlin tried to modify the price theory. They were having the opinion that the ideal competitive process leads to the reduction in the welfare of the state whereas imperfect competition results in the welfare of the state. By introducing imperfect competition, variety of products increases. This results in providing people with a range of accessories. This new price approach, therefore, brings about change not only in the terms of welfare of society but also in the approach of people (Bellante). People start paying for the wider range of products, thus resulting in the greater amount of revenues generated. Although this approach is being effectively implemented in the socialist economies of today, but in the past when this approach was first introduced, it faced number of challenges. According to Robinson and Chamberlin, this approach is not only the means of generating more revenue but also provides added benefits of more employment opportunities. But Lange was having the opinion that although this approach is good from the perspective of person individually, but not from the perspective of nation building. This theory produces rapid changes in the socio economic world and hence rapid changes thus take place in the demand of products. Therefore, job security is really reduced.

Question 3:

Explain why Dobb thinks maximum growth should be the goal of the socialist economy?

Dobb was basically a 20th century economist following Marxian political

theories. Dobb in his famous book “ the Development of Socialist Economic Thought” have discussed that according to the Marxist’s school of thought socialism is divided into two stages; categorized as a lower socialism stage and a higher socialism stage. The people or class belonging to lower socialism stage is those who solely depend on their income and this income comes as a part of their salary. They do not have any other source of income. But the other stage of higher socialism results in the unequal distribution of resources(Cockshott). These people are provided with businesses or land pieces by which they can earn a secondary earning. Therefore, Dobb was having the opinion that each economy should follow socialist economic structures. In this way, differences among people will be reduced and budget allocation is done by the state holders. Government is given least rights and decisions are made to make the people work under equal as well as friendly environments. Also in this way, revenue generated by all businesses is collected by the government and government can then put that money in the development of the same project or may use that money for the development of a new project as well. In this way more and more business and developmental projects can be started and hence the growth of state becomes possible.

Question 4:

Explain what Lange thinks a new socialist government should do on coming to power.

Lange provided the model of a successful socialist market economy according to which all of the businesses and firms within the country are controlled by the state or government itself. Therefore, state owners are

responsible for allocating the resources according to the requirements.

According to Lange when a state or government is profoundly socialist and gets the charge, first of all, they must try to allocate resources to all departments within the market equally, Lange proposed that if the demand of the goods increases then the price must be increased to maintain a balance. Similarly if the demand is less than the production, rate must be reduced, etc. Therefore, Lange proposed a model for the new socialist government who should follow the given points once took charge (Shleifer and Vishny).

Although state is provided with limited information but still it is the duty of state holders to distribute the funds as required by the market.

References

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