

Review Paper

**ECONOMIC THOUGHT OF FRIEDRICH LIST,
GUNNAR MYRDAL AND JOHN MAYNARD KEYNES,
AND ITS APPLICABILITY IN TRANSITION ECONOMIES**

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Abstract. *The neo-liberal policies of privatization, trade and capital markets liberalization, deregulation and minimizing the role of the state have led in transition Balkan countries to deindustrialization, GDP stagnation and high unemployment, having for its consequence a dramatic depopulation. This refers us to the need for searching for different, successful development policies in the past. The aim of the paper is to explore the economic thought of three great economists, the critics of classical and neoclassical economics, who have had an important influence on economic theory and policy in the past: German economist and politician Friedrich List, the founder of German Historical School, who was considered to be the main ideologist of capitalist development of Germany; Swedish Nobel prize winner Gunnar Myrdal, who had a major role in the creation of the Swedish model of welfare state; and famous British economist John Maynard Keynes who greatly influenced the prosperity of Western economies in the decades after the Second World War. The research results show that current problems of transition economies could find many solutions in the ideas of List, Myrdal and Keynes.*

Key words: *economic development, economic policies, transition economies, Friedrich List, Gunnar Myrdal, John Maynard Keynes*

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INTRODUCTION

The neo-liberal policies of privatization, trade and capital markets liberalization, deregulation and minimization of the role of the state have led in transition countries to the collapse of large economic systems, a number of bankruptcies and liquidations of enterprises and, consequently, to deindustrialization, leading to a high unemployment rate and a decline in the population standard of living. Deindustrialization, GDP stagnation and high unemployment have for its consequence a dramatic depopulation, by negative natural increase as well as by the emigration into industrially developed countries. Such consequences indicate to the need for searching for different, successful development policies and models.

The subject of this research is the economic thought of three influential economists, the critics of the classical and neoclassical economics, who played an important role in economic theory and practice in the past: German economist and politician Friedrich List (1789-1846), the founder of German Historical School, who was considered to be the main ideologist of capitalist development of Germany; Swedish Nobel prize winner Karl Gunnar Myrdal (1898-1987), who had a major role in the creation of the Swedish model of welfare state, and famous British economist John Maynard Keynes (1883-1946), who greatly influenced the prosperity of Western economies in the decades after the Second World War.

The hypothesis of this research is that the economic thought and ideas of List, Myrdal and Keynes could give the solutions to some of the problems of Balkan transition countries.

Research methods used in the research are the analysis of empirical macroeconomic data, as well as the historical method of exploring development theories in the past, in order to broaden perspective and to escape the pressure of dominant interests, prejudices and ideologies (Myrdal, 1973).

The research paper is structured as follows. After the introduction, an overview of the consequences of neoliberal policies in Bosnia and Herzegovina and the Republic of Srpska was provided. In the next part the economic thought of Friedrich List, Karl Gunnar Myrdal and John Maynard Keynes has been explored, with the emphasis on their views on the role of the state in economic development. The conclusions are presented at the end of the paper.

1. THE CONSEQUENCES OF NEOLIBERAL POLICIES IN TRANSITION COUNTRIES - AN EXAMPLE OF BOSNIA AND HERZEGOVINA

The transition model introduced in Bosnia and Herzegovina (BiH) after the civil war (1992-1995) was based on the so-called Washington Consensus (Zupčević & Čaušević, 2009), and the key imperatives of neoliberalism: privatization, trade and capital liberalization, deregulation and minimization of the state role.

The result of the neoliberal policies in BiH is visible through the trend of some basic macroeconomic indicators presented in the following figures.

Figure 1 shows the trend of the real GDP growth rate in Bosnia and Herzegovina in the period from 2004 to 2016.

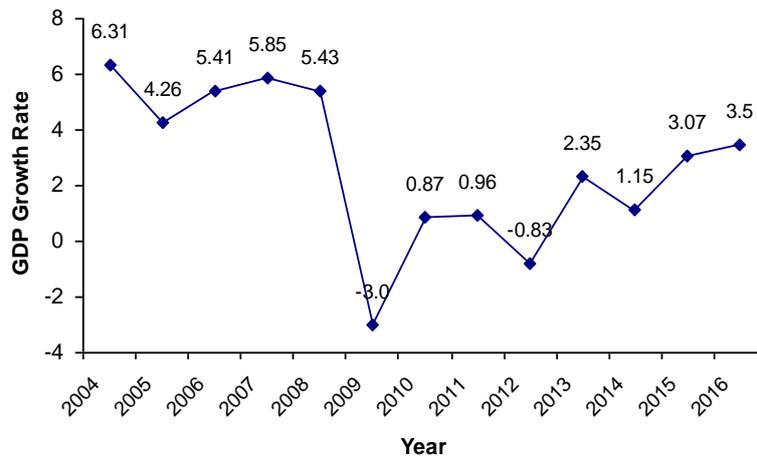


Fig. 1 Real GDP growth rates in Bosnia and Herzegovina
 Source: Author, based on BiH Agency for Statistics data

Figure 2 shows the trend of inflation (deflation) rate in Bosnia and Herzegovina in the period from 2004 to 2016.

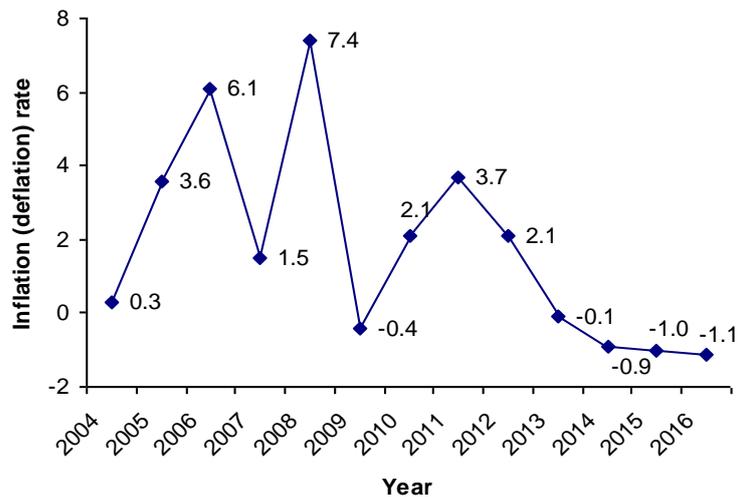


Fig. 2 Inflation (deflation) rates in Bosnia and Herzegovina
 Source: Author, based on BiH Agency for Statistics data

The average real GDP growth rate in the period 2004-2008 was 5.5%, while the average annual inflation rate was 3.78%. After 2008, the average annual real GDP growth rate significantly dropped to only 1.1% in the period 2009-2016, while the average annual inflation rate was 0.55% per annum. The price stability was followed by the stagnation of

economic activities. In the last four years of the observed period (2013-2016), there was a deflation, ranging from -0.1% in 2013 to -1.1% in 2016.

According to Bosnia and Herzegovina Central Bank (2016), one of the main causes of deflation, measured by the consumer price index, was the pressure of low import prices of agricultural and other food products, given the high trade deficit of these categories.

At the same time, domestic arable land is largely unused. For example, in the Republic of Srpska, there has been a visible trend in the reduction of sown areas since 2008, which reached its minimum in years 2014 and 2015. These two years, excluding 1996 as the first postwar period, represent the minimum of the 20-year period (1996-2015), with 51.9% and 53.1% sown areas of the total arable land. The export-import ratio of agricultural products in 2015 amounted to only 25.7%, despite exceptionally favorable natural conditions for the development of agriculture (Statistical Yearbook of the Republic of Srpska, 2016).

Industrial production in Bosnia and Herzegovina stagnates. Average growth of industrial production in the period 2009-2015 was only 1.03% per year (BiH Central Bank, 2016).

Figure 3 shows that unemployment in Bosnia and Herzegovina is extremely high and it stagnated at the level 27.5%-28% in the period 2011-2015.

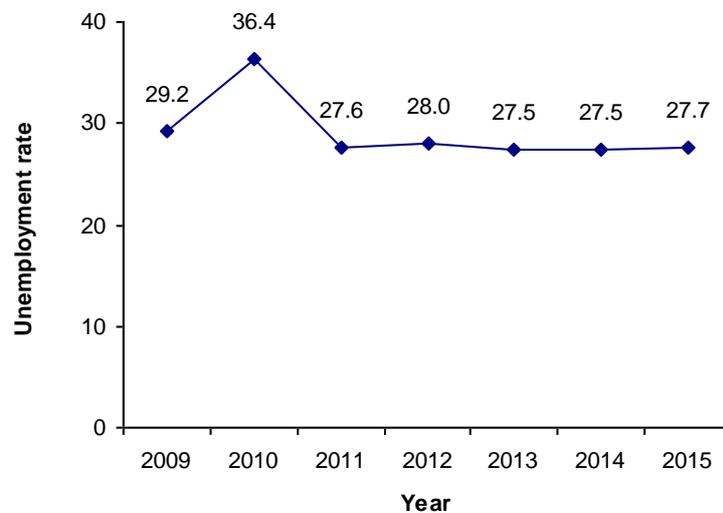


Fig 3 Unemployment rate in Bosnia and Herzegovina

Source: Author, based on BiH Agency for Statistics data

Figure 4 demonstrates that Bosnia and Herzegovina external debt grew in the observed period from 3,96 billion KM in 2007 to 8,36 billion KM in 2016, which means that it more than doubled in the observed period.

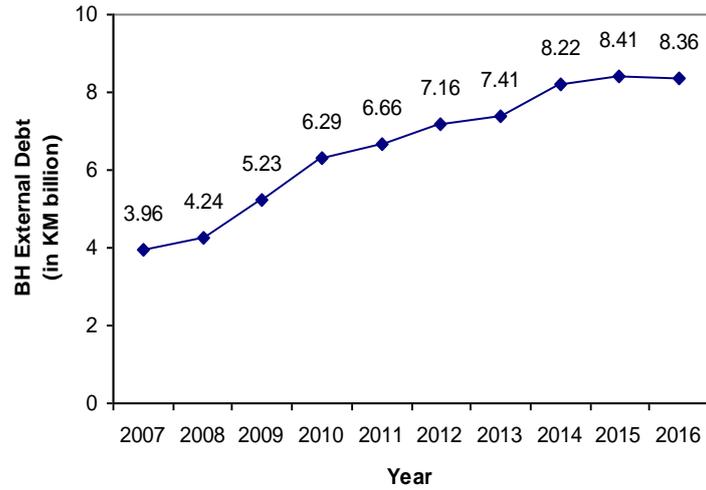


Fig 4. External debt of Bosnia and Herzegovina
 Source: Author, based on BiH Ministry of Finance and Treasury data

The number of inhabitants in Bosnia and Herzegovina is constantly decreasing. A particularly alarming situation is in the Republic of Srpska, where, based on the negative natural increase of the population, 53,295 inhabitants were lost in the period 2002-2016, representing 4.6% of the estimated population in the Republic of Srpska in 2016, as shown in Figure 5.

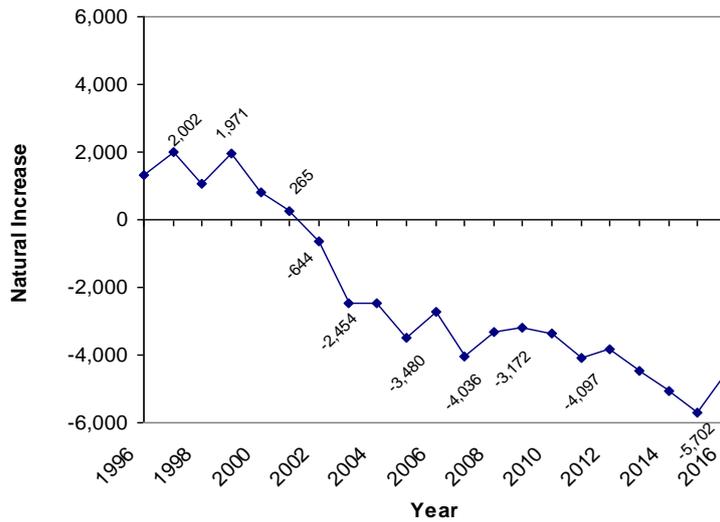


Fig. 5 Natural increase of population in the Republic of Srpska
 Source: Author, based on the Republic of Srpska Agency for Statistics data

Also, the emigration from the Republic of Srpska is dramatic. In the period 2009-2015 the Statistical Office of the Republic of Srpska estimated the population at approximately 1.42-1.43 million inhabitants. For example, the estimation for 2013 was 1,425,549 inhabitants. However, the results of the Population Census in BiH conducted in October 2013 showed that in the Republic of Srpska in 2013 there were 1,171,179 inhabitants, i.e. 254,370 or 18% less than estimated.

The official data on demographic changes of statistical agencies in Bosnia and Herzegovina do not include external but only internal migrations. However, it is clear that economic stagnation, high unemployment, especially of young people, and low standard of living, contribute to the rapid trend of emigration, which contributes to the reduction of the population in BiH (BiH Central Bank Annual Report, 2016). Republic of Serbia faces similar dramatic demographic and economic situation, as shown in the research of Mitrović & Bošković (2017).

Described negative consequences of implemented policies refer us to the need for searching for different, successful development theories and policies. In the following sections we will explore the economic thought of three influential economists, who played an important role in economic theory and practice in the past: Friedrich List, Karl Gunnar Myrdal and John Maynard Keynes, with the aim to find some ideas and policies that could be applicable to current situation and problems of Balkan transition countries.

2. FRIEDRICH LIST (1789-1846) AND GERMAN HISTORICAL SCHOOL

German economist and politician Friedrich List is considered to be the main ideologist of capitalist development in Germany (Šoškić, 1986). His ideas have been implemented in the policy of German Chancellor Otto von Bismarck (1815 - 1898) (Chang, 2003). Given the later development and success of German economy, it is worth paying attention to his views.

In the first half of the 19th century, Germany was divided into 39 different states, economically and politically isolated from one another. At the same time, however, British surpluses of products (as the most developed economy of that time), found a way to the German markets at extremely low prices, which jeopardized the interests of German manufacturers and traders. In 1819, Friedrich List became the leader of the General Association of German Manufacturers and Traders and the soul of the movement for economic unity and uniform customs of German states (Ekelund & Hébert, 1997).

List's main work, published in 1841, is called the "National System of Political Economy". According to List, the ultimate goal of economic activity should be national development and strengthening of economic power, that is, the industrial development of Germany.

In his analysis of national systems of political economy, List applied a method that examines the historical stages of the economic development, i.e., the idea that the economy must go through several stages before reaching a mature state: "the savage state, the pastoral state, the agricultural state, the agricultural and manufacturing state, and finally, the agricultural, manufacturing, and commercial state" (List, 1856, p. 72).

List considered that only the economies in the fourth stage, i.e. "agricultural-manufacturing", need economic protection, until they reach the final stage. According to List, Germany and the United States of that time were at that stage of economic development. However, after arriving at the final stage, free trade again becomes justified, because "...a

nation having reached a manufacturing supremacy can keep her manufacturers and tradesmen from inaction, recoil and idleness, only by the free importation of food and raw materials, and by the competition of foreign industry" (List, 1856, p. 276). According to List's classification and its evidence, only Great Britain at that time reached the final stage of economic development. While the nations of Europe and America struggled to reach this peak, cheap imports of British goods hampered the development of domestic production. List considered that there can be no equal international competition as long as all nations do not reach the final stage in their development (Ekelund & Hébert, 1997).

According to List, in order to become an equal partner to England and to develop its industry, Germany needs a single customs area and protective duties to foreign countries: "Each country should at once take possession of its own markets for its own industry, at least, as to the objects of general consumption...." (List, 1856, p. 280).

His writings are rich in examples from history and experience that show that economic protection is the only way to strengthen the emerging nation. Dedicating the first part of his book to the overview of the economic development of individual nations (Italy, the Netherlands, England, Spain, Portugal, France, Germany, Russia, the United States), List points out that England also developed its industry due to protective measures of its economic policy, import prohibitions or high customs, that protected the English industry and maritime navigation from foreign competition (List, 1856, p. 110-129).

List criticizes the classical economists and their derivation of the principles they assume are valid for all nations and all time, and in unrecognizing of the diversity of conditions that exist in different countries, and so in Germany of that time (Ekelund & Hébert, 1997).

According to List, the classical school has three essential defects: 1) cosmopolitanism, which does not take into account national interests; 2) materialism, which regards only the exchangeable value of things, taking account neither of the moral nor of the political interests of the nation, and 3) unorganized individualism (List, 1856, p. 262).

For List, the economy is subordinated to politics. Thus, it is not enough for a statesman to know that free exchange of goods will increase wealth, as it has been shown by classical economists, but he must know the consequences of such activity for his own country. According to List, the economic liberalism in the international field, advocated by British classics, can be useful only between two nations that are at the same level of industrial development (Šoškić, 1986). List, therefore, claimed that the free trade that expels either domestic industry, or its population is undesirable and says: "...nations have even lost their independence, and their political existence, because their commercial policy had not aided the development and the consolidation of their nationality" (List, 1856, p. 61).

List considered that the theory of free trade had the role of a Trojan horse in economy: "... to create fears lets our nationality be in danger of perishing by an error of theory, like a sick man, who by conforming to a printed prescription died of an error of the prescription: to arouse suspicion that this boasted theory has attained its large growth only for the Trojan-Horse purpose of concealing arms and soldiers, and inducing us to take down, with our own hands, the walls which protect us" (List, 1856, p. 62).

Contrary to the free trade theory, List considered the system of import customs as a tool to help the economic development of the nation regulating its foreign trade, but the nation must constantly follow the principle of industrial education of the country, i.e. of industrial progress (List, 1856). List believed that the American experience of that era confirmed his views on protectionism. American protectionists, especially Alexander Hamilton and Henry Carey, supported him (Ekelund & Hébert, 1997).

List considered the industry to be a social force that creates and improves capital and labor, i.e. gives current production, but also gives momentum and direction to future production. That is why List recommended the introduction of the industry into underdeveloped countries *even at the cost of temporary loss in the present*. According to List, it is important for every nation to develop both agriculture and industry, as well as trade, because the nation that is engaged only in agriculture, in free trade with production and trade nations will lose a significant part of its production power and natural resources, which must remain unused and unemployed. Also, its intellectual and political culture, as well as its means of defense, will thus be limited (List, 1856).

List's originality in economic theory and methods consists of its systemic use of historical comparison as a means of proving the validity of economic assumptions. He expanded the dynamic structure of the classical concept of economic growth, representing economic development as a sequence of historical stages. Thus, List provided a methodological gathering point for the economists of the German Historical School. List is considered to be the predecessor of this school, whose representatives are Wilhelm Roscher, Karl Knies, Bruno Hildebrand, and Gustav Schmoller.

3. KARL GUNNAR MYRDAL (1898-1987)

Swedish economist Karl Gunnar Myrdal, winner of the Nobel Memorial Prize for Economics in 1934 for his early work in monetary theory, made a major contribution in the field of macroeconomic theory, development economics, international economics, economic methodology as well as social and economic policy. Gunnar Myrdal and his wife, Alva Myrdal, who won the Nobel Peace Prize in 1982, played a major role in the creation of the Swedish welfare state model through their research, ideas and political engagement.

Gunnar Myrdal was a critic of the ruling neoclassical economy and the advocate of the so-called institutional approach. In his work entitled "The Political Element in the Development of Economic Theory" of 1930, Myrdal criticized the logical consistency of neoclassical theory, stating that it was based on unsatisfactory assumptions that relate to individual preferences based on utilitarian moral philosophy and rationalistic psychology, which were abandoned at the beginning of the 20th century in other social sciences. Myrdal also criticized the neoclassical theory of equilibrium and, contrary to it, he considered that, in the normal case, there was no such tendency towards automatic self-stabilization in the social system (Panico & Rizza, 2009).

Myrdal also points out to the presence of ideological elements in the formation of economic analysis and in the formulation of theoretical interpretations. For the most significant factor affecting the objectivity of economics as a science, Myrdal considers the forces in society that put pressure on economists to so direct their work that they come to conclusions in line with dominant interests and prejudices (Myrdal, 1973).

Myrdal advocates state intervention, that is, policies that will be able to integrate the interests of different groups and regions, and generate a harmony of individual interests. According to him, the market forces, if left to themselves, would have led to disharmony, and not to the harmony of natural law and economic equilibrium, as neoclassicists considered (Panico & Rizza, 2009).

By giving the institutions a central role in his analysis, Myrdal's approach emphasized the role and significance of non-economic factors in development. He has understood the

interdependence between economic and non-economic factors, and he criticized the neglect of non-economic factors by most economists (Ibid).

Myrdal advocated an attitude of economics as a social theory. According to him, economic theory will have to deal with all the relevant factors if it wants to be realistic. That means that general economic analysis will have to become social theory (Panico & Riza, 2009). In that sense, social and political factors such as national cohesion, religions and ideologies, health and education, economic, social and political leadership can contribute in an important way to the development process and the growth of the economy. What is important is that intense relations and connections are established among the individuals and the institutions to make it possible to identify common problems and formulate strategies for their solution. The economies are seen as 'social organisms' that, through experience, can acquire a greater ability to solve increasingly complex collective problems (Ibid).

Noting the problem of the downward trend in population in Sweden in the 1930s, Gunnar Myrdal and his wife, Alva Myrdal, in 1934 wrote a book titled the "Crisis in the Population Question", in which they discussed declining birth rates in Sweden, the problems it brings, and suggest the possible solutions. The book was very influential in the debate that led to the reform of income redistribution aimed at the welfare of families with children, in the field of housing, nutrition, health and education, in order to stop the decline in the number of inhabitants, which was the main motive for the social democratic reforms in Sweden (Myrdal, 1973).

It has been recognized that the declining trend in population in Sweden will lead to a slowdown in economic development, as it will mean a tendency towards a depressed state of production, employment, and, consequently, consumption. The idea was to design a population policy, where "...a large part of the economic burden of bringing up children must be passed on from the individual family to society as a whole; i.e., the burdens must be borne by the citizens as taxpayers regardless of their having children or not" (Myrdal, 1938, p. 207). Thus, the general method of population policy was the transfer of income from individuals and families without children to families with children. The goal was a considerable relief of the economic burdens of raising children, and thus to reduce the economic motive for childlessness (Myrdal, 1938).

Myrdal considers these measures as "investing" in the human capital of the nation: "...we say that we are just as much and even more interested in the physical, intellectual, and moral quality of the population than in its quantity... a very great increase in the quality of the future generation could be secured if we only could provide families having children with better housing, nutrition, health care, education, and similar aids to sound development" (Myrdal, 1938, p. 208)

In 1935, the government appointed the Royal Commission on the Swedish population problem which elaborated plans for a number of social reforms that were primarily aimed at raising the standard of the care and welfare of children. Myrdal considered these reforms of income redistribution aimed at the well-being of families with children as an investment in economic development, that is, as laying the foundations for a more stable and faster economic growth.

Myrdal advocated the implementation of the welfare state concept, where the state plays a key role in protecting and promoting the economic and social well-being of the population. According to Myrdal in the most advanced welfare states the stress is on the "socialization of consumption", i.e. on interventions in distribution, unlike the old socialist policy for socialization of large-scale industry and finance (Myrdal, 1973).

Another issue of Myrdal's divergence with the neoclassical theory is the theory of free international trade. Myrdal believes that the theory of free international trade is inadequate, and that a free international trade can only exist between equal partners. In contrast to the established economic theory, Myrdal is of the opinion that unhampered international trade and capital movements will generally tend to create inequality, and will do so the more strongly when great inequalities are already established, as long as matters are left to the free unfolding of the market forces (Ibid). For Myrdal, the inherited theory of international trade has never succeeded in explaining the reality of underdevelopment and the need for development in poor countries: „While international inequality has been steadily increasing for a century or more, this imposing structure of abstract reasoning was directed rather toward showing that international trade initiates a tendency toward a gradual equalization of factor returns among different countries. This tendency, however, can operate only under assumptions that are grossly unrealistic” (Myrdal 1973, p. 124). Myrdal believes that, in addition to inadequate theory, the commercial policies of developed countries generally discriminate against the export interests of underdeveloped countries in many different ways (Ibid).

The works and ideas of Myrdal, besides their great influence on the Swedish model of welfare state, had a strong influence on other countries, such as South Korea and its president, general Park Chung Hee, under whose leadership in the period 1961-1979 South Korea experienced remarkable development and transformed itself from "a patient of Asia" into a strong economy (Brazinsky, 2005).

4. JOHN MAYNARD KEYNES (1883-1946) AND KEYNESIANISM

John Maynard Keynes, a British economist, politician and mathematician, is one of the most important economists of the 20th century. Keynes' work "The General Theory of Employment, Interest and Money" published in 1936 is considered to be a turning point in the development of the economic thought, which is referred to as a "Keynesian Revolution".

In his famous work, Keynes proves that the free market mechanism does not spontaneously establish an economic equilibrium, and that it does not lead to full employment of the factors of production, but, on the contrary, it leads to disequilibrium that is manifested in high unemployment, in crises and economic cycles. Keynes argues that the cause is the disturbed relationship between savings and investment. According to him, in conditions of an unregulated market, savings tend to grow, and investment tends to fall (Milaković, 2013). Keynes concludes that the problem of insufficient investment can be solved by the state investment. Keynes considered that the state should use its power of progressive taxation and spending, as a direct injection of public investment, in order to influence the business cycle. The state must be ready to ensure the conditions of full employment (Ekelund & Hébert, 1997).

Keynes disputes the ideas of a classical economy that the market mechanism ensures full employment of production factors, and advocates state intervention. He himself says that his "General Theory" is a transition away from English classical tradition (Keynes, 1936, p. 6).

According to Keynes, the classical economy is an idealized model (Ekelund and Hébert, 1997). He believes that classical economists neglected what was valuable in their predecessors, i.e. mercantilists, who reached the fragments of practical wisdom, which "the unrealistic abstractions of Ricardo first forgot and then obliterated. There was wisdom in their intense preoccupation with keeping down the rate of interest by means of

usury laws..., by maintaining the domestic stock of money and by discouraging rises in the wage-unit; and in their readiness in the last resort to restore the stock of money by devaluation, if it had become plainly deficient through an unavoidable foreign drain, a rise in the wage-unit, or any other cause” (Keynes, 1936, p. 211-212).

Keynes, therefore, finds his role models in mercantilists. He states that in the first quarter of the 20th century there was no economist who would argue that the protection of domestic markets might increase domestic employment. Keynes quotes his own words from 1923 when, as a faithful pupil of the classical school, he had no doubt what he was taught: “If there is one thing that Protection can *not* do, it is to cure Unemployment... the claim to cure Unemployment involves the Protectionist fallacy in its grossest and crudest form” (Keynes, 1923 cited in Keynes, 1936, p. 208). He states that the students of that time were brought up to believe that the mercantilist theory was little better than nonsense, and that the domination of the classical school was absolutely overwhelming and complete (Keynes, 1936).

Keynes, therefore, considers the theoretical foundations of free trade as inadequate: “Thus, the weight of my criticism is directed against the inadequacy of the theoretical foundations of the laissez-faire doctrine upon which I was brought up and which for many years I taught;—against the notion that the rate of interest and the volume of investment are self-adjusting at the optimum level, so that preoccupation with the balance of trade is a waste of time. For we, the faculty of economists, prove to have been guilty of presumptuous error in treating as a puerile obsession what for centuries has been a prime object of practical statecraft” (Keynes, 1936, p. 211). Keynes is of the opinion that the interest rate and volume of investments are not self-adjusting at the optimum level. On the contrary, he considers state interventions as necessary, in the form of the autonomous interest rate policy and the national investment program that are directed to an optimum level of domestic employment. It was just the implementation of these policies in Western economies after the Second World War, in the 1950s and 1960s, which have led to significant economic growth in this period, also called the “golden age of capitalism”.

Keynes considered that the central controls necessary to ensure full employment should involve a large extension of the traditional functions of government (Keynes, 1936).

Keynes and Keynesianism performed a real revolution, both in economic theory and in economic policy. For the 25 years after World War II (1945-1970), Keynesianism constituted the dominant paradigm for understanding the economy. This was the era in which modern tools of monetary policy (control of interest rates) and fiscal policy (control of government spending and taxes) were developed. It was also a period of strong unions and the development of institutions of social protection (Palley, 2004).

During the 1970s, the influence of Keynesianism as the ruling economic theory and policy began to decline, and the so-called “neoliberalism” emerged. The decline of Keynesianism is explained in different ways. It is believed that one of the causes was the problem with the inflation in the USA, linked to the Vietnam War (ended in 1975), which the United States financed mainly through deficit, which led to high rates of increase in quantity of money (Ekelund & Hébert, 1997). Also, it is considered that the oil crisis of the 1970s and a large increase in oil prices have caused stagflation, i.e. the simultaneous occurrence of inflation and stagnation in the United States and other developed economies and there appears a suspicion in the effectiveness of Keynesianism, which was rapidly abandoned in the practice of some of the most developed Western countries (Reaganomics in the US and Thatcherism in the United Kingdom) (Milaković, 2013). The abandonment of

Keynesianism is also explained by the ideological reasons, by the emergence of the Cold War and by the liberal theories as the Cold War weapons: "The Cold War, therefore, provided fertile ground for popularizing an economic rhetoric that spoke of "natural" free markets independent of governments and in which government regulation reduces well-being" (Palley, 2004, p. 3). According to Milaković (2013, p. 9): "Since then, the factors of the crisis that are shaking the world today are beginning to accumulate. All that time, the economic theory was dominated by ideology over science".

The outbreak of the global financial crisis 2007-2008 caused a re-rise of Keynes' thought (Giles at al., 2008).

CONCLUSION

The failure of neo-liberal economic policies in the Balkan transition countries indicates to the need for searching for different, successful development policies and models. The aim of this paper was to explore the economic thought of three great economists, who played an important role in economic theory and practice: Friedrich List, Karl Gunnar Myrdal and John Maynard Keynes, and try to find the ideas and policies that could be applicable in transition economies.

All three of these influential economists were critics of the classical and neo-classical economics. They considered as unsatisfactory the assumptions on which they relied, and thus, also, the derived theory from those assumptions.

List, Myrdal and Keynes look on the economy from the point of view of the nation and of the national development and they consider the role of the state in the economy as very important, contrary to cosmopolitanism and minimization of the role of the state of classical and neo-classical school.

Keynes and Myrdal criticize the theory of equilibrium, and believe that the free market mechanism does not spontaneously establish economic equilibrium, but instead it leads to imbalances in the economy and the whole society. They advocate the state interventionism, i.e. the central controls that will, unlike individual interests, have for its goal the interest of the society as a system, and to correct imbalances by conscious interventions.

Contrary to belief that free trade is the key to global prosperity, which is considered central in the neo-liberal discourse of globalization (Chang, 2003), List, Myrdal and Keynes consider the theoretical basis of the free trade doctrine on the international level as inadequate. According to List and Myrdal, economic liberalism at international level can only be beneficial between the economies of the equal level of development. According to List, the free trade between unequal economies squeezes out domestic industry and domestic population of less developed partner (Ekelund & Hébert, 1997). Myrdal also considers that free international trade and capital movements tend to create inequalities and if there are already inequalities in the development of countries, free trade will make these inequalities even greater (Myrdal, 1973). Also, contrary to the classical economy, Keynes considers that the interest rate and the volume of investments are not self-adjusting at the optimal level, so that the intervention in the form of the interest rate policy and the policy of a national investment program aimed at the optimal level of domestic employment is necessary. He also points to the importance of a positive trade balance (Keynes, 1936, p. 211, 217). List and Keynes emphasize the importance of

economic protection, i.e. foreign trade policy aimed at protecting domestic production, hence domestic employment.

The research showed that, contrary to neo-liberal economic policy, List, Myrdal and Keynes considered the role of the state in economic development as very important. List puts emphasis on economic protection, i.e. the united national customs area and protective customs barriers, with the goal to develop domestic production. Facing the population problem in Sweden of that time, and having in mind the importance of human factor for functioning and development of economy and society, Myrdal puts emphasis on the state policies of redistributing income in favor of families with children, in order to create human potential and to improve health and education of the population, as an investment in human capital of the nation, as laying the foundations for a more stable and faster economic growth. Facing the problem of large unemployment in the 1930s, Keynes puts the emphasis on state policies that will increase domestic investment and, consequently, domestic employment.

Today Balkan transition economies face similar problems of weak and insufficient domestic production, enormous unemployment (of all available resources: human resources, land and capital) and dramatic depopulation.

The research confirmed the hypothesis that the economic thought and ideas of List, Myrdal and Keynes can offer solutions to some of the current problems of Balkan transition countries. Some of their ideas and policies that could be applicable in transition economies include: Myrdal's active state population policy of redistributing income in favor of families with children, in order to stop and reverse dramatic depopulation, Keynes' government intervention in the form of the interest rate policy and the policy of a national investment program aimed at the optimal level of domestic employment, as well as List's and Keynes' foreign trade policies of temporary economic protection of strategic economic sectors in order to increase weak and insufficient domestic production and domestic employment.

Successful implementation of List's, Myrdal's and Keynes' economic thought and ideas in the past, having for their result a positive impact on lives of millions of people, refers us to the need of deeper research of their works and ideas.

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EKONOMSKA MISAO FRIDRIHA LISTA, GUNARA MIRDALA I DŽONA MEJNARDA KEJNZ A I NJENA PRIMJENLJIVOST NA ZEMLJE U TRANZICIJI

Neoliberalne politike privatizacije, liberalizacije trgovine i tržišta kapitala, deregulacije i minimalizovanja uloge države dovele su u zemljama u tranziciji do deindustrijalizacije, opadanja ili stagnacije BDP-a i visoke nezaposlenosti, koji za posljedicu imaju dramatičnu depopulaciju, što navodi na potrebu traganja za drugačijim, uspješnim razvojnim politikama u prošlosti. Cilj rada je istražiti ekonomsku misao tri velikana ekonomske misli, kritičara klasične i neoklasične škole, koji su imali veliku ulogu u ekonomskoj teoriji i praksi: njemačkog ekonomiste i političara Fridriha Lista, začetnika Njemačke istorijske škole u ekonomiji, koji se smatra glavnim ideologom kapitalističkog razvitka Njemačke; švedskog nobelovca Gunara Mirdala, koji je imao značajnu ulogu u stvaranju švedskog modela države blagostanja, i poznatog britanskog ekonomiste Džona Mejnarda Kejnza, koji je svojim idejama i političkim angažmanom umnogome uticao na prosperitet zapadnih ekonomija u decenijama nakon Drugog svjetskog rata. Rezultati istraživanja su pokazali da današnji problemi tranzicionih ekonomija mogu naći mnoga rješenja u idejama Lista, Mirdala i Kejnza.

Ključne reči: *ekonomski razvoj, ekonomske politike, tranzicione ekonomije, Fridrih List, Gunar Mirdal, Džon Mejnard Kejnza*