

Varieties of Capitalism and Economic Growth – a Liberal Restatement

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Abstract

The rise and fall of the particular “capitalist models” derived from the distinction between corporatist and liberal market economies has amply illustrated the failure to relate such varieties of capitalism to economic growth. Methodological problems are partly to blame, particularly the construction of types on the basis of institutions that are of relevance only in a limited part of the globe and have no determinate effect on growth. The types presented here avoid these problems by suggesting three varieties of capitalism that are of wider generality, and whose distinguishing features influence economic growth directly through the amount and nature of the rent that they generate and the type of governance engendered by the process of rent-seeking. There are good theoretical reasons to believe that a particular type of market capitalism based on the liberal ideas of classical political economy provides an optimal framework for economic growth.