

Comparing Different Schools of Economics

	CLASSICAL	NEOCLASSICAL	MARXIST	DEVELOPMENTALIST	AUSTRIAN	SCHUMPETERIAN	KEYNESIAN	INSTITUTIONALIST	BEHAVIOURALIST
The economy is made up of...	classes	individuals	classes	no strong view, but more focused on classes	individuals	no particular view	classes	individuals and institutions	individuals, organizations and institutions
Individuals are...	selfish and rational (but rationality is defined in class terms)	selfish and rational	selfish and rational, except for workers fighting for socialism	no strong view	selfish but layered (rational only because of an unquestioning acceptance of tradition)	no strong view, but emphasis on non-rational entrepreneurship	not very rational (driven by habits and animal spirits); ambiguous on selfishness	layered (instinct – habit – belief – reason)	only boundedly rational and layered
The world is...	certain ('iron laws')	certain with calculable risk	certain ('laws of motion')	uncertain, but no strong view	complex and uncertain	no strong view but complex	uncertain	complex and uncertain	complex and uncertain
The most important domain of the economy is...	production	exchange and consumption	production	production	exchange	production	ambiguous, with a minority paying attention to production	no strong view, but puts more emphasis on production than do the Neoclassicals	no strong view, but some bias towards production
Economies change through...	capital accumulation (investment)	individual choices	class struggle, capital accumulation and technological progress	developments in productive capabilities	individual choices, but rooted in tradition	technological innovation	ambiguous, depends on the economist	interaction between individuals and institutions	no strong view
Policy recommendations	free market	free market or interventionism, depending on the economist's view on market failures and government failures	socialist revolution and central planning	temporary government protection and intervention	free market	ambiguous – capitalism is doomed to atrophy anyway	active fiscal policy, income redistribution towards the poor	ambiguous, depends on the economist	no strong view, but can be quite accepting of government intervention