Political Economy

The use of the term ***political economy*** recognizes that the rules and parameters of economic activity are defined by political process, and that industries and economic elites can disproportionately shape politics.

Social change and progress are determined mostly by the ways that humans come together to produce their means of survival.

Modes of production & social relations

**I. Collectivist** modes of production for subsistence

***Foraging*:** focus on subsistence/short term needs

***Horticulture*** (simple agriculture): focus on subsistence

Most ***foraging*** (hunting & gathering) and ***horticultural*** societies were fairly egalitarian and free of class division and women’s inequality. Why? Little need to produce a surplus. Mobility and diversification of source helped adapt to and mitigate food shortage risks.

**Collectivist/communal production** at the community level or household/extended family level common for many things in subsistence modes of production

**II. Surplus** modes of production

**sedentary agriculture**: groups settle down and utilize domesticated plants and animals. Efforts made to produce surplus food to store for disasters. Surplus production from workers distributed by “redistributor chiefs” and “big men.” As surplus grows, chiefs redistribute it to specialists such as warriors, priests, craftsmen, and servants. Chiefs may become coercive, and voluntary contributions from ag. Workers and/or producers thus become taxes. Surplus production becomes part of an exploitative system, and takes various forms, depending on setting, including:

***slavery***

***feudalism***

***capitalism***

In capitalism, Karl Marx, taking off from earlier writings of Adam Smith, described the total value of a commodity as:

**C** + **V** + **S**

Where:

**C** is constant capital which is the means of production (eg. machines, tools, inputs etc…)

**V** is the value of labor power, that necessary for sustenance and reproduction of labor

**S** is surplus value, which is the source of profit. It is the product of labor done in addition to V.

----------------------------

Societies that consist of a small but powerful class of exploiters and a majority class of exploited require for their functioning a set of ideas that reinforce class domination. Example: “The fact that the United States was founded on conquest (of Indians) and enslavement (of Africans), or that the legal system favors the rich over the poor, or that workers here had to go on strike to get an eight-hour day, is not going to be prominent in most high school textbooks.” History reflects the “ruling ideology.” (Paul D’Amato)