POLITICAL ECONOMY OF MONEY pdf

1: The Theory of Political Economy | Mises Institute

*Political Economy of Money and Finance [M. Itoh, C. Lapavitsas] on www.enganchecubano.com *FREE* shipping on qualifying offers. To explain the pronounced instability of the world economy since the s, the book offers an important and systematic theoretical examination of money and finance.*

What is news is that since the middle of the 19th century, the Berlin Conference of to be precise, the biggest theft in world history has been the colonization of Africa. In fact the picture of corruption in Nigeria is sometimes like a horror movie. This is the compelling reason to begin to understand the political economy of a phenomenon which is doing so much damage to a territory of vast human and material resources that are enough to build a modern state that can compete very well with others worldwide in the era of globalization. While Nigeria has effectively or functionally failed, it still retains a national carcass which can be resuscitated with good leadership. Political economy as used here refers to the interconnectedness of political and economic factors in understanding development dynamics in social formations or national entities. And its use precedes the Keynesian paradigm of government intervention in market forces. A political economic analysis integrates considerations of historical, cultural and social factors with those of political and economic systems. In this sense, behaviour and values, in other words psychology and sociology combine with political and power factors and the production, distribution and exchange elements of economics to determine the human condition over historical periods. In the case of the analysis here, the fact that recent studies have established that critical public institutions are the main centres of corruption justifies a political economy analysis of corruption in Nigeria, What colonialism did was to integrate the pre-industrial mercantilism and petty production economy of the Nigerian colony established fully in into the global mercantilist, industrial, military-industrial-communication-entertainment complex in their historical phases. This process of globalization has not been peculiar to Nigeria. What has been exceptional here is the earlier volume of slave trading off the Nigerian coast and the contemporary ruination of the Nigerian political economy by corruption; much of it institutionalized during the military era, and which has become hegemonic with civil rule. White settler colonialism and European-type productive capacity and a well guided anti-colonial ideology have helped propel South Africa forward. Egypt to the north has similarly performed well even economically, on the basis of political stability founded on a concrete ideology. South Africa has flourished despite a high crime rate apparently resulting from the transition from injustice to too slowly evolving equity. And in the case of Egypt, it has marched on despite regional instability, including cross-border and neighbourhood wars. Not to be outdone, Nigeria has chosen to become the African star in corruption. The colonial economy of Nigeria was an essentially agricultural and solid minerals economy. Produce like groundnuts, cocoa, palm oil and kernels, beniseed and livestock, including hides and skins were the principal cash agro-products. There were also food agro-products like cassava, yams, rice, maize, corn and others. The solid minerals of tin, columbite and coal also nourished the export-oriented Nigerian economy. Even with the discovery of oil at Oloibiri in the fundamental economic resources of Nigeria are still agriculture and solid minerals, now abandoned for the monoculture of the hydrocarbon industry. The hydrocarbon or oil and gas economy which has come to dominate foreign exchange earnings and accounts for much of what is called the federation account money provides the funding for emoluments and overhead costs of the public sector and finances the capital projects that are implemented mainly by the private sector. Other forms of crude extraction and sales are oil bloc allocations, spot lifts and bunkering. On balance, oil resources have immediate target beneficiaries of about two million Nigerians and through multiplier effects of about five to ten million people. The excess crude account which captures the surplus from favourable international crude oil pricing has become a controversial fund subject to abuse. Outside the capital that is managed in the non-contracting private sector, the mainstream economy including manufacturers, bankers and traders, it is the federation account money that has been the main victim of corruption. Of course fraud and other forms of crimes exist in the wider society on an unacceptable scale. There have been other forms of politically-induced corrupt accumulation through indigenization, privatization and monetization. All forms of corruption are bad, but the one that bites hardest seems to be political corruption. However, in the case of the federation account, it is distributed to the federal government, states and local governments. Its distribution is in such a way that most non-oil producing states receive about 10 to 15 percent less than the oil-producing states. Added to this is a policy of 13 percent derivation, the Niger Delta Development Commission, the Niger Delta Ministry, and the community development programmes of oil companies, which also channel its revenues from oil back to oil producing communities for community development, environmental rehabilitation, infrastructure and services and human capital development. Much of this money from government and the oil companies is embezzled. Here are some examples: One of the chief executives of the predecessor to NDDC, a university professor, stole a lot of money and migrated from Nigeria with his television presenter wife. He jumped bail and mysteriously returned to Nigeria, only to be impeached and prosecuted. He is reputed to have helped himself with substantially stolen public money while in office. Another oil- state governor is on the run, wanted for theft. Even in a country like Nigeria where the big news would be that there are no corrupt practices to report this revelation is blood cuddling. Governors of other states have also been accused of such wrongdoings, although involving smaller amounts of money. So have Presidents, Ministers and Assemblymen and women. Even top bankers have been exposed to be grand thieves. However, the Niger Delta militants need to know who is stealing national wealth in their domain in order to know where to properly channel their wrath and aggression. The other national wealth comes from local and international loans, and grants and taxes, customs duties and sundry internally generated revenue at the federal and state levels. Elsewhere, in the upper northern states, a feudal psychology, primitive culture, the subjugation of women, youth exclusion and dessert encroachment are pauperizing large communities and populations. The agrarian middle belt suffers from pre-industrial agriculture, lack of agro-industry and a needless identity complex. All states in the federation receive their statutory allocations from Abuja, their federal character shares of appointments and their underdevelopment should be blamed on their governors and local government chairmen, not on imaginary Hausa-Fulani oppressors, even when a Yoruba man is President and bombs 20 settlements in Tiv land. Within the framework of a political economy analysis, the problem of Nigeria is not that of building alliances within regions or between and among ethnic or religious groups and mix of nationalities or zones for elections. There is a problem of a national thieving elite versus the broad masses both of which classes are everywhere. Those who steal public resources use them to purchase political power, so they recycle themselves. They create or amend the constitution to protect their interests and thereby promote the hegemony of corruption. They include how to promote equity and egalitarian development and ensure that due processes are not violated or manipulated in public administration. Rogues cannot promote a productive economy because they do not need to do that. The monies they steal are hidden or laundered in properties, cars or used to satisfy newly acquired expensive tastes in clothes, jewelry, champagnes, sexual tourism or just plain prostitution. This corruption trickles down to pollute the rest of the society and correlates with or promotes bribery and other forms of crimes and vices. They do not have a need for a productive economy because the objectives of production are to make money and provide services. However, since they are anti-social and irresponsible, and their money is made easily and is substantial and needs to be hidden, why bother about production? Low productivity engenders unemployment and poverty which promote a youth bulge leading to criminal militancy or even war and a high crime rate. This is the problem that has been thrown into the laps of three agencies: So when the EFCC boss, Farida Waziri cries out that courts and the press are used by corrupt people and there should be capital punishment for some categories of offenders, we know that as a lawyer and a former senior police officer, she has appraised the problem to be very very serious. Nigeria could have done better but it seems to have derailed. Maybe the derailment was caused by military rule, the civil war and the discovery of oil which have cumulatively and conjointly corrupted the country and rubbished it of good leaders. Some of the present crop of political leaders in Nigeria are probably the worst that are running any twenty- first century state anywhere in the world. They are opportunistic, unprincipled, mercenary and despicable. There is as a result no alternative to the return of Nigeria back on its correct political economic track except through a revolutionary reconstruction of its society, economy and polity. Capitalism, whose theoretical foundation is rooted in selfishness and greed, is more prone to corruption than socialism especially primitive accumulation. However, legislation, reforms and checks and balances have somehow blunted the vicious fangs of capitalism in many global communities, despite its recent crash, which has highlighted its weak foundations and vulnerability. In Nigeria, we seem to have moved into a combined phase of barbarism and savagery in a colony of corruption, run by its hegemons. There are two approaches at solution: This leadership must be situated within a system of governance that rewards correctness substantially and punishes corruption and crime severely. A better society is one that has systemic equity and egalitarianism, and which makes safety nets and philanthropy irrelevant.

POLITICAL ECONOMY OF MONEY pdf

2: Our Political Economy Is Designed to Create Poverty and Inequality | The Nation

The second half is spent applying those ways of understanding to contemporary issues of the political economy of money. We look where the power to make money lies, how that power shapes both domestic and international political relations, and how people are resisting the world of dollars, euros and pounds through online and community currencies.

Etymology[edit] Originally, political economy meant the study of the conditions under which production or consumption within limited parameters was organized in nation-states. In that way, political economy expanded the emphasis of economics, which comes from the Greek oikos meaning "home" and nomos meaning "law" or "order". Political economy was thus meant to express the laws of production of wealth at the state level, just as economics was the ordering of the home. The French physiocrats were the first exponents of political economy, although the intellectual responses of Adam Smith , John Stuart Mill , David Ricardo , Henry George and Karl Marx to the physiocrats generally receives much greater attention. The Neapolitan philosopher Antonio Genovesi was the first tenured professor. In its contemporary meaning, political economy refers to different yet related approaches to studying economic and related behaviours, ranging from the combination of economics with other fields to the use of different, fundamental assumptions that challenge earlier economic assumptions: Robert Keohane , international relations theorist Political economy most commonly refers to interdisciplinary studies drawing upon economics , sociology and political science in explaining how political institutions, the political environment, and the economic system â€” capitalist , socialist , communist , or mixed â€"influence each other. Public choice theory is a microfoundations theory that is closely intertwined with political economy. Both approaches model voters, politicians and bureaucrats as behaving in mainly self-interested ways, in contrast to a view, ascribed to earlier mainstream economists, of government officials trying to maximize individual utilities from some kind of social welfare function. New political economy which may treat economic ideologies as the phenomenon to explain, per the traditions of Marxian political economy. Maier suggests that a political economy approach "interrogates economic doctrines to disclose their sociological and political premises It also informs much work published in New Political Economy, an international journal founded by Sheffield University scholars in In the United States, these approaches are associated with the journal International Organization , which in the s became the leading journal of IPE under the editorship of Robert Keohane , Peter J. Katzenstein and Stephen Krasner. Because these regimes influence and are influenced by the organization of both social and economic capital, the analysis of dimensions lacking a standard economic value e. Historians have employed political economy to explore the ways in the past that persons and groups with common economic interests have used politics to effect changes beneficial to their interests. In the s and s, legal realists e. Robert Hale and intellectuals e. John Commons engaged themes related to political economy. In the second half of the 20th century, lawyers associated with the Chicago School incorporated certain intellectual traditions from economics. However, since the crisis in legal scholars especially related to international law, have turned to more explicitly engage with the debates, methodology and various themes within political economy texts. Many sociologists start from a perspective of production-determining relation from Karl Marx. Anthropology studies political economy by investigating regimes of political and economic value that condition tacit aspects of sociocultural practices e. Analyses of structural features of transnational processes focus on the interactions between the world capitalist system and local cultures. Archaeology attempts to reconstruct past political economies by examining the material evidence for administrative strategies to control and mobilize resources. Psychology is the fulcrum on which political economy exerts its force in studying decision making not only in prices , but as the field of study whose assumptions model political economy. The ecological effects of economic activity spur research upon changing market economy incentives. Additionally and more recently, ecological theory has been used to examine economic systems as similar systems of interacting species e. Communications examines the institutional aspects of media and telecommuncation systems. As the area of study focusing on aspects of human communication, it pays particular attention to the relationships between owners, labor, consumers, advertisers, structures of production and the state and the power relationships embedded in these relationships.

3: Money stock: A Glossary of Political Economy Terms - Dr. Paul M. Johnson

This unit explores money and finance from a political economy perspective. It covers the evolution of money from the gold standard to the present, the institutions, instrument and markets of modern finance, with a special focus on financial innovation and its challenges.

Nothing is more illustrative of the inherently interdisciplinary nature of international relations inquiry than the nexus between economic and political factors. Although politics and economics have been studied separately for analytic purposes and as academic disciplines, and although each has its own paradigms,â€¦ Historical development Political economy is a very old subject of intellectual inquiry but a relatively young academic discipline. The analysis of political economy in terms of the nature of state and market relations , both in practical terms and as moral philosophy , has been traced to Greek philosophers such as Plato and Aristotle as well as to the Scholastics and those who propounded a philosophy based on natural law. A critical development in the intellectual inquiry of political economy was the prominence in the 16th to the18th century of the mercantilist school, which called for a strong role for the state in economic regulation. The writings of the Scottish economist Sir James Steuart, 4th Baronet Denham , whose Inquiry into the Principles of Political Economy is considered the first systematic work in English on economics, and the policies of Jean-Baptiste Colbert â€”83 , controller general to Louis XIV of France, epitomize mercantilism in theory and in practice, respectively. Although the field itself was new, some of the ideas and approaches it drew upon were centuries old. Many works by political economists in the 18th century emphasized the role of individuals over that of the state and generally attacked mercantilism. Individuals intend to advance only their own welfare, Smith asserted, but in so doing they also advance the interests of society as if they were guided by an invisible hand. Arguments such as these gave credence to individual-centred analysis and policies to counter the state-centred theories of the mercantilists. His workâ€”in particular his concept of comparative advantage , which posited that states should produce and export only those goods that they can generate at a lower cost than other nations and import those goods that other countries can produce more efficientlyâ€”extolled the benefits of free trade and was pivotal in undermining British mercantilism. In the midth century communist historian and economist Karl Marx â€”83 proposed a class-based analysis of political economy that culminated in his massive treatise Das Kapital , the first volume of which was published in The holistic study of political economy that characterizes the works of Smith, List, Marx, and others of their time was gradually eclipsed in the late 19th century by a group of more narrowly focused and methodologically conventional disciplines , each of which sought to throw light on particular elements of society, inevitably at the expense of a broader view of social interactions. By , when English neoclassical economist Alfred Marshall â€” published his textbook on the Principles of Economics, political economy as a distinct academic field had been essentially replaced in universities by the separate disciplines of economics, sociology, political science, and international relations. Marshall explicitly separated his subjectâ€”economics or economic scienceâ€”from political economy, implicitly privileging the former over the latter, an act that reflected the general academic trend toward specialization along methodological lines. In the second half of the 20th century, as the social sciences especially economics but also political science became increasingly abstract, formal, and specialized in both focus and methodology , political economy was revived to provide a broader framework for understanding complex national and international problems and events. The field of political economy today encompasses several areas of study, including the politics of economic relations, domestic political and economic issues, the comparative study of political and economic systems, and international political economy. The emergence of international political economy, first within international relations and later as a distinct field of inquiry, marked the return of political economy to its roots as a holistic study of individuals, states, markets, and society. As many analyses by political economists have revealed, in actual government decision making there is often a tension between economic and political objectives. Since the s, for example, the relationship between the United States and China has been replete with difficulties for both countries. China consistently has sought integration into the world economyâ€”an effort best illustrated by its successful campaign to join the World Trade Organization WTO â€”but has resisted domestic political liberalization. This example reflects the complex calculus involved as governments attempt to balance both their political and their economic interests and to ensure their own survival. Economics and political economy The relationship between political economy and the contemporary discipline of economics is particularly interesting, in part because both disciplines claim to be the descendants of the ideas of Smith, Hume, and John Stuart Mill. Whereas political economy, which was rooted in moral philosophy, was from the beginning very much a normative field of study, economics sought to become objective and value-free. Indeed, under the influence of Marshall, economists endeavoured to make their discipline like the 17th-century physics of Sir Isaac Newton â€” With the publication in of Foundations of Economic Analysis by Paul Samuelson , who brought complex mathematical tools to the study of economics, the bifurcation of political economy and economics was complete. Mainstream political economy had evolved into economic science, leaving its broader concerns far behind. The distinction between economics and political economy can be illustrated by their differing treatments of issues related to international trade. The economic analysis of tariff policies, for example, focuses on the impact of tariffs on the efficient use of scarce resources under a variety of different market environments , including perfect or pure competition several small suppliers , monopoly one supplier , monopsony one buyer , and oligopoly few suppliers. Different analytic frameworks examine the direct effects of tariffs as well as the effects on economic choices in related markets. Although ostensibly a value-free exercise, such economic analysis often implicitly assumes that policies that maximize the benefits accruing to economic actors are also preferable from a social point of view. In contrast to the pure economic analysis of tariff policies, political economic analysis examines the social, political, and economic pressures and interests that affect tariff policies and how these pressures influence the political process, taking into account a range of social priorities, international negotiating environments, development strategies, and philosophical perspectives. In particular, political economic analysis might take into account how tariffs can be used as a strategy to influence the pattern of national economic growth neo-mercantilism or biases in the global system of international trade that may favour developed countries over developing ones neo-Marxist analysis. Although political economy lacks a rigorous scientific method and an objective analytic framework, its broad perspective affords a deeper understanding of the many aspects of tariff policy that are not purely economic in nature. Much of this debate can be traced to the thought of the English political economist John Maynard Keynes â€” , who argued in The General Theory of Employment, Interest, and Money â€”36 that there exists an inverse relationship between unemployment and inflation and that governments should manipulate fiscal policy to ensure a balance between the two. The so-called Keynesian revolution, which occurred at a time when governments were attempting to ameliorate the effects of the worldwide Great Depression of the s, contributed to the rise of the welfare state and to an increase in the size of government relative to the private sector. Indeed, Keynesianism was practiced by countries of all political complexions, including those embracing capitalism e. Led by the American economist Milton Friedman and other proponents of monetarism the view that the chief determinant of economic growth is the supply of money rather than fiscal policy , neoliberals and others argued that the state should once again limit its role in the economy by selling off national industries and promoting free trade. Supporters of this approach, which influenced the policies of international financial institutions and governments throughout the world, maintained that free markets would generate continued prosperity. Opponents of neoliberalism have argued that the theory overlooks too many of the negative social and political consequences of free markets, including the creation of large disparities of wealth and damage to the environment. Since it went into effect in , the agreement has generated a good deal of controversy about whether it has created or eliminated jobs in the United States and Canada and about whether it has helped or harmed the environment, labour conditions, and local cultures in Mexico. Comparative political economy studies interactions between the state, markets, and society, both national and international. Both empirical and normative, it employs sophisticated analytic tools and methodologies in its investigations. Rational-choice theorists , for example, analyze individual behaviour and even the policies of states in terms of maximizing benefits and minimizing costs, and public-choice theorists focus on how policy choices are shaped or constrained by incentives built into the routines of public and private organizations.

Modeling techniques adapted from econometrics are often applied to many different political economic questions. Political economists attempting to understand domestic macroeconomic policy often study the influence of political institutions e. The influence of political and societal actors e. Comparative analysis also considers the extent to which international political and economic conditions increasingly blur the line between domestic and foreign policies in different countries. For example, in many countries trade policy no longer reflects strictly domestic objectives but also takes into account the trade policies of other governments and the directives of international financial institutions. Many sociologists focus on the impact that policies have on the public and the extent of public support that particular policies enjoy. Likewise, sociologists and some political scientists also are interested in the extent to which policies are generated primarily from above by elites or from below by the public. For many Marxists and contemporary adherents of varying strands of Marxist thought , government efforts to manage different parts of the economy are presumed to favour the moral order of bourgeois values. As in the case of tax policy, for example, government policies are assumed to support the interests of the rich or elites over those of the masses. Ultimately, comparative analysts may ask why countries in certain areas of the world play a particularly large role in the international economy. Comparative political economists also have investigated why some developing countries in Southeast Asia were relatively successful at generating economic growth whereas most African countries were not. International political economy International political economy studies problems that arise from or are affected by the interaction of international politics, international economics, and different social systems e. Analytic approaches to international political economy tend to vary with the problem being examined. Issues can be viewed from several different theoretical perspectives, including the mercantilist, liberal, and structuralist Marxist or neo-Marxist perspectives. Mercantilists are closely related to realists, focusing on competing interests and capabilities of nation-states in a competitive struggle to achieve power and security. Liberals are optimistic about the ability of humans and states to construct peaceful relations and world order. Economic liberals, in particular, would limit the role of the state in the economy in order to let market forces decide political and social outcomes. Structuralist ideas are rooted in Marxist analysis and focus on how the dominant economic structures of society affect i. Each of these perspectives is often applied to problems at several different levels of analysis that point to complex root causes of conflict traced to human nature the individual level , national interests the national level , and the structure of the international system which lacks a single sovereign to prevent war. For example, analysis of U. Similarly, domestic and international interests are linked by trade, finance, and other factors in the case of financial crises in developing countries such as Thailand and Argentina. The distinction between foreign and domestic becomes as uncertain as the distinction between economics and politics in a world where foreign economic crises affect domestic political and economic interests through trade and financial linkages or through changes in security arrangements or migrant flows. Contemporary international political economy appeared as a subfield of the study of international relations during the era of Cold War rivalry between the Soviet Union and the United States â€” Analyses initially focused largely on international security but later came to include economic security and the role of market actorsâ€”including multinational corporations, international banks, cartels e. International political economy grew in importance as a result of various dramatic international economic events, such as the collapse of the Bretton Woods international monetary system in and the oil crisis of â€” During the early period of the Cold War, political scientists emphasized the realist, or power politics , dimension of U. During the Vietnam War , however, a growing decrease in the value of the U. Secretary of State Henry A. Kissinger found himself unable to understand the issues without the assistance of an economist. These events led to a search for a multidisciplinary approach or outlook that borrowed different theories, concepts, and ideas from political science and international relationsâ€”as well as from economics and sociologyâ€”to explain a variety of complicated international problems and issues. It did not so much result in the development of a new school of political economy as emphasize the continued relevance of the older, more-integrated type of analysis, which explicitly sought to trace the connections between political and economic factors. In the late s and continuing into the s, many development experts from a structuralist point of view including many Marxists and neo-Marxists posited a variety of explanations as to why many developing countries did not seem to develop or change much. For example, the German-born economist Andre Gunder Frank made popular the idea that, when developing countries connect to the West, they become underdeveloped. Social theorist and economist Immanuel Wallerstein , whose works have made a lasting impact on the study of the historical development of the world capitalist system, argued that development does occur but only for a small number of semiperipheral states and not for those peripheral states that remain the providers of natural resources and raw materials to the developed industrial core states. Such themes were evident in the s and the early 21st century when a number of politically and economically powerful and mostly Western multinational corporations were accused of exploiting women and children in unsanitary and unsafe working conditions in their factories in developing countries.

4: Political Economy Of Money And Finance by Makoto Itoh

To explain the pronounced instability of the world economy since the s, the book offers an important and systematic theoretical examination of money and finance. It re-examines the classical foundations of political economy and the creator of money. It assesses all of the important theoretical.

History[edit] The classical economists produced their "magnificent dynamics" [3] during a period in which capitalism was emerging from feudalism and in which the Industrial Revolution was leading to vast changes in society. These changes raised the question of how a society could be organized around a system in which every individual sought his or her own monetary gain. Classical political economy is popularly associated with the idea that free markets can regulate themselves. Smith saw this income as produced by labour, land, and capital. With property rights to land and capital held by individuals, the national income is divided up between labourers, landlords, and capitalists in the form of wages , rent , and interest or profits. Their ideas became economic orthodoxy in the period ca. Henry George is sometimes known as the last classical economist or as a bridge. The economist Mason Gaffney documented original sources that appear to confirm his thesis arguing that neoclassical economics arose as a concerted effort to suppress the ideas of classical economics and those of Henry George in particular. Other ideas have either disappeared from neoclassical discourse or been replaced by Keynesian economics in the Keynesian Revolution and neoclassical synthesis. Some classical ideas are represented in various schools of heterodox economics , notably Georgism and Marxian economics â€" Marx and Henry George being contemporaries of classical economists â€" and Austrian economics , which split from neoclassical economics in the late 19th century. In the midth century, a renewed interest in classical economics gave rise to the neo-Ricardian school and its offshoots. Classical theories of growth and development[edit] Analyzing the growth in the wealth of nations and advocating policies to promote such growth was a major focus of most classical economists. However, John Stuart Mill believed that a future stationary state of a constant population size and a constant stock of capital was both inevitable, necessary and desirable for mankind to achieve. This is now known as a steady-state economy. In political economics, value usually refers to the value of exchange, which is separate from the price. Market prices are jostled by many transient influences that are difficult to theorize about at any abstract level. Natural prices, according to Petty, Smith, and Ricardo, for example, capture systematic and persistent forces operating at a point in time. Market prices always tend toward natural prices in a process that Smith described as somewhat similar to gravitational attraction. The theory of what determined natural prices varied within the Classical school. Petty tried to develop a par between land and labour and had what might be called a land-and-labour theory of value. Smith confined the labour theory of value to a mythical pre-capitalist past. Others may interpret Smith to have believed in value as derived from labour. Ricardo also had what might be described as a cost of production theory of value. He criticized Smith for describing rent as price-determining, instead of price-determined, and saw the labour theory of value as a good approximation. Some historians of economic thought, in particular, Sraffian economists, [14] [15] see the classical theory of prices as determined from three givens: From these givens, one can rigorously derive a theory of value. But neither Ricardo nor Marx, the most rigorous investigators of the theory of value during the Classical period, developed this theory fully. Those who reconstruct the theory of value in this manner see the determinants of natural prices as being explained by the Classical economists from within the theory of economics, albeit at a lower level of abstraction. For example, the theory of wages was closely connected to the theory of population. The Classical economists took the theory of the determinants of the level and growth of population as part of Political Economy. Since then, the theory of population has been seen as part of Demography. In contrast to the Classical theory, the determinants of the neoclassical theory value: Classical economics tended to stress the benefits of trade. Its theory of value was largely displaced by marginalist schools of thought which sees " use value " as deriving from the marginal utility that consumers finds in a good, and " exchange value " i. Ironically, considering the attachment of many classical economists to the free market, the largest school of economic thought that still adheres to classical form is the Marxian school. Monetary theory[edit] British classical economists in the 19th century had a well-developed controversy between the Banking and the Currency School. This parallels recent debates between proponents of the theory of endogeneous money , such as Nicholas Kaldor , and monetarists , such as Milton Friedman. Monetarists and members of the currency school argued that banks can and should control the supply of money. According to their theories, inflation is caused by banks issuing an excessive supply of money. According to proponents of the theory of endogenous money , the supply of money automatically adjusts to the demand, and banks can only control the terms e. Debates on the definition[edit] The theory of value is currently a contested subject. One issue is whether classical economics is a forerunner of neoclassical economics or a school of thought that had a distinct theory of value, distribution, and growth. The period â€”75 is a timeframe of significant debate. Karl Marx originally coined the term "classical economics" to refer to Ricardian economics â€" the economics of David Ricardo and James Mill and their predecessors â€" but usage was subsequently extended to include the followers of Ricardo. The period between and the s would then be dominated by "vulgar political economy", as Karl Marx characterized it. Georgists and other modern classical economists and historians such as Michael Hudson argue that a major division between classical and neo-classical economics is the treatment or recognition of economic rent. Georgists and others argue that economic rent remains roughly a third of economic output. Sraffians generally see Marx as having rediscovered and restated the logic of classical economics, albeit for his own purposes. Others, such as Schumpeter, think of Marx as a follower of Ricardo. Another position is that neoclassical economics is essentially continuous with classical economics. To scholars promoting this view, there is no hard and fast line between classical and neoclassical economics. There may be shifts of emphasis, such as between the long run and the short run and between supply and demand , but the neoclassical concepts are to be found confused or in embryo in classical economics. To these economists, there is only one theory of value and distribution. Alfred Marshall is a well-known promoter of this view. Samuel Hollander is probably its best current proponent. Still another position sees two threads simultaneously being developed in classical economics. In this view, neoclassical economics is a development of certain exoteric popular views in Adam Smith. Ricardo was a sport, developing certain esoteric known by only the select views in Adam Smith. This view can be found in W. Stanley Jevons, who referred to Ricardo as something like "that able, but wrong-headed man" who put economics on the "wrong track". The above does not exhaust the possibilities. John Maynard Keynes thought of classical economics as starting with Ricardo and being ended by the publication of his own General Theory of Employment Interest and Money. Some, such as Terry Peach, [18] see classical economics as of antiquarian interest.

5: Political economy - Wikipedia

*Political Economy of Money: Emerging Fiat Monetary Regime [George Macesich] on www.enganchecubano.com *FREE* shipping on qualifying offers. Since , when the Bretton Woods gold exchange standard ended, the world has been on a fiat monetary regime.*

Kenny Chapman, 53, receives coins from a man in downtown Cleveland on February 28, Chapman has been homeless for about 10 years. Sign up for Take Action Now and get three actions in your inbox every week. You can read our Privacy Policy here. Thank you for signing up. For more from The Nation, check out our latest issue. Support Progressive Journalism The Nation is reader supported: Travel With The Nation Be the first to hear about Nation Travels destinations, and explore the world with kindred spirits. Sign up for our Wine Club today. Did you know you can support The Nation by drinking wine? Let me begin by sharing with you the story of an inner-city Cleveland family of seven, two adults and five children all under the age of Ad Policy The family did not own a home. As the family grew, it became ever more difficult to find rent. At one point the old car in which they roamed the city in search of rent became their living quarters. They found rent by understating the number of children, which, when discovered, led to eviction and the same cycle of wandering as urban nomads. The father, a truck driver, had a war-related injury that occasionally required medical treatment, taking him out of work. Bills piled up, which led to garnishments. The mother suffered from post-partum depression, compounded by noisy, rambunctious children. This keynote speech was given by Dennis J. Kennedy School of Government on February 25, The children were sometimes out of school, as the family did not know where its next shelter or its next meal would come from. This inner-city family lived in 21 different places in 17 years, including a couple of cars. When we gather today to speak of poverty and inequality, I understand, because I was the oldest child in that inner-city family, which grew to nine persons, a family that was riveted to a day-to-day struggle to survive. Ours was an intense experience of poverty and inequality that led to social disorganization, chronic instability that made daunting every encounter with every institution in a society, instability that created severe emotional difficulties in four of the seven children. Today I can hear those pennies dropping all over America for families not able to scrape together the cash to pay their bills, families who lack adequate housing, families who do not have adequate health care, families trying to raise children in a chaotic urban environment, families who truly do not know where their next meal will come. In America today there are tens of millions of people with a hard-luck story. There are teachers, coaches, doctors, lawyers, aunts, uncles, neighbors who appear as angels in our lives, who catch us when we are about to fall, who lift us up at the right moment, who show us a different path, who guide us in a new direction, who transport us to new possibilities, new futures. But for every person upon whom fortune smiles, opportunity calls, and destiny stirs, there are many others for whom the future is obscured, for whom society is harsh, punitive, and unwelcoming. I call these people my brothers and sisters, my cousins, my kinfolk who are ill-fed, ill-clothed, lacking in basic health care, working if able for low wages, hostages to debt, owning little, credit starved, renting if they can, and estranged from even rudimentary knowledge of wealth creation. Poverty is not an abstraction. People wear it on their faces, carry it on their backs as a constant companion, and it is heavy. All are created equal, indeed, but all do not have the same access to privilege, nor the same friends inside the government or financial centers of power, nor the same accountants. Our reality is socially constructed and culturally affirmed. We have come to accept a system of things as inevitable without challenging the assumptions upon which a system is based. Where does money come from? How is it made? Before answering that question, let me state the obvious: Our political economy is structured to create poverty and inequality. Ready to Fight Back? The top 1 percent has more wealth than the bottom 90 percent. This cataclysm for our democracy was accelerated with the subprime meltdown of a decade ago. According to the National Center for Policy Analysis, as many as 10 million families lost their homes to foreclosure during the housing crisis, and as a result had to move, in some cases resulting in a resegregation of city neighborhoods. Meanwhile, one of the few investments held by the middle class, home equity, plummeted as housing values sank in many city neighborhoods. Much of America has not recovered from the carnival of financial corruption of a decade agoâ€"except for the finance economy, of course. Health-care consumes about The country is held hostage by insurance companies, while politicians wrangle over what is the best system of predatory for-profit health care, as pharmaceutical companies receive near-unlimited patent extension and public funding for 84 percent of new drug research, yet price their products out of the reach of millions of Americans, while their stocks perform at twice the Standard and Poors stock index. The health-care industry is not the only institution casting Americans into poverty. Martin Luther King Jr. Families have no reserves. More and more people are tethered to low-paying jobs, with few, if any benefits. Jobs are not there for young people coming out of school. The burden of debt, its extractive nature, forces survivors to borrow and borrow and borrow, to go deeper in debt. In biblical times there was debt jubilee. Today we have not a jubilee but debt peonage for many, with a national debt compounded by environmental disasters, military misadventures, and Wall Street bailouts, and seldom suffered by those who helped to create it. The bailout of Wall Street, the utter neglect of Main Street, the collapse of the housing market, the obscene escalation of the cost of private health care, the metastatic cancerous military leviathan point to a massive ethical failure in a society where egalitarian principles have been discarded in favor of a warped, Darwinian, meritocratic society built by gamblers insured by the government, insurance companies subsidized by the government, defense contractors made extravagantly rich by the government, banks that forced people out of their homes and were then bailed out by the government. In urban areas privatization looms as a major economic issue. People, through taxes, fees and utility rates, pay once for public services to be created. Once services are privatized, the public is forced to pay again and again, at higher rates, for less service. The public is told that money is saved. Wages are cut, services are reduced, increased rates and fees follow. The loss of public accountability and political control shifts onto the public as increased economic burdens and the social and economic costs borne by displaced public workers. In such a climate, unions are under attack, since they exist to promote economic justice. The right to organize, the right to collective bargaining, the right to strike, the right to decent wages and benefits, the right to a secure retirement, the right to sue an employer for maintaining an unsafe work place, all these rights and more are at risk. Labor unions helped to build economic equality. Their demise means less bargaining power for all American workers. The ability to bargain collectively is essential in a democratic society, for upholding opportunities for advancement. Subsequently, its municipal electric system intact, the people of Cleveland saved as much as a half-billion in combined charges for taxes and electricity bills. Tom Johnson, mayor of the City of Cleveland at the turn of the 20th century, disciple of social reformer and progressive economist Henry George, brought to Cleveland the cheapest streetcar fares and the lowest-cost electricity through public ownership. I believe in the municipal ownership of these monopolies because if you do not own them, they in turn, will own you. They will rule your politics, corrupt your institutions and finally destroy your liberties. That changed under the Federal Reserve. Central banks took over control of the money supply. From that point on, money equaled debt. The Federal Reserve usurped the power of the government to spend money into circulation and assumed for central banks the power to create money out of nothing, a device called quantitative easing, and give it to their member banks. In Cleveland, the banks focused a profit-taking scheme on lower-income black and white neighborhoods, touting low-documentation and no-documentation loans, which were bundled into securities and became the collateralized-debt obligations that collapsed and pulled the entire economy down 10 years ago. It was all fraud, and it was underwritten by the never-audited Federal Reserve, the erstwhile cop who walked off the beat when the pinstripe-wearing robbers were casing the neighborhoods of our cities, bankers cum croupiers, trolling for unsuspecting dreamers in search of that elusive first home, or an upgraded second home, not really knowing about adjustable rates, balloon mortgages, and penalties attached to late payments, but trusting the assurances of their friendly banker, who suddenly reversed years of redlining policies and made loans available without proof of ability to repay. When you are desperate for a home, you sign on the dotted line. The privatization of the money supply is one of five major factors in poverty and inequality today, the other four being the emergence of the military-industrial-intelligence-congressional complex, the maintenance of the for-profit health-care system, and the erosion of public education through the creation of charter schools and the tremendous lifelong debt burden placed on those seeking higher education. Today we face a renewed threat of privatization that could dramatically thrust the American people deeper into poverty. The privatization of Medicare will make health services inaccessible to millions of elderly. The planned privatization of the Post Office will mean the end of universal service, less rural delivery, higher costs pricing people out of basic mail service, and cuts to three-days-a-week delivery. The prison-industrial complex is set for growth with privatization schemes that raise serious constitutional questions. More and more military services are being privatized, which of course makes for an additional incentive for businesses to support wars and to support the politicians who vote for wars. We are constantly told that the country cannot do these things because it would add to the debt, or destroy individual initiative. Let me tell you that we can reverse this entire system. Thanks to my wife, Elizabeth, who came to the United States to study monetary policy with Stephen Zarlenga of the American Monetary Institute, I began to explore the equation of money with debt, and the ways of the Central bank that create money out of nothing for the benefit of private banking through quantitative easing and another device known to the industry as fractional reserve banking and recognized by the rest of society as great moral hazard. As a result of studying the structure of the system, as a member of Congress, I drafted the National Emergency Employment Defense act, which reclaims the power appropriated by the Federal Reserve through the Federal Reserve Act of and enables the government to issue money debt-free to meet the job creation, infrastructure repair, health care, education, and retirement-security needs of Americans. Some believe that such a system would be inflationary. Then let me ask: Why has the Federal Reserve created trillions of dollars and placed us in a deflationary period? The middle class does not have enough money to buy goods. The consumer economy is stalled. The Fed-created money did not get into the right hands. How is it that 19 of 20 new dollars of increased income have gone to the top 1 percent? It is because the system is engineered to transfer wealth upwards, a perpetual inequality machine. Through reclaiming our constitutional heritage, we can lower taxes and have a full-employment economy, universal pre-kindergarten, school breakfast and lunch programs, full funding for public education K, free college and university, guaranteed retirement security, Medicare for All, and a guaranteed annual income, eliminating poverty. This is not magic. Private banking would continue through dollar-for-dollar reserves, and have to survive without its government-granted license to speculate. The government could reduce taxes, increase productivity, enable America to reach new heights of wealth shared by all, or we can stumble along our present course, with the children of the 99 percent being indentured servants to the 1 percent, with more than 50 million in poverty while political parties tinker with a totally corrupt system en route to death on the installment plan institutionalized by a government in thrall to banks, insurance companies, and the military-industrial complex.

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