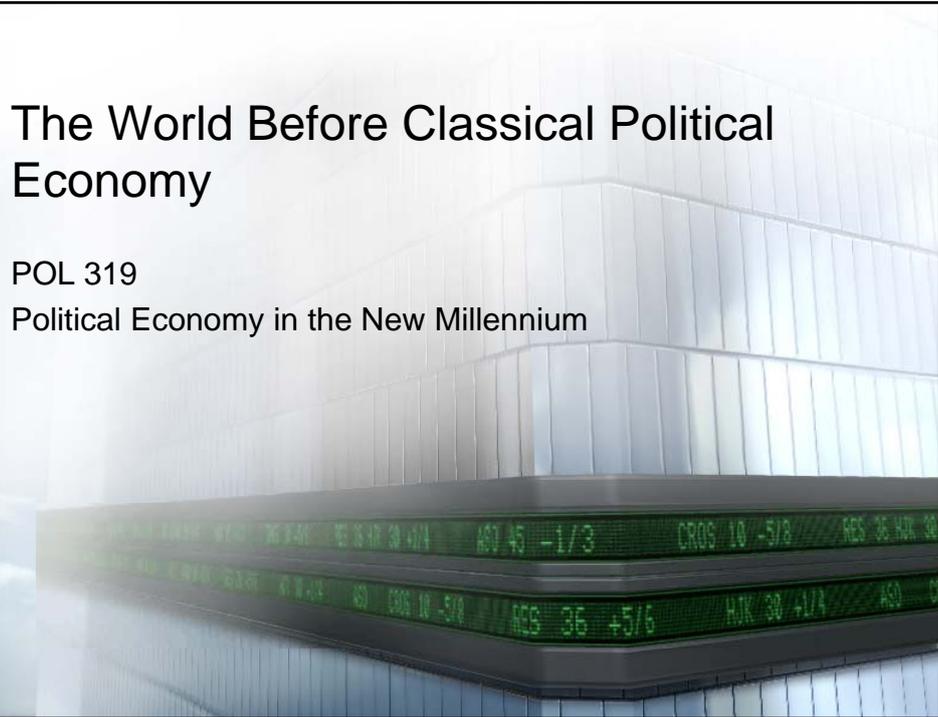


The World Before Classical Political Economy

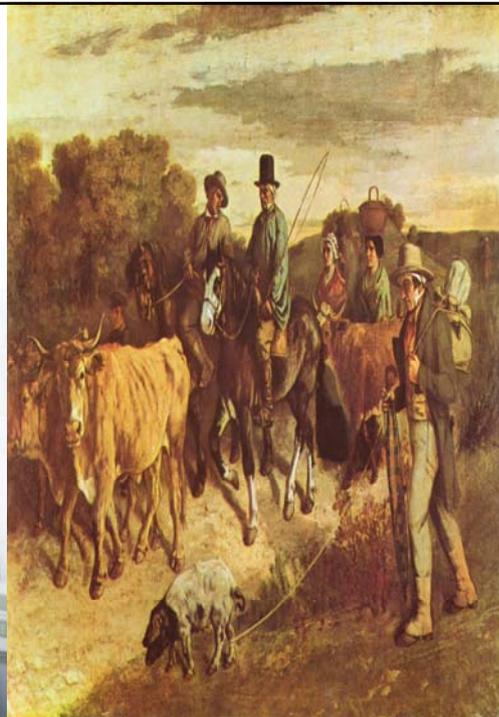
POL 319

Political Economy in the New Millennium



Agenda

- Objectives of the course
- Outline of the course
- Assessment Tasks
- The World Before



Objectives

- Analyze and interpret primary texts in their historical context.
- Show an appreciation for the major theories of capital.
- Understand how economic concepts play a role in everyday life.
- Understand the differences between political economy traditions.
- Apply abstract concepts to practical issues.



Outline of the Course

- First five weeks – theory and the classics – we go from the Smith to Nitzan and Bichler’s new theory of capital as power.
- In week 6 we start building a narrative or a bridge to understanding political economy in the 21st century by considering what Polanyi called the Great Transformation.
- From week 7 on we look at major events in political economy from the Third World Debt Crisis to the Global Financial Crisis and whether the next century will be the Chinese century.

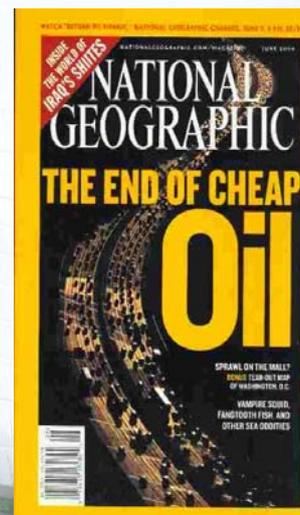
Assessment Tasks

- Analysis Paper (20%)
- Book Project (50% = 25% individual work and 25% project as a whole)
- Presentation and participation (30% = 15% presentation, 15% participation).



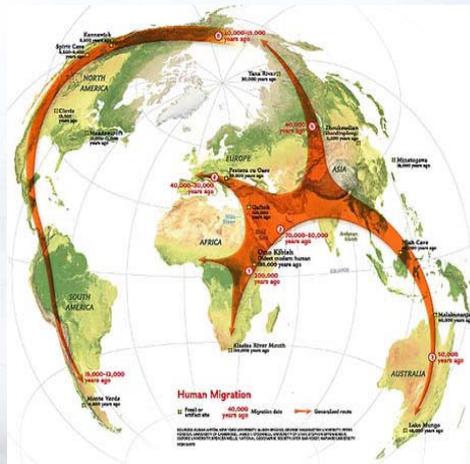
Three Main Eras that Frame Political Economy

- The Age of Efflorescence (50,000 CE to 1750)
- The Age of Carbon Energy (1750-2100)
- The Age of Post-Carbon Energy (2100-to human extinction)



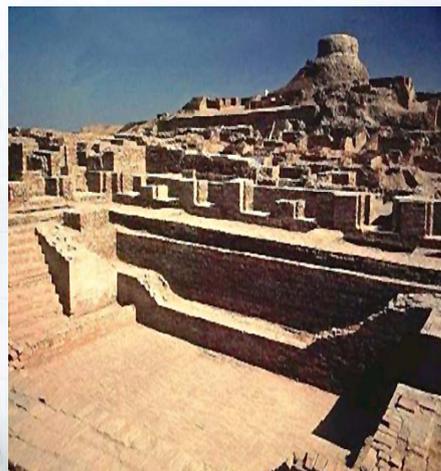
The World Before CPE

- Earth is 4.5 billion years old
- First human records: 2.5 million years ago
- Homo Sapiens evolved about 200,000 years ago in Africa
- Spread to near east (Levant) around 120,000 years ago
- Spread to the Old World some 65,000 to 40,000 years ago
- 50,000 years ago: Great Leap Forward
- 10,000 years ago: Neolithic Revolution



The World Before CPE

- Intensely rural: struggle for survival against nature: mostly to acquire food and shelter.
- Cities start to develop – mostly in the Middle East – around the Neolithic Revolution, 10,000 years ago or so.



The World Before CPE

- The fall of the Roman Empire (5th century CE)
 - Principal source of wealth is land – hence territorial conquests.
- Feudal social organization develops:
 - a system of parcelized and overlapping forms of sovereignty where nobles (kings, princes, religious leaders and other elites) promised to protect peasant producers in return for a portion of their product (read: tax, typically set by custom).
- Up until the 16th century or so, and depending on where you look in Europe, this tax was paid in kind, not in money.



The World Before CPE

- This rural existence – where most of the world's wealth is coming directly from the land/agriculture – and peasants working it, was complemented by the great port cities where others specialized in long-distance trade.
- The Chinese excelled at this early on but their rulers eventually destroyed their early ocean-going vessels to consolidate their domestic power.



The World Before CPE

- Here, we should note that at this time in history, the most 'advanced' civilizations were in the Middle East, India and China – which were by no means 'modern' but compared to Europe, were far more 'rich' and 'civilized'.
- But in Italy in the 13th century a number of city-states arose that started to excel in long-distance trade. Eventually, more European communities – like the Dutch, Portuguese, Spanish and English started to perfect their own systems of sea/ocean navigation and shipbuilding and embarked upon long-distance trade as well.
- A body of thought starts to develop around this trade called Mercantilism.



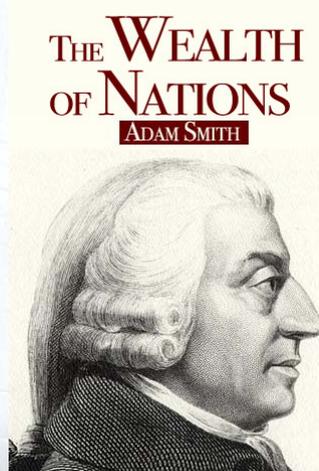
The World Before CPE

- Mercantilism was a political movement and an economic theory that advocated:
 - the use of the state's military power to ensure local markets and supply sources were protected.
 - Tariffs could be used to encourage exports (meaning more money comes into the country) and discourage imports (sending wealth abroad).
 - In other words a positive balance of trade ought to be maintained, with a surplus of exports.
- The term mercantilism was not in fact coined until the late 1763 by Victor de Riqueti, marquis de Mirabeau and popularised by Adam Smith, who vigorously opposed its ideas.



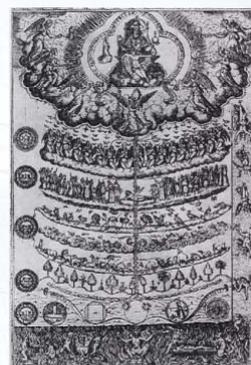
The World Before CPE

- Classical political economy is largely going to challenge this mercantile view of the world and start to formulate its own understanding of a newly emerging capitalist or commercial/market society.
- The origin of wealth is found in the frugality of some and the division of labour.
- Marx challenges how this order comes about and provides a new theory of exploitation—hence: *Capital: A Critique of Political Economy*.
- Political economy will then be fractured into neoclassical economics and ‘politics’ still dominant today.



12 Points to Take Away on the World Before CPE

1. Human societies are hierarchically structured in overlapping relationships of domination. These of course differ historically but any system of domination – where a small few are appropriating most of the wealth/resources of the community of workers – has to be justified by an ideology that reinforces this relationship of domination/appropriation.
2. The main source of wealth was access to land/agricultural products. Wealth could also be derived from long-distance trade (buying cheap abroad and selling dear at home), the control of slave labour, from holding a tax office, or through direct confiscation as in wars of conquest. There is no capitalist private property at this time to speak of.



12 Points to Take Away on the World Before CPE

- 3. What today we call economic growth was intimately tied to organic energy and the rhythms of photosynthesis. In other words, there is ZERO understanding of constant economic growth at this point in history and political economy – so the understanding of progress is also quite limited.
- 4. Luxury is confined to the powerful.
- 5. For most of our period – at least in Europe - we are talking about a world governed largely by the dictates of the Catholic Church and to a considerable extent, the Holy Roman Empire (often in competition). Protestant revolution and the scientific method challenge Holy dogma.
- 6. 'Business' at this time is looked down upon by those in authority. True virtue comes from being of noble blood – which means you or your ancestors come from a group of people who fought valiantly in wars of conquest.



12 Points to Take Away on the World Before CPE

- 7. Differences in human beings – including their phenotypes – are understood as differences originating in climate, religion, customs, and language. There is no 'scientific racism' as of yet (this comes in the latter half of the 19th century – mainly after Darwin and reinforced by Western colonization).
- 8. Intellectuals start to uncover classical Greek and Roman thought during the 17th century and combined with rapid changes on the ground such as the English, American, French and Haitian Revolutions – we start to get new political theories. But we also start to see the incipient emergence of classical political economy with the work of Boisguillebert (1646-1714), William Petty (1623-1687) and the Physiocrats (1694 up to Adam Smith).
- 9. The main type of political economy thinking – that classical political economy will largely react against, was mercantilism, which we can say originates around 1492 with the conquest of the 'New World' by Columbus.



