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The Problem of Our Society – Political Economy

In order to understand the implications of reality for us we need to understand that in the process of our development we have created a new type of entity, sophisticated and complex social organizations and what we refer to as civilization, we need to understand the affect our nature has had and continues to have on that societal environment we create.

THE INSTITUTIONS WE CREATE -- POLITICAL ECONOMY

"Economics" is the contemporary word used for what has traditionally been termed "political economy". "Political economy" is the more accurate term in that most of 20th and 21st Century "economics" is involved with manipulating human nature and behavior (a political activity) to achieve intended social and economic results (economy) in spite of, sometimes in contravention of, the underlying "real economics" of the situation.

(It is unfortunate that so many quotation marks must be used to discuss these points. The reason is that the meanings of terminology have changed over the years. Frequently the change in meaning is an intended, caused action not mere language evolution. For example, ever since the "Great Depression" of the 1930's no government and no politician uses the word "depression" no matter how badly the economy is performing. The word "depression" carries too much negative political implication. Consequently, government and politicians have substituted "recession" which sounds less severe. The terminology change also clouds the citizenry's comprehension of what is really happening. From the point of view of most politicians that is a desirable result.)

"Real economics" is the study and implementation of the principles underlying the operation of an economy. Those principles are rather simple and few.

- Before the development of "tool making" intelligent species the economic activity of beings was simply the pursuit of material needs when and as needed -- gathering and hunting food and sustenance.
- Intelligence brought the concepts of planning and of investing in capital tools and equipment:
 - making provision for future needs now, rather than waiting until the need is immediately upon one (saving), and
 - investing some effort now in making the later satisfaction of needs more effective, even if at the cost of less immediate satisfaction now (investment in making tools, research, education).
- Neither of those existed before intelligent beings started applying their intelligence to the situation. Therefore, tools and capital, resulting developments, are the product solely of the labor of persons, both the physical and the intellectual labor of persons.
- The labor of persons is capable of some specific amount of productive result per time period. That is, in a society of humans, behaving according to their nature and consisting of the typical mix of competent and not, conscientious and not, and so forth, a certain amount of useful productive result can be obtained per year. (That might be called the Gross National Product today.)
- The amount of that productive result is increased by better tools, better planning, and organization. But,

better tools and planning and organization require that some of the current effort be diverted to those ends.

- Thus human society, with a certain amount of total useful productive potential at any particular time in any particular circumstances, must decide how much to allocate to current consumption versus how much to allocate to improving future time periods' production.

Economics is, then, really about making those decisions for the allocation of current resources between current needs and future improvement. If a society, such as we, spends more of its resources on current consumption then there will be less improvement in the resources available in future years. If we wish to improve our future conditions it will be at the unavoidable expense of deferring some benefit now. There is no way around this. It is simple reality.

(The economics just described is macro-economics, that of the society and its economy, its productive forces, overall. Once the macro-economic decisions are made numerous further economic evaluations, micro-economics remain. These are of the character more commonly referred to as engineering economics or investment economics. Their issue is: Among alternative ways to effect a particular activity, or among alternative such activities, what is the relative cost and which is the most cost effective, the most economic? For example: Should the river crossing be a bridge or a tunnel? Should an investment in elementary education go to improving teachers, facilities, materials or course content? Should more highways be built or more public transit developed? And so forth.)

"Economics" (that is macro-economics) as a real, societal, decision and management process almost never occurs overtly. Its implicit occurrence cannot be avoided. There is only so much "pie", so much total annual gross production, and each allocation must come out of it. "Political economy" is the process of attempting to avoid, to get around, that problem by the manipulating of society.

"Political economy" is one of the principal on-going activities of government. It is so because government is the instrument of the "winners" in the human competition. It is the means that those at the top of the economic pyramid employ to maintain their position and to keep the essentially unstable situation that the inequitable pyramid embodies from upsetting their dominance and their enjoyment of it.

Man long ago evolved from his pre-human condition, where the competition for survival was one of direct, immediate competition for food, shelter, a mate, and so forth. The evolved man functioning in social organizations, continues the struggle for optimum survival on the new field of competition, the economy. The struggle is still conducted with strength, force and guile, but with the new weapons in the contest of "political economy" rather than "tooth and fang".

Take unemployment, for example. In the most economically advanced contemporary countries the percentage of the total available work force that is unemployed ranges from on the order of 5% to 15% or more. In a country with a work force of 100,000,000 persons that would represent from 5,000,000 to 15,000,000 persons wishing to participate productively in the economy and unable to do so.

All countries have many unfilled needs: repair and improvement of roads, water supplies, sewers, bridges, etc.; better hospitals and medical care; better schooling and teachers; better quality of life for the ill, infirm and elderly; relief of poverty and so forth. The contribution that could be made by those unemployed to resolving those problems is wasted by their unemployment. From 5% to 15% of all the useful results that the society could have is utterly wasted.

In spite of their unemployment those unemployed persons are, nevertheless, eating, wearing clothing, living in residences and in general otherwise similarly surviving. Why would a society elect to feed, clothe and house (albeit minimally) a significant part of its

population free to those recipient persons and not permit them to contribute to productive output and the improvement of the society's condition ?

From the point of view of economics it is ridiculous. The economy should be planned and operated so that everyone who can contribute is enabled and encouraged to do so. That course of action would maximize total output and benefit everyone (if the society is being operated equitably, that is to benefit everyone).

But, societies today are not being operated to benefit everyone. They are operated to benefit the top of the economic pyramid at the expense of the rest. That is the current operation of the age-old survival competition. Therefore, from the point of view of political economy, the tool of the ruling wealthy in their operation of society for their benefit, the unemployment makes good sense.

The on-going existence of a substantial number of unemployed persons puts pressure on the rest of the population that lies beneath the economic pyramid's peak. It helps keep them and the economic imbalance under control to maintain the wealthy rulers in power.

- It holds wages down and increases the wealthy's profits.
- It reduces the likelihood that social resentment might turn into protest action because those who are employed do not wish to risk becoming unemployed.
- It pits one part of the population against another tending to prevent their uniting in opposition to their oppressors, deflecting just resentment that should be directed against those oppressors into resentment against their fellow victims.

And who bears this social cost (both the cost of the lost productive output and the cost of allocating part of what productive

output remains to feeding, clothing and housing those unfortunate unemployed)? The wealthy rulers? Of course not. The cost comes out of part of the national product that might otherwise go to the general populace' benefit. That is highly effective political economy in operation.

That state of affairs is totally foreign to rationality. A rational society, a society populated by intelligent beings functioning cooperatively and creatively instead of competitively and destructively, would insure that all of its citizens can be productively active according to their abilities and state in life. The objective of such a society would be the maximizing of the quality of life for all of the citizenry. Such would be the function and objective of societal planning and administration.

But, whatever rationality we have is not used to operate our society to the optimization of benefit for all. It is used to pursue, as we see it, our own individual benefit. We just as surely are caught in constant competition and struggle in our supposedly civilized societies as our primitive forbears were in their wild and barbaric environments.

The most favorite response of the beneficiaries of this unfortunate state of affairs to criticism of it as the above is, "Well, do you of know anything better?" This curious response is popular, also, with some of the victims of the system who, nevertheless, think of themselves as beneficiaries. (Usually this is because they have some other groups of people to "look down on". They consequently can use that to think of themselves as being at least a little "on top".)

The response "do you know of anything better?" is actually a direct agreement that the above presentation of the state of affairs is correct because it acknowledges, by failure to present opposing arguments, that there are none. There can be no argument against it, no contention in logic and rationality in favor of "political economy" and opposed to "economics". But, that "do you know of anything

better?" response is intended as an effective destruction of all criticism of "political economy" and, curiously, most people accept that response as valid and, therefore, they accept the manipulation of their life by "political economy" as the best that they can do.

But, the natural characteristics that we humans bring to the problem of managing our life and our society are largely self-defeating:

- Dominant self-interest and competition to obtain as much as possible for ourselves rather than the cooperation and team work that can produce more for everyone including ourselves, and
- Natural laziness that seeks to let the other person put out the effort and do the work.

In consequence we are saddled with a society operated for the benefit of a few at the expense of the many, a society in which the populace exists for the economy rather than the economy serving the populace, a society in which people are economic units deemed only as workers or as consumers, their only role being to function economically.