

Alternative Economics : a critique of political economy

Dr Julian Saurin



Aims of the Course

- Introduce you to broad questions of political economy.
- Introduce the problem of value as the key political economic concept.
- Contrast a broader political economy, which we'll call *moral economies*, with the narrower economics principally concerned with money and its measurement.
- Begin to show how political economy affects and implicates all of us, whether we like it or not.



What is political economy?

It's all Greek to me

.... first *political* from the Greek *polis*, meaning city or community or society. The *polis* is not about the individual, it is about the social and collective life in which we find ourselves.

... second *economy*, from the Greek *oikos*, meaning household, or the administration or running of the household. *Oikos* is also the root of the word ecology.



What is political economy?

And to keep the Greek theme, let's acknowledge a neglected but important concept called

chrematistics

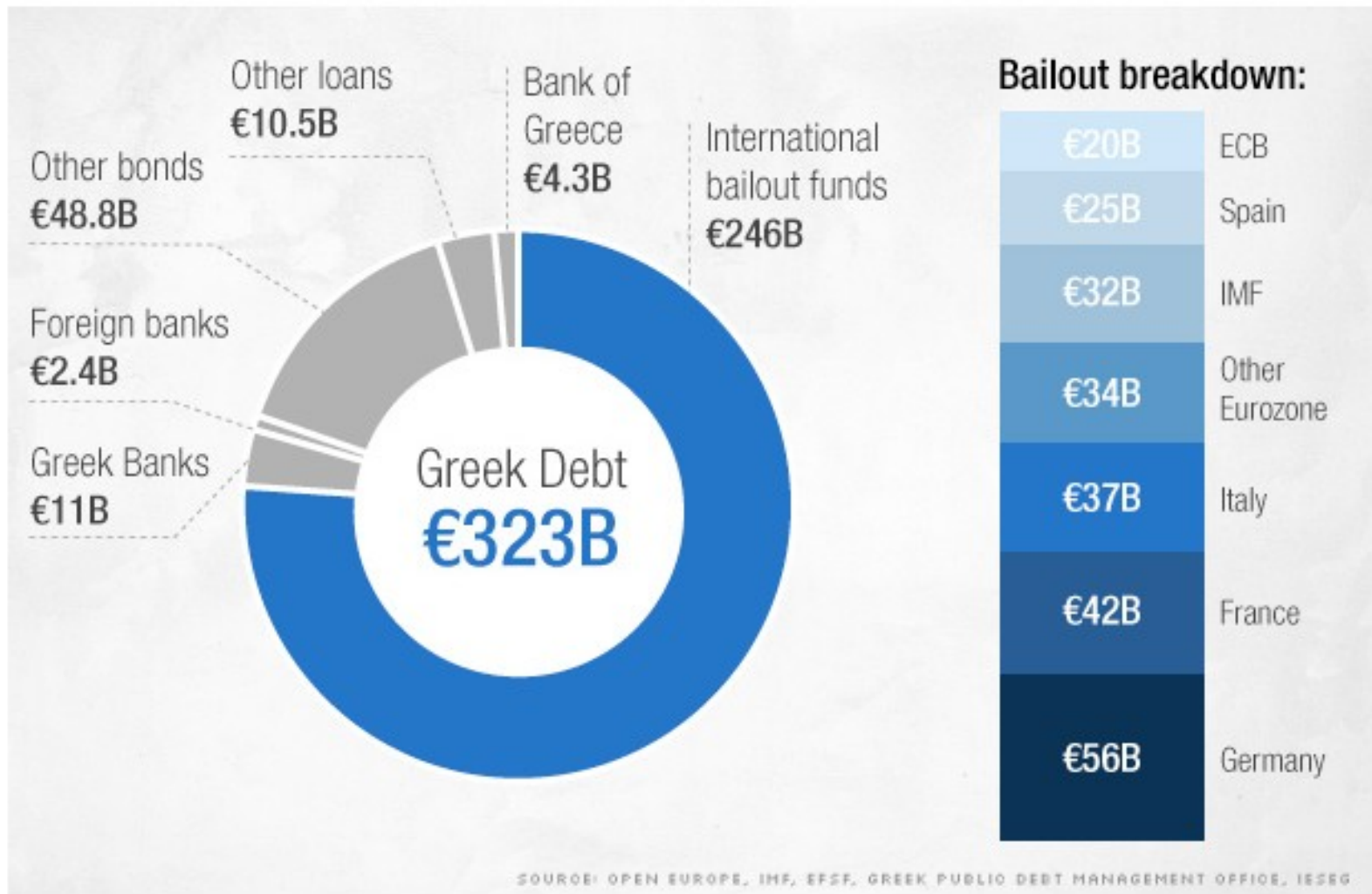
(the study of wealth as money)

Economics - for Aristotle for example - referred to activities which created value, whilst chrematistics referred to activities which created money. In this sense much modern economics is, in fact, highly sophisticated chrematistics.

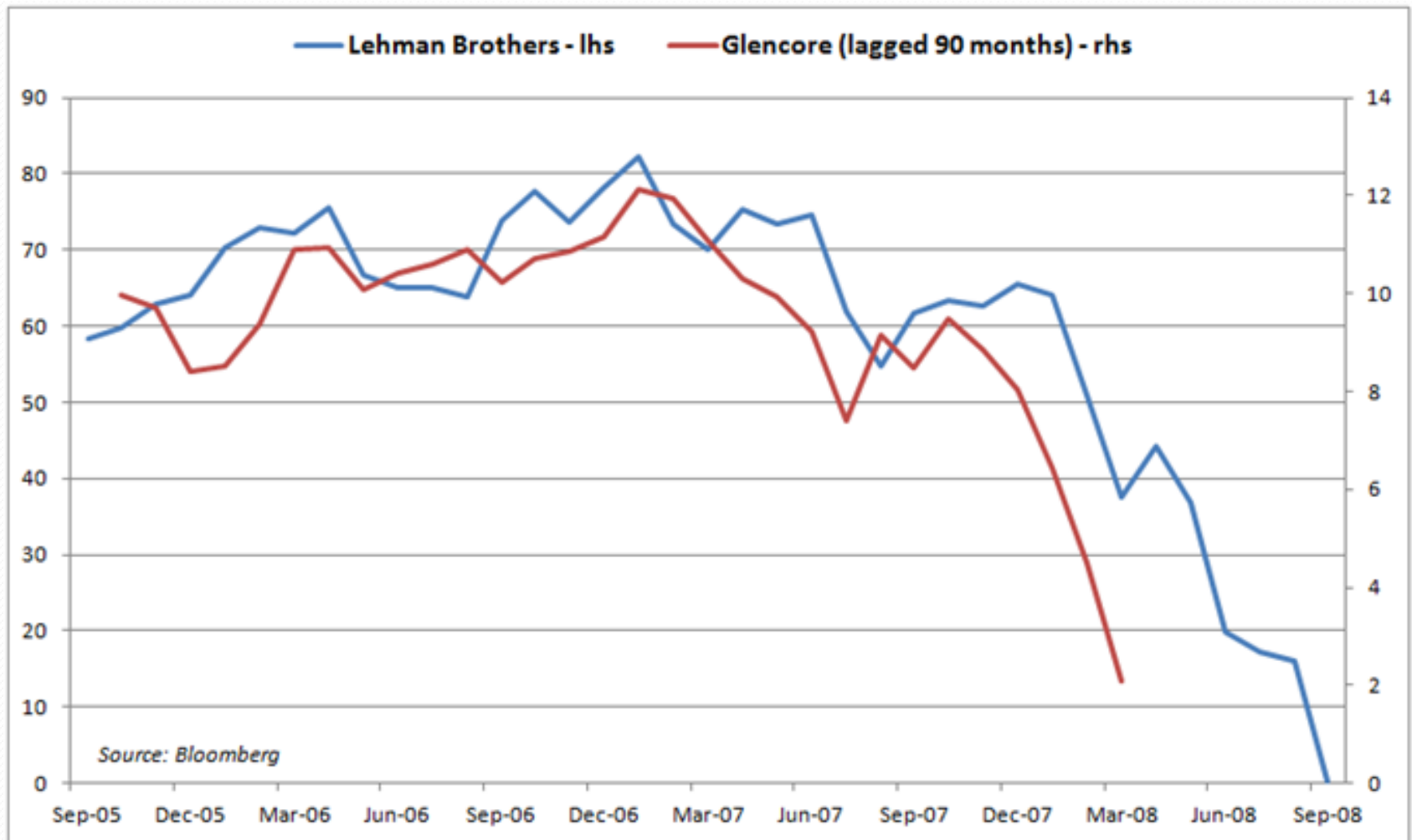
The price of gold



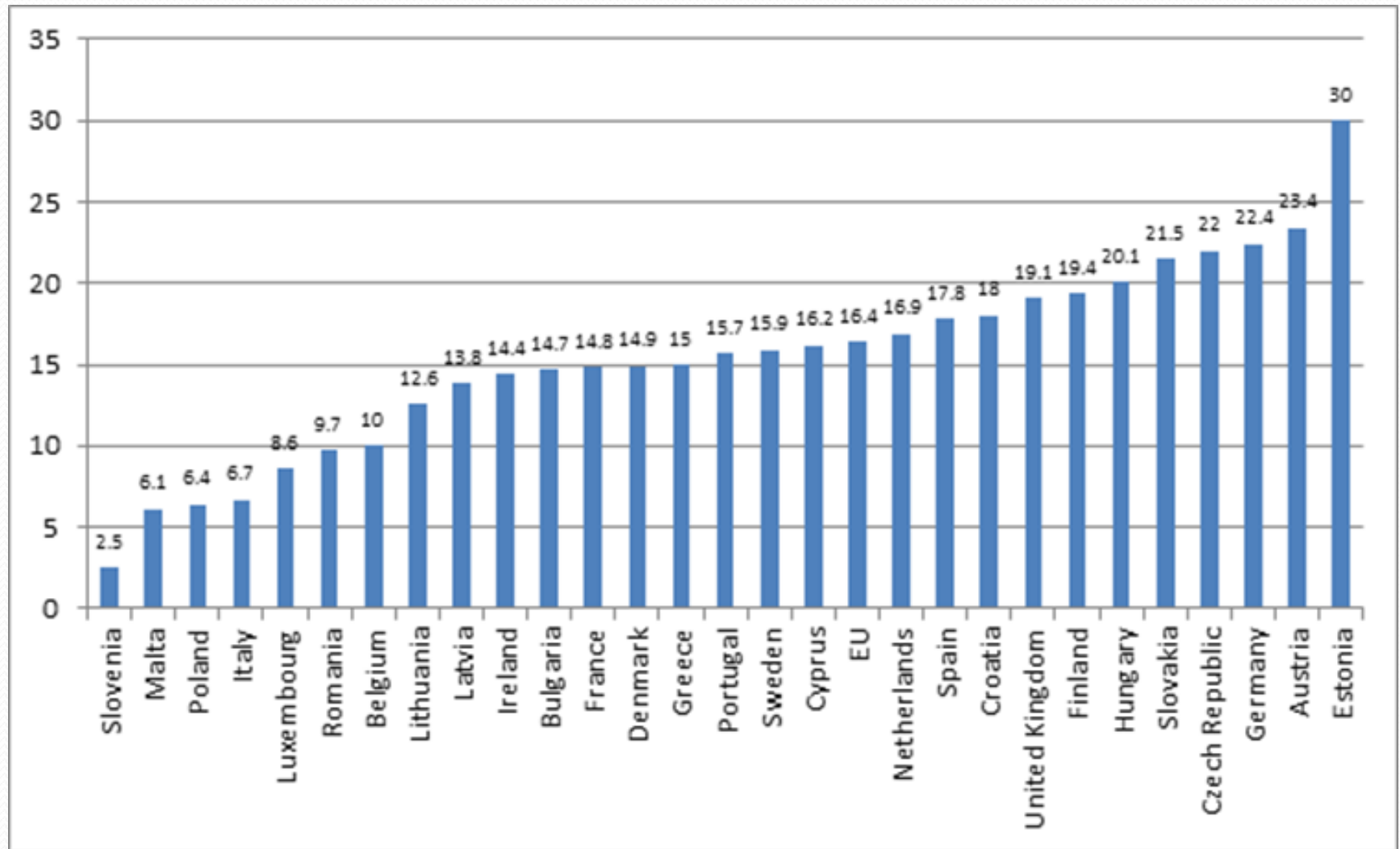
The value of debt ?



Collapse of value ?



The value of man ?



Source : http://ec.europa.eu/unitedkingdom/press/frontpage/2014/14_14_en.htm

The value of money ?

KLF burn a million quid



What is money ?

Our first big question is this :
is money a thing ? if so, what kind of thing is it ?

Coins, notes, cheques ?

What about tokens, shells, precious metal, stones?

What is money ?

Specie

Bills and notes

Derivatives (myriad financial instruments)

How exactly does value get “put into” money or, how does money “acquire” value ?

Key characteristic is quantity and quantification, doesn't tell us about *quality*.



Money as a store of value

Somehow we expect that the £5 note that we received in our wage packet at the end of last week will still hold its value of £5 at the end of this week, i.e, that the money note has somehow stored or held its value over the week.

(If it hasn't – and we'd only know if it had or had not retain its value by comparing its value against other commodities – then we might begin to talk of inflation or deflation. But even then it is not clear if something has happened to the £5 note itself).



Money as a carrier of value

Money allows exchange, i.e “carrying” value between money users.

How does this carrying or transfer or transmission or conversion of value actually happen ?



Money as a measure.

Clearly money has been used as a measure. Alternatively one can think of money as a unit of value. Let's just think about measuring the value of an economy ? Take some basic categories such as GDP or size of debt or size of a corporation.



Money as measure and carrier of value

Clearly money has been used as a measure. Let's just think about measuring the value of an economy ? Take some basic categories such as GDP or size of debt or size of a corporation.

Measuring an economy (i)

	1981-1985	1986-1990	1991-1995	1996-2000	2001-2005	2006-2010	2011-2015
Country name							
		◇ 2011	◇ 2012	◇ 2013	◇ 2014		
Afghanistan		17,930,239,400	20,536,542,737	20,310,881,087	20,841,951,232		
Albania		12,890,866,743	12,344,529,628	12,916,669,736	13,370,191,506		
Algeria		199,070,864,638	204,331,017,992	210,183,410,526	214,063,173,188		
American Samoa							
Andorra		3,427,235,709	3,146,177,741	3,249,100,675			
Angola		104,115,867,663	115,341,613,336	124,163,174,733	131,400,635,026		
Antigua and Barbuda		1,129,918,370	1,204,713,111	1,200,587,519	1,269,117,037		
Argentina		559,849,040,366	607,711,914,608	622,057,981,847	540,197,457,444		
Armenia		10,142,111,334	9,957,890,702	10,431,217,084	10,881,605,059		
Aruba		2,584,463,687					
Australia		1,388,066,356,092	1,534,425,905,763	1,560,372,473,125	1,453,770,210,672		
Austria		429,072,838,477	407,575,109,733	428,321,937,480	436,343,622,435		
Azerbaijan		65,951,627,200	68,730,906,314	73,560,484,385	75,198,010,965		












Measuring an economy (ii)

Summary Table 1. Key indebtedness indicators, 2008–10

Country	Total external debt, 2010 (\$ millions)	Present value of debt, 2010 (\$ millions)	Ratio of total external debt to exports of goods and services (%)	Ratio of present value of debt to exports of goods and services (%)	Ratio of total external debt to GNI (%)	Ratio of present value of debt to GNI (%)
Ecuador	14,815	12,770	75	64	26	22
Egypt, Arab Rep.	34,844	28,793	56	46	18	15
El Salvador	11,069	9,732	201	177	53	46
<i>Eritrea</i>	1,010	597	1,237	732	57	34
<i>Ethiopia</i>	7,147	3,924	194	107	24	13
Fiji	452	403	28	25	15	13
Gabon	2,331	2,126	18	16	21	19
<i>Gambia, The</i>	470	217	157	73	64	29
Georgia	9,238	7,536	225	184	80	65
<i>Ghana</i>	8,368	4,956	103	61	30	18
Grenada	576	631	309	338	96	106
Guatemala	14,340	12,115	139	118	37	32
<i>Guinea</i>	2,923	2,007	211	145	78	54
<i>Guinea-Bissau</i>	1,095	124	766	87	130	15
<i>Guyana</i>	1,354	762	131	74	57	32
<i>Haiti</i>	492	282	55	32	8	4
<i>Honduras</i>	4,168	1,971	57	27	30	14
India	290,282	252,804	91	79	20	18

“The debt service ratio is the ratio of debt service payments made by or due from a country to that country’s export earnings.”

Measuring an economy (iii)

	Filter 	Rank	Rev Change	Profits	Profit Change	Assets	Employees
CLEAR FILTERS Companies are ranked by total revenues for their respective fiscal years.							
Rank	<input type="text" value="Search company by name"/>						
1.		Walmart WMT , -0.48 %	Bentonville, AR General Merchandisers				
2.		Sinopec Group See Company Profile >					
3.		Royal Dutch Shell	The Hague, Netherlands Petroleum Refining				
4.		China National Petroleum	Beijing, China Petroleum Refining				
5.		Exxon Mobil XOM , 0.93 %	Irving, TX Petroleum Refining				
6.		BP BP , 0.58 %	London, Britain Petroleum Refining				
7.		State Grid	Beijing, China Utilities				
8.		Volkswagen	Wolfsburg, Germany Motor Vehicles and Parts				
9.		Toyota Motor TM , 0.10 %	Toyota, Japan Motor Vehicles and Parts				
10.		Glencore GLNCY , 1.92 %	Baar, Switzerland Mining, Crude-Oil Production				



Theories of value ?

Our second big question is this :

is it better to understand money as a quantity or a quality (or otherwise) ?

Theories of value ?

Possible synonyms for value :

... quality, worth, good, virtue, essence, prefer, equivalence, fair, balance, weight, respect, love, hold dear, make important, make matter ...

Theories of value ?

Different theories of value :

intrinsic value

produced by nature

produced by labour

produced by utility


produced by exchange

produced by scarcity



Is money the only, or even the main, measure of value ?

Are there non-chrematistic values which we should pay attention to, indeed may already pay attention to without knowing ?



Instead we can identify a host of ‘moral economies’ which, for the moment, we’ll define as all non-monetary relationships.



Follow Up

Go to the FUB webpages or my Weebly pages and follow the links to readings, video and audio links, and other material.