

Abdullah Sir Political Economy and Global order.

12/09/2019

Definition:

political Economy was the original term used for studying production, trade and their relation with law, custom, government as well as with the distribution of income and wealth.

Definition 2. political economy is the study of the ways in which a Govt. influences or organizes a nation's wealth politics: State power to make decisions about who gets when how and why.

Economics. To use the scarce resources and fulfill unlimited wants.

Defi: It is the interaction of the state and market

Fact: Some works and tasks are not possible on individual level such as defense for a country so Govt. should intervene in the economy so this is called political economy.

* Basic concepts of political Economy

① market

private good?
opposite of the
public good.

② state

③ public good: which not excludible
and rivalrous such
as defense one can not exclude
the other.

④ Social expenditure.. which is doing
for marginalized people
such as BISP and Sehat Card.

⑤ Taxation

Direct tax: Such as income
tax which can not shift
to the other. In fact initial money
incidence burden and incidence
final money burdens on one
person is called Direct tax.

Indirect tax. Those tax which
is shifted to other such as
tax on mobile companies
which can shifted to consumer.
Initial money burden on a
single body on producer
and the final money burden
on another person.

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⑦ Inflation:

Increase in the general price level of the commodities during a period of time.

state Bank website
↓
Economic data.

⑧ Unemployment:

Those people which actively looking for job but they have no job is called Unemployment.

⑨ Regulation:

Rules and regulation.

⑩ Trade:

↳ Tariff Barriers.

→ Non Tariff Barriers.

VER. voluntary Export Restraint.

Formerly request to reduce the exports of the country to another country.

i.e. America says to Japan to reduce the exports of vehicles because their own demand is low for vehicles.

Dumping:

To sell goods on low price to attract the customers and then increase the prices after increase in demand and this is illegal. To sell goods in the home country on ~~low~~ ^{high} prices and in the foreign market with low prices to attract the customers.

Tariff Barriers: Tax on imports of home country and on exports of other country.
Such as tomatoes from India.

Non tariff Barriers:

Limited exports only up to some limits.

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Economic and political integration:

Economic or market Integration:

↳ It connects markets

↳ It is based on welfare Economics
It thinks about common masses

↳ Free exchange of goods.

goods will allow to move free without tax

↳ optimum allocation of labor and capital.

↳ production can be shifted where they can get higher return

↳ Employees can migrate to place of higher wages.

Research Article.

Date 13/09/2018

* political integration

The creation of a common framework that creates equal conditions for the functions of the integrated parts of the economy.

To create equal environment for more than one country, equal policies But for common policies there is need of common institutions. It is not possible in different culture and religion.

* Stages of European union integration

① Free trade Area (FTA)

↳ There is free trade

No tariffs and non-tariff taxes
No Quota etc. Here is not barriers.

② Custom union

Common External tariff is implemented.

External tariff is common for other countries

Among the union tariffs will be common for other countries

③ Common Markets

It is ② + internal movement of labor and capital.

Internal movement of labor and capital.

(4) Economic union:

All the economic policies are well coordinated (social, fiscal, monetary) just like a one policy.

(5) political union:

Integration is extended beyond the realm of Economics to include such fields

① Anti - crime policy

② foreign policy

③ Security policy.

* Key social indicators.

① population is a social indicator.

② popⁿ size

③ composition of the pop

↳ popⁿ under the age of 15

↳ popⁿ above 60

↳ male? female?

↳ 18-60 popⁿ.

↓
productive age (labor force)

④ popⁿ Growth and Distribution.

↳ Annual popⁿ Growth.

↳ percentage of Urban and rural

↳ popⁿ Density → no of people living per square kilometer.

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② Health

↳ Life expectancy at birth.
After birth how many life
is expectaning.

③ HIV/AIDS

Human Immune deficiency virus

④ Infant mortality Rate ($\frac{1}{1000}$ birth - death)

what do you think about the
high IMR in Pak?

because of lack of education

[if you are able to ask questions
you are educated.]

⑤ Housing

① person per room.

② water supply and
sanitation.

⑥ Education

↳ literacy rate.

* key Economic Indicators:

- ↳ GDP
- ↳ HDI
- ↳ PCI
- ↳ Inflation
- ↳ Employment.

* Political and Economic Institutions and their role in decision making.

(A) political Institutions

- ↳ provincial Assembly
- ↳ national Assembly
- ↳ Senate

(B) Economic Institutions

- ↳ FBR
- ↳ ministry of finance and Revenue.

↳ SBP : State Bank of Pakistan.
Autonomous Body / Independent.

- ↳ Ministry of planning and development

- ↳ PBS

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In province departments works under chief minister of province. And in the country works under PM.

common masses → civil Society → Government.

* The changing Global order:

over all in the world

unipolar → single super power

① China is surpassing USA economically
trade share ↗ 35% of the world growth
during 2017-19
will come from China while 18%
from USA.

↳ By 2050 the top five economies of the world would be China, India, USA, Brazil and Indonesia.

Is the western world ready for it?

No.

② China is leading the largest Urbanization and infrastructure Schemes:

↳ BRI one Belt one Road,

③ China is set to become a global Green power house.

↳ By 2025 most cars in China would be electric.

Green power

Hydro electric generation

Solar power.

④ China is setting the global pace on a digital economy.

↳ About 90% of the transaction are occurring through Alipay and wechat.

with shop keeper. QR code

Quick Response.

Scan the QR code

and select the amount that will be minus from account

The economy is going to cashless economy.

⑤ Chinese Universities:

Beijing Tsinghua → Top university.
Peking → "

IELTS = International English Language Testing centre.

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* Historical development of political Economy:

Adam Smith

The development starts after the book of adam smith wealth of nation. He realize the role of Govt.

→ David Ricardo (1772-1823)

law of comparative advantage.

Suppose Country A and Country B

wheat producer Rice producer
if both the countries produce more of the grains of their need so they starts of trade to each other is called law of comparative advantage.

↳ Alfred Marshall (principles of Economics separate from politics Economics)

political economy

↳ Domestic political economic issues

↳ Comparative study of political and economic system.

There is tension b/w political and economic objectives.

↳ political Economy is a normative field, while Economics is a positive field.

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normative. good, bad, judgement

- ↳ Economics focuses on tariffs efficient utilization of scarce resources etc.
- p.E Examines the social political economic pressure and interest that affect tariff policy and it's affected political process.

In political economy There is making of policies Suppose Impose of 10% tax in economics we see the effect of the tax and explanation.

* problems of power and knowledge
who should control both knowledge and power?

The ability to influence other people's mind (power)

General knowledge

Plato's concept of knowledge as power

knowledge best emerged in a relationship of dialogic.

→ Ignorance is a state of imprisonment from which people should be encouraged to escape

(i) more knowledge mean more power.

26/09/2018.

Critical Thinking :

The analysis and evaluation of an issue in order to form a judgement

Analysis: Detailed examination of something

Evaluation: Value of something / sth.
judgement.

Judgemental: opinion about someone before meeting

Intuition: The ability to understand something without the need for conscious reasoning.

* Leadership Quality:

& Innate or foster by training

* Neo-liberalism

. It is a policy of social studies and economics that transfer control of economic factors to the private sector from public sector.

↳ Liberalization: Free trade encourage

trade barriers or remove trade barriers.

liberals A person who want to minimize barriers.

↳ Govt Should limit Subsidy

↳ Expand tax base

↳ Reduce deficit Spending

↳ Limit protectionism:

opposite

opposite of liberalization mean every country want to increase their tariff's trade barriers, etc

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↳ Laissez faire policy'

No Govt. intervention

* what is Globalization
And why it is important?

Definition: Globalization is the process of interaction and integration b/w people, companies and Govt worldwide.

Main reason of globalization → Advance technology.

* why do scholars disagree?
↓ person who have knowledge about particular subject

why → Because of human behavior.
Human behavior is random.

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International / Global political economy

Definition: It is the social, political economic arrangements effecting the global system of production, exchange and distribution.

Communism: Code of Conduct

way of life.
They don't care about their sexual desire.

They don't believe in religion
no God concept

Social: Social setup, social structures

* The significance of power.

Def: power is the ability of actor 'A' to get actor 'B' to do

sth he/she would not otherwise do - willingly or unwillingly.

L) Distribution of power in society.

↳ Equally or unequally?

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* Source of power.

- ↳ knowledge.
- ↳ money
- ↳ military
- ↳ Govt.
- ↳ Technology.

* State actors

The running agency of
the Govt. Bureaucraties.

* Social exclusion / marginalization.

The exclusion

To deprive a person from
his legal rights.

① Individual Exclusion.

Social exclusion at individual level results in an individual exclusion from meaningful participation in society.

professor

R.G students.

↓

Biotech

Individual exclusion that female can not participate in education properly.

Black and white discrimination

The w —

→ Racial (Black vs white)

↳ low Caster (Hindu)

↳ Economic (Rich vs poor)

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* Fundamental Theories of IPE

IPE = International political economy.

(A) mercantilism

- ① national wealth and power are tightly connected.
- ② Trade in one way to acquire wealth from abroad
(Exports > Imports)
- ③ Some type of economic activity is preferable to other
(Industry)

(B) Liberalism

- ① strong line b/w politics and economics
- ② Trade is beneficial.
whether it is in surplus or in deficit. Exports \geq Imports
Imports \geq Exports.
(division of labor is very essential for specialization)

(III) Agriculture

Unbalance growth is to improve one sector and may ignore the other sector.

(C) Marxism

- ① Capitalist would increase their capital - concentrated in few hands. not transfer to other people.

- ② Capitalism is associated with falling rates of profit

↳ Reduce labor wages
Suppose labor is low wage 500 and goods to purchase of Rs 1000 so it is impossible. And reducing purchasing power.

(iii) There is imbalance b/w ability to produce and ability to purchase.

The income of the capitalist is increasing because the income of the consumers is not increasing at that rate compared to capitalist.

* Economic Growth:

outshine ~~well~~
some one

Narrower concept
measure the increase in the Real GDP increase in the Quantities.

* Economic development:

It is a multi dimensional process that involves major changes in social structures popular attitudes and national institutions as well as the acceleration of economic growth the reduction of inequality and eradication of poverty.

Date 03/10/2019

* International transfer of technology
and politics.

(1900 — 2019)

↳ 1914 — 1918 1939 — 1945

1st world war

2nd world war.

1945 — onwards

1980 → China conservative ䷲ ䷱

USA

UK

Russia

1979 USSR Russia invasion
of Afghanistan

India and Saudi are the
top importers of weapons.

1979 — 2001

* Industrial policy.

To develop such condition
which are favorable for business
and increase exports.

Export led growth

Service led growth

Service led growth

To transfer skillful people to other countries and can get foreign reserves.

* political slogans and their implementation

political slogans is only for to take more votes but not implement

↳ Poverty? Inequality?

↳ Absolute poverty -?

↳ relative " -?

Definition of poverty.

people live in poverty no because there is ^{not} enough food but because of the prevailing economic and political situation in a country.

(Because of political and economic hurdles of the country)

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* multidimensional poverty Index (MPI)
It is developed by UN

↳ It is composed of three dimensions.

↳ nutrition] → Health.
↳ child mortality, first day — to one year.

↳ years of schooling] → Education
↳ children enrolled

↳ cooking fuel] → Standard of living.

↳ Toilet

↳ water
↳ Electricity in Pakistan thermal base energy.
↳ Floor assets.

Free mature aging.

Relative poverty vs Absolute poverty.

10000 Rs income of person A

50000 Rs → B

