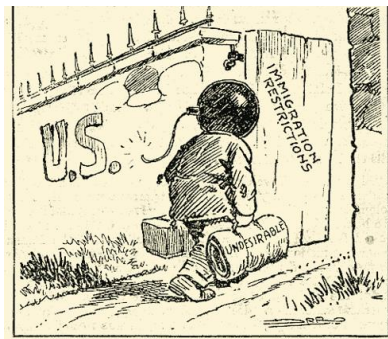


# Political Economy



## The Red Scare



# Capitalist Relations of Production

- **Relations of Production:** The social relations associated with a specific economic system

## In a capitalist economy:

- **Capitalists** are those who control both the means and conditions of production
- **Workers** are those who supply the labor to produce commodities
- Capitalists must **underpay workers** and **undervalue the environment** for their contribution to the commodity in order to produce a surplus value, which is necessary for capitalism to continue to expand
  - This leads to crisis!

## Key Concepts

- **Means of production** = things required to make commodities
  - e.g., factories, machinery



- **Conditions of production** = raw materials needed to produce commodities
  - e.g., wood, oil, iron



- **Surplus value** – the value produced by underpaying labor or over-extracting from the environment, which is accumulated by owners and investors (not by workers) (THINK: profit)

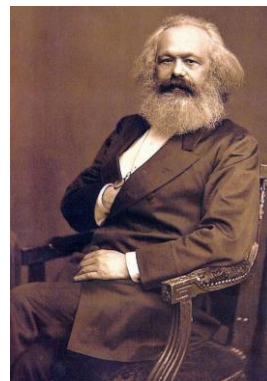
## The secret of surplus value



Source: Fred Wright Papers, 1953-1986, UE 13, Archives Service Center, University of Pittsburgh.

## Political Economy Perspective

- From a political economy perspective, **environmental problems are an integral part of a capitalist economy (not an aberration/accident)**
- The insights of Karl Marx can be used to describe how capitalist economic systems produce environmental problems

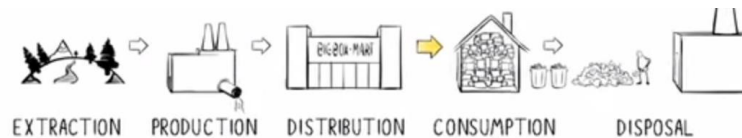


Karl Marx (1818-1883)

## Two Contradictions

- The **first contradiction of capitalism**:
  - **Over-Accumulation** – wealth is concentrated in the hands of a few, so many cannot afford to buy commodities and keep the system expanding
- The **second contradiction of capitalism**:
  - capitalism undermines itself by destroying the conditions necessary for its own survival through:
    - **Environmental degradation** and **worker exploitation** – harms the **conditions of production** and worker health
    - Over-extraction of resources – produces scarcity that limits growth

## Making a T-Shirt



Video Link: <http://apps.npr.org/tshirt/#/title>

As you watch the series of videos, try to identify the following key concepts of political economy:

- *means of production* (factories/machinery)
- *conditions of production* (raw materials)
- *surplus value* (how is profit being made?)
- *first contradiction of capitalism* (over-accumulation)
- *second contradiction of capitalism* (worker exploitation & environmental degradation)