

Lecture two

The concept of political economics

Definition of political economics

- The term "**political economy**" was first used in the early seventeenth century in France by the economist Antoine De Monchrest in his book "**Explanation of Political Economy**" in 1615. By using the term "**political**," he meant that it pertains to the laws of the state and society as a whole, not just to the family. In his work, he offered advice to the prince or king on managing the finances of the city or state.

Definitions of political economics:

1

- Mohammed Dwidar's definition :**"Economics is the science of the laws that govern economic or social relationships that arise among individuals in society through material goods and services that satisfy human needs in the community, encompassing both the material and cultural aspects of individuals' livelihood in society."**

2

- **"The set of laws that regulate the relationships among multiple parties in the fields of production and distribution in their various changing social forms."**

3

- Oscar Lange's definition :
- **"Economics is the science that concerns itself with the study of the social laws that govern the production of material means to satisfy human needs and their distribution."**

Subject of political economics:

- Political economy focusing on answering the following questions:
- **What goods and services does society produce?**
 - This involves identifying the goods and services that a society should produce based on its economic resources, characterized by relative scarcity. Consequently, it requires prioritizing between alternative uses through market mechanisms.
- **In what way is production carried out?**
 - Different productive methods exist: labor-intensive production, capital-intensive production, and production requiring the use of technology.
- **How is the produced output distributed among members of society?**
 - This concerns the distribution of the national output of goods and services among the factors of production participating in the production process, such as labor, landowners, and capital owners.

The relationship of economics with various other branches of science

- **Economics and sociologie:**
- "Economics is concerned with studying economic behavior, including consumption, production, and savings. It explores various factors that drive individuals to adopt such behavior. Consequently, the role of social studies in economics is to guide policymakers in considering all social conditions that may impact these policies. Social studies provide an explanation for motivations."

Economics and law

- "Laws are considered one of the fundamental pillars of social organization across various domains. Similarly, economic activities within any society require legal foundations for regulation. The process of buying and selling a specific commodity, with its economic content defined by the quantity, type of goods, and its price, is simultaneously governed by its legal framework. This framework encompasses its legitimacy, the regulation of contractual rights and obligations, and the impact of such transactions on the rights of others, addressing potential disputes and more."

Economics and Politics:

- Economic activity cannot be achieved without reference to politics, as the political system or the state, which directs and makes significant decisions for any society. Undoubtedly, the connection between economics and political science is closely intertwined. This is because any economic system operating within specific political conditions is both influenced by and exerts influence on those conditions simultaneously. This relationship has been one of the reasons why economics has long been known as "political economy." Political decision-makers also consider economic matters, and the political administration of any country is significantly impacted by economic conditions, such as decisions to establish a new ministry, impose taxes, or raise prices.