

POLITICS AND THE ECONOMY

Learning Outcomes

At the end of this chapter you will be able to do the following:

- Define politics.
- Discuss the different types of government.
- Define the power elite.
- Define the economy.
- Define Capitalism.

WHAT IS POLITICS?

The study of politics goes long before sociology's existence. It has a long history in philosophy, economics and later political science. Our focus will be on the sociological understanding of politics. According to sociologists, **politics** includes *the exercise of power by those in government and by those intending to influence the use of government resources*. Another way to think about politics is that it is how a society decides how to allocate its scarce resources. Politics often takes place within government. **Government** is *the decision making part of the state*. According to Weber, **the state** is that entity which possesses a "monopoly on the legitimate use of physical force."¹ Ultimately, what all of these terms have in common is how society wields power. Also according to Weber, **power** is *the ability to get things done even when others resist*.²

The organization of power within the state allows several functions to be fulfilled. 1. The state establishes laws and norms. The norms of a society are codified by the formal recording of laws. In addition, sanctions for breaking these laws are also recorded. 2. The state provides for social control. This means that the state has the power to enforce its laws. Police, courts, and the prison system are given the power to arrest, convict, and imprison those who break the laws. 3. Ensuring economic stability. An infrastructure must be in place for a large, complex society to exist. Money has to be created, roads have to be built, goods and resources must be distributed, and people have to be educated, among other things, for society to thrive. 4. Setting goals. The state decides what it values and what to work for. If a society values freedom from tyranny it may place an emphasis on its military force. If it values children it may provide good quality child care at a reasonable cost. If it values the physical environment it may place restrictions on use of natural resources. 5. Protecting against outside threats. Most societies have been threatened at some point by another society. The state is responsible for creating policies and for maintaining an armed force to protect against intrusion by outsiders.³

GOVERNMENTAL TYPES

There are numerous types of government in the world today. The most common ones take the form of dictatorship, monarchy, and democracy. **Dictatorships** are *when one person is in charge of the government and rules with an iron fist in an effort to maintain complete control over citizens' lives*. Examples of dictatorships include the late Kim Jong Il of North Korea, Augusto Pinochet of Chile and Charles Taylor of Liberia. **Autocracies** are *when the ultimate authority lies in the hands of one person who controls all aspects of the society*. Recent events known as the Arab Spring in the Middle East and Northern Africa have seen the overthrow of violent dictators such as Muammar Gaddafi in Libya and Hosni Mubarak of Egypt in favor of democratic reforms. **Totalitarian governments** are *a political system where a small power elite controls virtually every aspect of the personal and larger social levels of society*. **Monarchies** are less common than in the past (example, Ming Dynasty in China) but *are governments ruled by a king or queen and their lineage*. Lastly, **democracies** are *political systems in which every citizen is capable of participating in the political process ('demos' means people and 'cracy' means 'rule by')*.⁴

Democracies are marked by a representative government where officials are elected by the people of the nation. The power and authority of those elected officials is legitimized, in other words the citizens give them power to enact and enforce policies and laws.⁵ Many citizens of the United States take voting for granted and students tend to vote in very low numbers when compared with older citizens.

If the United States is a democracy how does it fare with participation in the political process? One measure of this is called voter turnout. Table 1 tracks voter turnout in presidential election years from 1960 to 2008. In 1960, 63% of those of voting age actually turned out to vote. This has dropped to just under 57% in 2008. Voter turnout is typically lower in non-presidential election years. The lowest since 1960 was in 1998 with 36.4% voter turnout.⁶

If citizens play such a minimal role in elections who fills in the void to shape the democratic process? C. Wright Mills proposed that the power elite actually rule America. For Mills, the **power elite** were *political, corporate, and military leaders of a society who are uniquely positioned to commit elite crime, or crimes of insider nature that typically are difficult to punish and have broad social consequences upon the masses*.⁷ The rest of us are merely influenced by and dominated by, the power elite.

Table 1. National Voter Turnout in Federal Elections: 1960-1996.⁸

Year	Voting Age Population	Registration	Turnout	% T/O of VAP*
2008	231,229,580	NA	132,618,580	56.8
2004	221,256,931	174,800,000	122,294,978	55.3
2000	205,815,000	156,421,311	105,586,274	51.3
1996	196,511,000	146,211,960	96,456,345	49.1
1992	189,529,000	133,821,178	104,405,155	55.1
1988	182,778,000	126,379,628	91,594,693	50.1
1984	174,466,000	124,150,614	92,652,680	53.1
1980	164,597,000	113,043,734	86,515,221	52.6
1976	152,309,190	105,037,986	81,555,789	53.6
1972	140,776,000	97,328,541	77,718,554	55.2
1968	120,328,186	81,658,180	73,211,875	60.8
1964	114,090,000	73,715,818	70,644,592	61.9
1960	109,159,000	64,833,096	68,838,204	63.1

*% T/O of VAP=Percent Turnout of Voting Age Population

THE ECONOMY

The **economy** is a system of producing and distributing goods and services and can be local, state, national, international, and global. There are various types of economic systems in today's global marketplace. **Capitalism** is an economic and social system in which capital, the non-labor factors of production (also known as the means of production), is privately owned.⁹ **Socialism** is an economy based on governmental management and control of goods and services.

Communism is an extreme socialistic economy with extreme governmental management of goods and services along with management of public and private ideologies. Cuba, Venezuela, North Korea, and China are a few remaining national-level communistic economies. There are communist parties in many countries today, but few have national control as do the four listed above or the many that existed during the Cold War.

Recently, many have criticized the U.S. as having forfeited its capitalistic ideals in favor of a form of **democratic socialism**, an economic system based on the merger of capitalism and socialism that often is accompanied by vague boundaries between governmental management of goods and services and diminished "hands-off" governmental involvement in the individual pursuit of economic stability.¹⁰

Adam Smith (1723-1790) was an eccentric professor who is regarded as the father of modern capitalism.¹¹ He wrote in *The Wealth of Nations* that an invisible hand emerged when people pursued their own business interest and collectively benefitted society at large. The full impact of Adam Smith's work is hard to estimate.

He is considered to be one of the most intellectually potent thinkers of the last four centuries. His ideas have been taught and have guided national economic policy for decades.

According to Smith, capitalism has four features. 1. Private property. Smith thought that when citizens were able to own property it prompted them to be thrifty and instilled in them the respect for their own and others' property. 2. Freedom of choice. When one has the right to own property, he also has the right to choose what to do with it. A person can sell, trade, rent, or give away her own property. 3. Free competition. Smith thought that demand would regulate the supply of goods and services—a competitive marketplace benefits society. 4. Freedom from government interference. Smith thought that government should not regulate the marketplace.¹² He promoted a **laissez-faire government** (*non-interference of government in businesses*).¹³ If you think about the United States, you will quickly realize that it is not an example of pure capitalism. Think of all the social welfare programs funded by the state and all the regulations the state imposes on industries such as the pharmaceutical industry. Therefore the U.S. is referred to a **mixed economy** *which combines free enterprise and governmental regulation of social welfare and some industries*.¹⁴

Today's economy is far different from that of Smith's time. In his day, much work was located in the primary sector of the economy. The **primary economic sector** is *the part of economic production involving agriculture, mining, fishing, and materials acquisition*. Smith's day also was laden with work in the **secondary economic sector**, *the part of the economic production involving manufacturing (factories and home-based)*. Today, the majority of our work involves the **tertiary economic sector**, *or work which involves providing a service to others such as food, retail, computer processing, or information management*. The tertiary sector emerged along with telecommunications and the computer chip technologies.¹⁵

In Adam Smith's day, probably about two percent of all work was in the tertiary sector with the rest being in primary and secondary sectors. In 2007, less than one percent of Americans were employed in the primary sector, 17% in the secondary sector, and 82% in the tertiary sector. About eight out of ten jobs are in the service sector.¹⁶ Where exactly is the primary and secondary work taking place for us in the U.S. if not here? Look at the label on your shoes, clothes, computers, cell phones, cars, TV's, and even groceries. The U.S. is a nation populated widely by consumers with most of its production being service-related.

Part of the explanation of why jobs shifted to service-related classifications has to do with supply and demand. **Supply** is *the availability of goods and services in the marketplace*. **Demand** is *the desire in the marketplace for goods and services*. Typically, with higher supply and lower demand you'd see lower prices. With higher demand and lower supply you'd see higher prices. This is true in many markets, but does not appear to apply to the very unstable US cost of gasoline per gallon which changes without traditional regard to supply and demand.

As the supply of labor-ready employees increased in the U.S. factories in the past and other labor-based industries, the demand for these employees appeared to never end. But, as the computer chip transformed technology to the point that less demand for labor became the norm and then workers from all over the world were willing to do the U.S.'s primary and secondary labor for a fraction of the cost, the U.S. literally became an import nation for its primary and secondary goods. Much of the current job market pays and rewards education because education is still in high demand in a service economy. Without it a worker has to compete with cheaper foreign labor or get lucky with the very few labor-related jobs that are in the U.S. economy today.

THEORIES THAT HELP US UNDERSTAND THE POLITICAL PROCESS AND THE ECONOMY

How would each of our major perspectives explain the political and economic systems of the U.S.? Remember that Functionalists look how structures of a society help that society function and thrive. See Table 2 for a brief summary of the three major perspectives. When applying the Functionalist Perspective one might investigate how the voting process helps to stabilize the economy. Remember the fact that students do not tend to vote in large numbers. What does this do to U.S. society? Older people do vote in large numbers, they see it as their duty, and they vote for policies that benefit them. If students also voted in large numbers we might see a change toward providing more government funds to higher education and less to older adults. If both voted in the same proportion there may be a tug of war for government money every election and money would be diverted to higher education one year and then to older adult programs the next. A constant change back and forth does not lead to stability.

Table 2. The Three Major Perspectives on Politics and the Economy.

Perspective	Explanation of Politics and the Economy
Structural Functionalists	Institutions such as the government provide necessary functions for the smooth operation and maintenance of society. They provide stability and harmony.
Conflict Theory	Institutions such as the government protect and maintain the interests of society's elites at the expense of everyone else. The elite has access to the economic aspects of society.
Symbolic Interactionism	Institutions such as the government are made up of micro level, individual interactions which cumulatively make up the institution and our individual identities.

Conflict theorists might look at how and why people of certain groups are more likely to be elected. Antonio Villaraigosa is the first Hispanic mayor of Los Angeles (a city with a Spanish origin and name) in over 10 years.¹⁷ Over 48% of the citizens of Los Angeles are Hispanic.¹⁸ Why are Whites elected more often than Hispanics, Blacks, Asians, or Native Americans? It often comes down to who has the money and the power? It takes money to get elected. In the 2007 presidential election, Mitt

Romney spent nearly \$110 million; \$44 million of that was from his own personal fortune.¹⁹ Those who have money and power know others with money and power and it takes these associates to help raise that other \$66 million he spent (and he didn't get elected).

Functionalists and Conflict Theorists differ in that Functionalists view the state as necessary in order to accomplish the goals of a complex society. Those with specialized talents need to be compensated so that they will provide their talents for the benefit of society. On the other hand, Conflict Theorists would argue that the state is a vehicle for the power elite to maintain their position of privilege.²⁰

A Symbolic Interactionist may look at what it means to be an elected official. For some it may mean power and that is the sole reason to pursue the office. For most, at least in the beginning, it may mean a way to give back to the community or a way to right the wrongs of society. What do you think of when you hear someone is a politician? What meanings does that word have to you? Do you view all politicians as evil self-serving power mongers? Or do you view them as public servants who strive for the good of society?

No one perspective is more correct or better than the others. It just depends on what you are interested in understanding as to which you could apply. As you think about aspects of the U.S. political system think about which perspective would help you understand them.

¹ Daniel Warner. 1991. *An ethic of responsibility in international relations*. Lynne Rienner Publishers.

² Weber, M. 1978. *Economy and Society: An Outline of Interpretive Sociology*. Berkeley, CA: University of California Press.

³ Tischler, H. L. (2011). *Introduction to Sociology*. Belmont, CA: Cengage.

⁴ Tischler, H. L. (2011). *Introduction to Sociology*. Belmont, CA: Cengage.

⁵ Tischler, H. L. (2011). *Introduction to Sociology*. Belmont, CA: Cengage.

⁶ <http://www.infoplease.com/ipa/A0781453.html>

⁷ Mills, C. Wright. 2000. *The Power Elite*. Oxford, England. Oxford University Press.

⁸ <http://www.infoplease.com/ipa/A0781453.html>

⁹ <http://en.wikipedia.org/wiki/Capitalism>

¹⁰ <http://www.dsaua.org/pdf/widemsoc.pdf>

¹¹ Tischler, H. L. (2011). *Introduction to Sociology*. Belmont, CA: Cengage.

¹² <http://adamsmithslostlegacy.blogspot.com/2009/06/adam-smith-on-state-intervention.html>. & Tischler,

H. L. (2011). *Introduction to Sociology*. Belmont, CA: Cengage.

¹³ <http://dictionary.reference.com/browse/laissez+faire>

¹⁴ Tischler, H. L. (2011). *Introduction to Sociology*. Belmont, CA: Cengage.

& http://en.wikipedia.org/wiki/Mixed_economy

¹⁵ The Three-Sector Theory originated with research by Colin Clark and Jean Fourastié

¹⁶ Taken from Bureau of Labor Statistics 24 March 2009 from

<http://www.bls.gov/news.release/ocwage.t02.htm> Table 2. Employment by Industry and Occupational Group, 2007

¹⁷ <http://www.nytimes.com/2005/05/18/national/18cnd-angeles.html>

¹⁸ 2000 United States Census

¹⁹ <http://thecaucus.blogs.nytimes.com/2011/03/26/how-much-does-it-cost-to-run-for-president/>

²⁰ Tischler, H. L. (2011). *Introduction to Sociology*. Belmont, CA: Cengage.