

the most desired goods at the lowest expense. Greater satisfaction motivated to seek the most desired goods at the lost expense. The result is the best, more efficient use of available resources.

The classical framework developed by Adam Smith was enhanced, refined, and improved over the ensuing 150 years by a number of scholars. The basic principles were refined and applied to an assortment of topics and issues, including resource markets, international trade, economic development, and industrial activity--to name just a few. Much of this work remains relevant to the modern study of microeconomics, often termed neoclassical economics.

Economists also applied this classical framework to macroeconomic issues, especially unemployment, economic growth, and business-cycle stability. With this application a comprehensive theory of macroeconomics was developed that offered an explanation for macroeconomic phenomena and provided recommendations for government policies.

THE CONCEPT CLASSICAL ECONOMICS

Classical economics dominated the study of economics for 150 years after it was introduced. This work not only launched the modern study of economics, it continues to provide the foundation for modern microeconomics. Classical economic principles were also adapted to macroeconomic phenomena and provided a guide for macroeconomic policy until the beginning of the Great Depression in 1929. Classical economics fell out of favor in the 1930s largely because it did not adequately explain the occurrence of high rates of unemployment during the Great Depression.

The term "classical economics" was coined in the first half of the 1800s by Karl Marx, who is considered by some as an important contributor to the development of classical economics and by others as a primary critic of this theory. The term gained new life in the early 1900s when John Maynard Keynes developed Keynesian economics as an alternative theory of macroeconomics.

Highlights of classical economics include:

One, classical economics is based on three key assumptions--flexible prices, Say's law, and savings-investment equality.

Two, the theoretical structure of classical economics is based on a view that the macro economy operates in aggregate according to the same basic economic principles that guide markets and other microeconomics phenomena.

Three, the economic principles of classical economics indicate that aggregated markets, especially resource markets, automatically achieve equilibrium, meaning full employment that is, full employment of resources is assured.

Four, classical economics indicates that full employment is achieved and maintained without the need for government intervention and that government intervention is more likely to cause than to correct macroeconomic problems.

SHORTCOMINGS OF CLASSICAL ECONOMICS

- (1)** It was superficial and too shallow; it was just concern about product and did not tell us the intricate process that takes place in the concept of production. There is a link between politics and the economy, the economy determines politics
- (2)** They also fail to recognize the contradictions in capitalism. They see capitalism as a God ordained system that will one day be overthrown by another political system.
- (3)** It does not recognize the importance of labor in the political system; they consider profit as not cheating. Under the Neo-classical economy, the scholars here oppose the idea of laissez faire.
- (4)** State intervention is needed in the economy to boost economic growth, that if it continues to depend on demand and supply one day they will be a problem, those in this group are the Keynesians and neo-Keynes.

MARXIST POLITICAL ECONOMY

It is based on the theory of Karl Marx, he came to the scene to explain that there is a process of exploitation taking place during the process of production, because the classical economics did not explain the exploitation of workers for him the economic system determines the politics of any country and the economy also determines other aspects of the society, like religion, morality e.t.c the economy according to Karl Marx is the engine that drives other aspects of the society. The mode of production here refers to the organic unity of the productive forces and social relations of production. The central piece of Marx's work is an incisive analysis of the strengths and weaknesses of capitalism. Marx argued that all commodity value is determined by labour content- both the direct labour and indirect labour embodied in capital equipment. For example, the value of a shirt comes from the efforts of textile workers put together plus the value of the person who made the looms. By imputing all the values of output to labour, Marx attempted to show that profits- the part of output that is produced by workers but received by capitalists- amount to unearned income. It is the opinion of Marx that the injustice of capitalist receiving unearned income justifies transferring the ownership of factories and other means of production from capitalists to workers.

The Marxian approach is consistent with socialist worldview, which accommodates extensive state intervention and control of the economy of the nation. It is the expectation of scholars of Marxian orientation that state monopoly of the productive process will make for a better redistribution income in the society.

DIFFERENCES BETWEEN CLASSICAL ECONOMY AND MARXIST POLITICAL ECONOMY

After finish discussing about classical economy and Marxist political approach I am going to discuss about the differences between classical and Marxist political approach.

The classical political approach considers the state as a neutral judge, which is it does not allow the interference of the state in the affairs of the economy. Whatever is implemented in the economy and is good for the growth of the economy, the government is not allowed to interfere. The state is used by the ruling class to dominate the workers or the masses. That is the rich or the bourgeoisies oppress the poor masses with their wealth and influence. while the in the Marxist political economy The fundamental ideology is communism, it holds that all people are entitled to enjoy the fruits of their labour but are prevented from doing so in a capitalist economic system, which divides society into two classes: nonowning workers and nonworking owners. Marx called the resulting situation alienation, and he said that when the workers repossessed the fruits of their labour, alienation would be overcome and class divisions would cease. The Marxist theory of history posits class struggle as history's driving force, and it sees capitalism as the most recent and most critical historical stagemost critical because at this stage the proletariat will at last arise united. The failure of the European Revolutions of 1848 and an increasing need to elaborate on Marxist theory, whose orientation is more analytical than practical, led to adaptations such as Leninism and Maoism.

The classical economics here gives value to commodities, while in the Marxist political approach value is been given to labor because without labor, the production of goods and services cannot be possible. In classical political economy and especially Karl Marx's critique of political economy, a **commodity** is any good or service ("products" or "activities") produced by human labour and offered as a product for general sale on the market. Some other priced goods are also treated as commodities, e.g. human labor-power, works of art and natural resources, even though they may not be produced specifically for the market, or be non-reproducible goods.

Classical economy sees capitalism as a God ordained system that will last forever. That is they see capitalism as a system which has come to stay permanently and can never be destroyed by any other economic system, while the Marxist political economy see capitalism as something that is not above destruction, for them capitalism will one day be destroyed and over thrown just like other economic system like feudalism which were also overthrown.

Another significant difference that is inevitable in this discussion is that capitalism considers wages and salaries of labor as the true worth of labor. That is what the laborer gets as a result of work done is what is considered under capitalism, while in Marxist political economy they see salaries and wages as not the real worth of a laborer, for this system they are something else they deserve which is being held by the capitalist.

Classical political economy considers the market as the basis for wealth creation, that is it is the market that gives wealth which implies that the more buyers are made available for products produced the more profit is made which leads to wealth creation because if there are no buyers for commodities produced it will lead to waste of materials and resources they by leading to loss of profit which in turn leads to poverty, While the Marxists consider productive forces which has to do with productive forces and means of labor as the basis for creation of wealth.

The classical political economy as economics which simply consider economics as just production, distribution and exchange, while the Marxist political economy considers the relationship between the economy and other aspects of the society.

The scholars of classical economy advocated or praise capitalism, that it promotes industrialization. Here they include Adam Smith, David Ricardo and Thomas Malthus, while the scholars in the Marxist include Friedrich Engels and Karl Marx, and this Marxist political economy is evil and exploitative.

Smith, in *The Wealth of Nations* (1776), argued that the most important characteristic of a market economy was that it permitted a rapid growth in productive abilities. Smith claimed that a growing market stimulated a greater "division of labor" (i.e., specialization of businesses and/or workers) and this, in turn, led to greater productivity. Although Smith generally said little about laborers, he did note that an increased division of labor could at some point cause harm to those whose jobs became narrower and narrower as the division of labor expanded. Smith maintained that a laissez-faire economy would naturally correct itself over time.

Marx followed Smith by claiming that the most important beneficial economic consequence of capitalism was a rapid growth in productivity abilities. Marx also expanded greatly on the notion that laborers could come to harm as capitalism became more productive. Additionally, in *Theories of Surplus Value*, Marx noted, "We see the great advance made by Adam Smith beyond the Physiocrats in the analysis of surplus-value and hence of capital. In their view, it is only one definite kind of concrete labour—agricultural labour—that creates surplus-value....But to Adam Smith, it is general social labour—no matter in what use-values it manifests itself—the mere quantity of necessary labour, which creates value. Surplus-value, whether it takes the form of profit, rent, or the secondary form of interest, is nothing but a part of this labour, appropriated by the owners of the material conditions of labour in the exchange with living labour."

Differences in their mode of production

In the writings of Karl Marx and the Marxist theory of historical materialism, a mode of production (in German: Produktionsweise, meaning 'the way of producing') is a specific combination of: **Productive forces:** these include human labour power and available knowledge given the level of technology in the means of production (e.g. tools, equipment, buildings and technologies, materials, and improved land). **Social and technical relations of production:** these include the property, power, and control relations governing society's productive assets (often codified in law, cooperative work relations, and forms of association), relations between people and the objects of their work, and the relations between social classes.

While the classical mode of production refers to the system of organizing production and distribution within capitalist societies. The process of capitalism, the dynamic of capital accumulation, preceded the development of the capitalist mode of production, beginning sometime in the 15th century. The capitalist mode of production, involving the dominance of wage-based labour and private ownership of the means of production, began growing rapidly in Western Europe from the 18th century, later extending to most of the world. The capitalist mode of production is characterized by private ownership of the means of production, extraction of the surplus value created in production by a class of private owners (referred to as exploitation), wage-based labour, and distribution of both capital goods and consumer goods in a mainly market-based economy (referred to as commodity production).

CONCLUSION

The distribution of wealth and power has been a point of debate for every civilization. The economic and governmental framework of a society structures the lives of members of that society. Classical and Marxist political economic are on opposite ends of a spectrum, the one valuing a free market, the other an attempt to redress the unjust gap between the poor and the wealthy. Although the debate between the two can often be reduced to a sort of clash of classes, business versus labor, the distinction between socialism and capitalism is nuanced, and both systems demonstrate strengths and drawbacks.

Karl Marx and Keynes

In terminating our formal study of Marxism, we will examine an issue that has drawn attention over the past three decades. What is the relationship between Marxian and Keynesian economics—the latter now generally accepted by Western economists? As is often found in studying economic institutions, there are no clear-cut answers.

The theories of John Maynard Keynes seem to be neither "socialism-Marxism," as one group in the United States would have us believe, nor the purely "non-Marxian manifesto" that some defenders of Keynes categorically claim. In fact, there are areas of both similarity and conflict in the two schools of thought.

Similarities:

From the beginnings of their careers, both Marx and Keynes showed heterodox tendencies with respect to accepted economic doctrines of their times. Both were appalled by the inability of accepted doctrines to explain serious problems of the real capitalist world in which they lived. Hence, each attempted to formulate an economic theory fitting the way the economy actually functions.

Marx violently rejected the abstract "vulgar economics" of Ricardo, Nassau Senior, and John Stuart Mill, for he felt that these "classical economists" did little to explain the harsh reality of industrial capitalism during the period 1840-1880. Keynes felt that the bases of the later neoclassical economics, which was accepted with little question before 1929, "happen not to be those of the economic society in which we actually live, with the result that its teaching is misleading and disastrous if we attempt to apply it to the facts of experience."

The common ground between the two schools goes further. Both explicitly repudiate one special classical assumption, embodied in "Say's law of markets"—that aggregate production (supply) equals aggregate income (demand) and that as a result there can be no sustained lack of overall demand for the output of the entire economy, since production itself automatically creates demand.

An increase in output supposedly always generates a sufficient increase in income, purchasing power, and spending to clear the market of the extra goods. Before Marx, little heed was paid to Malthus' warnings of "ineffectual demand" and a "general overproduction glut"—Say's law had proved that to be "impossible." Marx pointedly noted the "childish" reasoning of Say's "dogma that the circulation of commodities necessarily implies an equilibrium of sales and purchases," and claimed that "if the split between the sale and the purchase becomes too pronounced, it asserts itself by producing— a crisis."

Keynes also built his theories on a refutation of Say's law as being "not the true law relating the aggregate demand and supply functions. . . ." Both men, in rejecting Say's law, firmly established explanations for the existence of recession and crisis in the capitalist system. Instead of the "equilibrium" situations of stable production and full employment that the neoclassicists in particular postulated after 1870, Marx and Keynes envisioned a capitalist system whose norm was instability.

This might take the form of dynamic growth cycles of prosperity and crisis, raising national product over the long run but bringing about the ultimate collapse of the system through a final breakdown (Marx), or of a tendency toward irregular patterns of growth, slump, or even stagnation, depending chiefly on the level of private capital investment (Keynes).

But regardless of the precise sort of instability, the mere emphasis on instability as a fact led both men to reject the optimistic view that free market capitalism naturally brings about a harmony of all economic forces and an automatic adjustment ensuring long-run stability and full employment. Neither Marxists nor Western Keynesian economists in general accept such preestablished harmony as normal under laissez-faire capitalism.

Why did rejection of Say's law carry with it such assumptions of capitalist instability? The main reason is that if aggregate demand and supply are not in balance, and if there are no automatic forces in a capitalist economy to right the balance, then there can be cases of aggregate error. One result might be market gluts, if overall demand is insufficient to take up all goods supplied. Another might be aggregate money demand in excess of production, leading to inflation.

Both Marx and Keynes hold that capitalism has an inherent tendency to develop the first kind of crisis—overproduction stemming from lack of effective demand. Marx wrote that lack of purchasing power resulted from exploitation of the working masses by capitalists, who paid laborers only subsistence wages. Keynes

believed that lack of effective demand would be caused principally by the inability of private investment to absorb growing quantities of savings produced by highly developed capitalist economies.

Finally, the arena in which Marx and Keynes saw these developments taking shape was far removed from the classical microeconomics of price, value, and individual firms. They look at the capitalist system essentially as an aggregative whole, one that calls for the study of the total social product, its composition, and the forces determining it (Marx) or of the determination of national income and its components of consumption, savings, and investment (Keynes).

Thus, along with the idea that capitalism would not automatically gravitate toward an "ideal" equilibrium, the modern concern with the aggregate level of economic performance, or macroeconomics, is a legacy of both schools.

Differences:

On the simplest level, the economics of the Marxian and Keynesian theories are wholly different. Marx adopted many of the accepted mid-nineteenth-century classical economics tools, such as the labor theory of value and the subsistence wage, to deduce drastically new conclusions regarding capitalism as a system.

Keynes thought little of such tools. His own analysis owes much to the post-1870 neoclassical school; he wrote that "if our central controls succeed in establishing an aggregate volume of output corresponding to full employment as nearly as is practicable, the [neo] classical theory comes into its own from that point onwards. To Marx such hope would have seemed futile.

However, the more important differences are broader in scope. Keynes was motivated by the desire to preserve capitalism insofar as possible, and to this end he formulated a theory that he hoped might be used to construct a reformed, "liberal" capitalism. He was a conservative who desired to extend the life of capitalism rather than to replace it by another economic system.

The contrast with Marx is striking. Marx wrote works that were passionate, bitterly critical, and destructive. His sole interest was to prove how capitalism had already fulfilled its historical mission and had consequently outlived its usefulness. For Marx, all thought of reform was either pointless or at worst reactionary, since capitalism was doomed by the progressive forces of history. In short, "Keynes wanted to apologize and conserve, while Marx wanted to criticize and destroy."

It is true that Keynesian theories regarding the weaknesses of capitalism have been used by socialists to promote their own cause. This must be regarded as somewhat ironic, because Keynes made his personal distaste for socialism quite clear. That he was strongly opposed to widespread nationalization of industry, to collectivism, and to the economic system of the Soviet Union was well known.

Perhaps only his often-stated low opinion of Karl Marx surpassed his dislike of any alternative prospect to capitalism. In his *General Theory* Keynes even relegated Marx to the "underworld" of economics, along with such minor and forgotten figures as Silvio Gesell and Major Douglas. The future predicted by Marx filled Keynes with consternation; he had no desire to live in a society dominated by "the boorish proletariat."

Another difference just as great exists in the social bases of the two schools. The Keynesian system, despite its desire to preserve capitalism, is socially indifferent in its analytical structure. Its aggregate variables can be used to study economic activity in any country at all, whatever its economic institutions. In the eyes of Marxian economists, "The Keynesians tear the economic system out of its social context and treat it as though it were a machine to be sent to the repair shop, there to be overhauled by an engineer state."¹⁶ For Marx, economic systems cannot be separated from the social, cultural, political, and psychological institutions to be found with them at any given stage of history. He believed that economic theory cannot be

treated apart and alone, as Keynes, the neoclassicists, or the classicists do. Marxism purports to be a complete historical system that explains all material phenomena, not only the economic.

What's the difference between Socialism, Marxism and Communism?

In classic Marxist theory, Communism is the final stage of the evolution of human socioeconomic relations. In the Marxist model, the feudal state is overthrown by the rise of the bourgeoisie, ushering in the capitalist epoch. Capitalism is then overthrown by the rise of the proletariat, which ushers in not communism, but the Socialist state. Each previous step is the necessary precondition for the next.

The socialist state is thus the pre-condition for communism, and its function is to alter the state of human material conditions in such a way that communism can function. The socialist state then "withers away," leading to the end of political power in any centralized form – including nation states, as communism as envisioned by Marx is to be an international system. Equally important is the disappearance of social class distinctions, which goes hand in hand with the end of political power.

When in the course of development, class distinctions have disappeared, and all production has been concentrated in the hands of a vast association of the whole nation, the public power will lose its political character. Political power, properly so called, is merely the organized power of one class for oppressing another.

These conditions all have to be met before the communist society can develop. In the most reductionist sense, socialism presupposes a strong centralized state, while communism follows once the state is no longer necessary. Marx summarized communism in this way: "an association in which the free development of each is the condition for the free development of all."

Countries which were termed communist never in fact were communist, they were socialist countries where the *goal* was achieving communism. Cuba, PRC, DPRK, USSR, Warsaw pact countries, all of these countries practise(d) socialism, with the intent of achieving communism by Dialectical materialism. The idea here is that capitalism is the thesis, socialism is the antithesis (or opposite), and communism is the synthesis (or result of having gone through the two). The State ideology was definitely communist; they practiced socialism in order to obtain communism eventually.

Socialism is workers' ownership of the means of production, central planning of the economy and the absence of markets, and enforced equality; in practice this has invariably turned into the nightmare of single-party totalitarian dictatorship, resulting in warfare, conquest, famine, poverty, genocide, corruption, absence of the most basic human rights especially freedom of speech, and intense propaganda and revisionism. What people call today socialism is more properly termed social democracy, something completely different.

Communism is essentially anarchy, where the state doesn't exist anymore, social classes don't exist anymore, nor is there any money (socialist countries all have money). The very existence of communism is entirely theoretical and mostly pseudoscientific, more akin to an unobtainable utopia. Communism has never existed, there is no evidence that it is even possible (or desirable), and every attempt at having it, through socialism, resulted in complete disaster.

If there's one which should have a definite meaning, it's Marxism, as that would be "the theories of Karl Marx". Marx tried to define "communism" and "socialism" in The Communist Manifesto. In his definition, "communism" is the end state of having key means of production owned in common (communally) without class, while "socialism" is an intermediate transition state where a social revolution (that is, of the workers, the vast majority of society) is required to get to communism.

Accepting Marx's definitions and the economic and social consequences he believed would arise from them makes you a Marxist, and whether you're a socialist or a communist depends on where you are in history.

Other self-described socialists and communists define the terms differently; both terms predated Marx and he has no particular claim to defining them aside from popularity. They are all loosely-defined theories in which private property (i.e. capital) is no longer the defining force of economics.

Ideally, **Socialism** is a political/economic concept wherein everything you can think of, is owned by the public. The allocation, use and control of the resources are in the hands of the public or representatives who are again chosen by the public. This system advocates equality, both social and monetary, among all individuals. **So, Socialism cuts across as a just economic system but only in theory**

Communism is a political/economic system aims for a true utopian society devoid of sexism, casteism or any other forms of oppression. Communism is seen as one of the possible solution. It is a system wherein everyone in the society receives equal share of labor and the society may attain a monetary equilibrium.

COMMUNISM VS SOCIALISM:

More often than not, in media and in conversation the concepts of Communism and Socialism are used interchangeably to refer to the essentially the same economic/political philosophy. In reality these are two different philosophies that while having some similarities also have some very stark differences. Understanding the similarities and the differences can be useful in terms of appreciation the nuances of Communism vs. Socialism in discussions or publications.

Similarities Between Communism & Socialism:

Communism and Socialism both arose in the context of the Industrial Revolution and largely as a response to a time when business owners were becoming extremely wealthy by exploiting their workers. Through different processes both philosophies looked at the current situation as being unsustainable and eventually societal pressures would result in drastic changes.

Other key similarities include:

- Each is built on the premise that individual will contribute to society based on their own ability.
- Both advocate that institutions are centralized and either controlled by government or by collectives, this effectively removes private business as a producer of goods and services.
- Government (or some form of it) plays a large role in economic investment and planning, either in a centralized form or decentralized to local government bodies.

Differences Between Communism & Socialism:

While there are certainly key similarities in the philosophy's of Communism and Socialism, there are differences that make considering them interchangeable incorrect. The most fundamental difference is that under Communism individuals are provided for or compensated based on their needs, in effect meaning that

in a true communist system you wouldn't have money and you'd simply be given what the government thinks you need in terms of food, clothing, accommodation, etc. Central to socialism is that individuals are compensated for based on their individual contribution, so people that work harder or smarter would receive more than those that don't contribute. This difference highlights a key flaw in the Communist model, where no one has any motivation to work harder or smarter as it would have no impact or benefit for them.

Other key differences include:

- Communism views all property as being public property and effectively there is no personal property or items held by individuals. Socialism rather sees individuals still having their personal property but all industrial and production capacity would be communally owned and managed by consensus or government.
- Socialism is at its core an economic philosophy, whereas Communism is economic and political in its requirement that government be the central owner and decision maker in all matters.
- Communism rejects any religion and in a true Communist state religion is effectively abolished. As Socialism is economic only in its focus, freedom of religion is allowed, though some interpretations see it as promoting secularism in its nature (even if religion is not effectively banned).
- Communism sees the complete abolishment of class distinctions as everyone is effectively treated the same. Socialism sees a diminishment here but class distinctions would still exist as there is capacity for some to achieve more wealth than others.
- Communism sees the transition from Capitalism as being a violent revolution where the existing system is effectively destroyed as the workers rise up against the middle and upper classes. Socialism rather sees a gradual transition from capitalism through legal and political processes that see everyone essentially being treated equally at birth. People would still have the ability to excel and enter the equivalent of the middle class, but their children would have to work just as hard as they did to achieve the same.

Communism and Socialism in Practice:

Contrary to what many would think there has never actually been a purely Communist state since the philosophy was created. The Soviet Union, China, Vietnam, Cuba, and North Korea are the closest examples, although none of them fully achieved (or have yet achieved) a purely communist structure. Personal property, the abolition of money, and elimination of class systems are all areas where Communism wasn't achieved even in these near examples. These countries focused more on the central government's dominant role in all aspects of the economy, politics, and decision-making.

Socialism similarly has never been fully adopted in any country since the philosophy was created. Some countries such as Norway, Sweden, France, and Canada have many socialist policies (such as free health care and a dominant government role in many shared services) but still have very strong capitalist Structures and traditions, in place.

Only time will tell if either of these economic/political philosophies will ever be realized.

Conservative vs. Liberal:

Conservative and Liberal are two words that work their way into just about every politically focused discussion or article one comes across. These two views basically represent the opposite poles of the political spectrum. This article will highlight the key perspectives of the two and help you understand the big differences that exist when you see something labelled as Conservative vs. Liberal.

Conservative:

Politics and the Economy

- Conservative views or affiliations reflect the right-wing of the political spectrum. The common political views associated with this are support for small government, less regulation, lower taxes, and the idea that private business can address the needs of the people in a free market.
- Government should spend less and tax less and get out of the way of private business.
- Less government involvement will drive increased investment and profits from both companies and high income individuals This is generally encompasses in the oft used phrase 'trickle down economics'.
- A strong embrace of capitalist economic policies and the belief that a fair market and supply and demand will be the strongest economy.
- Conservative views are considered to oppose social issues like gay marriage, abortion, and addressing the gender pay gap.
- Also linked to a strong support of a strong military and the right for individuals to bear arms.

Social Issues

Essentially the Conservative view places far more emphasis on the individual to manage their own affairs and not have the interference of government in doing so. The government exists to enforce law and order but should stay out of most other issues.

Liberal:

Politics and the Economy

- Liberal views or affiliations reflect the left-wing of the political spectrum. The common political views associated with this are a more involved government that actively manages things like health care and the environment, more regulation and guidance, and often higher taxes to pay for this 'larger' government.
- The government should provide more support for individuals who are less fortunate, i.e. low income individuals and the sick.
 - Socialist economic policies are generally supported here in terms of shared responsibility and administration of aspects of the economy that service everyone (i.e. healthcare).
 - Support for legalization of gay marriage and abortion are two issues considered to be Liberal views.
 - Increased regulation of gun ownership is also considered a Liberal view.

Social Issues

The Liberal view is generally seen to involve a more active and communal social view and the need for government to ensure everyone is taken care of. The government doesn't solely exist to enforce law and order but also to support the people and help those who need it.

Closing Point

- One thing to always consider is that labeling something as Conservative or Liberal is easy to do but doesn't necessarily reflect the nuances of a government policy, an organization, or an individual.

While it is all too common for media to label something or someone as Conservative or Liberal there is often a blend of the two there.

A government bill can be passed that increases regulation (Liberal) but through process reduces taxes (Conservative). Similarly an individual can support small government (Conservative) but also believe that gay marriage and abortion should be legal (Liberal). When the Liberal vs. Conservative label is used, always apply some skepticism and consider the points above.

ASSUMPTION:

1. Belief, logical construct, or unconfirmed fact. See assumptions for more.
2. Taking on (assuming) the duties and powers of an office, a responsibility, or someone else's obligation (such as a loan).

Example: The policeman's **assumption** that all skateboarders were "punks" was proven wrong when several of the teens collected money to help the shop owner pay for his broken benches.

Physiocracy:

From the Greek it stands for "Government of Nature" It is an economic theory developed by a group of 18th century French economists who believed that the wealth of nations was derived solely from the value of "land agriculture" or "land development" and that agricultural products should be highly priced. Their theories originated in France and were most popular during the second half of the 18th century. Physiocracy is perhaps the first well-developed theory of economics.

The movement was particularly dominated by François Quesnay (1694–1774) and Anne-Robert-Jacques Turgot (1727–1781). It immediately preceded the first modern school, classical economics, which began with the publication of Adam Smith's *The Wealth of Nations* in 1776.

The most significant contribution of the Physiocrats was their emphasis on productive work as the source of national wealth. This is in contrast to earlier schools, in particular mercantilism, which often focused on the ruler's wealth, accumulation of gold, or the balance of trade.

Whereas, the Mercantilist school of economics said that value in the products of society was created at the point of sale, by the seller exchanging his products for more money than the products had "previously" been worth, the Physiocratic school of economics was the first to see labor as the sole source of value.

However, for the Physiocrats, only agricultural labor created this value in the products of society. All "industrial" and non-agricultural labor was "unproductive appendages" to agricultural labor.