

INSTITUTIONS: THE ECONOMY

The Transformation of Economic Systems

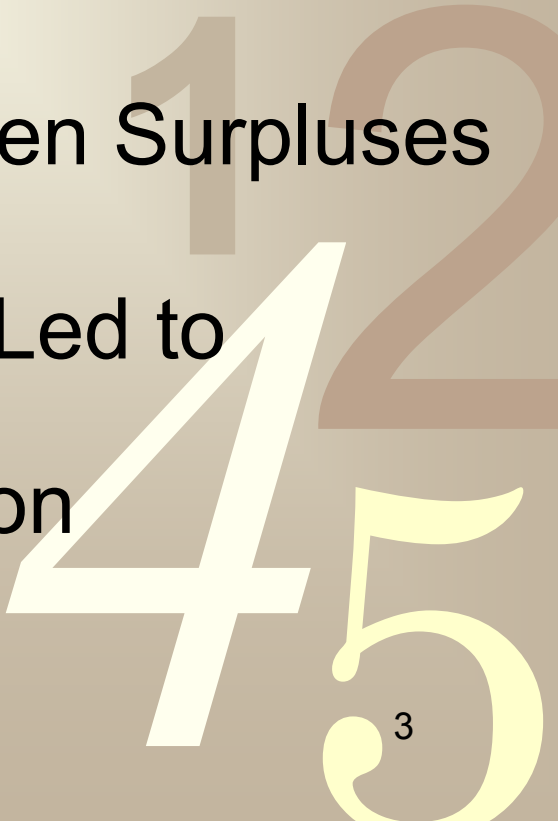
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- **Preindustrial Societies: Birth of Inequality**
 - Hunting and Gathering Societies
 - Pastoral and Horticultural Societies
 - Agricultural Societies
- Increasing Social & Economic Inequalities

The Transformation of Economic Systems

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- **Industrial Societies: Birth of the Machine**
 - Brought Previously Unseen Surpluses
 - More Efficient Machines Led to Conspicuous Consumption



The Transformation of Economic Systems

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Postindustrial Societies:

Birth of Information Age

- Service Sector
- Vast Surplus of Goods
- Extensive Trade Among Nations
- Wider Variety and Quantity of Goods
- Information Explosion
- Global Village



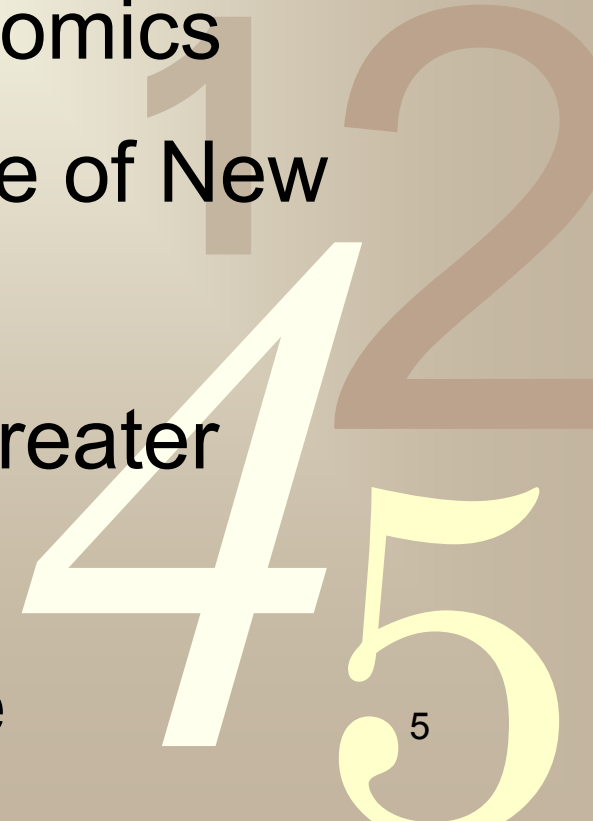
The Transformation of Economic Systems

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Bioeconomic Societies:

Merger of Biology and Economics

- We May Be On the Verge of New Type of Society
- Likely to Lead to Even Greater Inequalities
- Implications for Your Life



The Transformation of the Medium of Exchange

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- Earliest Mediums of Exchange
- Medium of Exchange in Agricultural Societies
- Medium of Exchange in Industrial Societies
 - Gold Standard and Paper Money
 - Fiat Money
 - Gross Domestic Product



DECLINING VALUE OF US DOLLAR

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The Transformation of the Medium of Exchange

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- Earliest Mediums of Exchange
- Medium of Exchange in Agricultural Societies
- Medium of Exchange in Industrial Societies
- **Medium of Exchange in Postindustrial Societies**

World Economic Systems

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- Capitalism
 - Private Ownership of Means of Production
 - Market Competition
 - Pursuit of Profit
- Laissez-Faire Capitalism
- Welfare or State Capitalism



World Economic Systems

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- Socialism
 - Public Ownership of Means of Production
 - Central Planning
 - Distribution of Goods Without Profit Motive
- Democratic Socialism

Ideologies of Capitalism and Socialism

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Capitalists

- Market Prices Should Determine Products and Prices
- Profit is Good



Ideologies of Capitalism and Socialism

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Socialists

- Profit is Immoral
- Item's Value Based on the Work that Went Into It
- Government Protects Workers from Exploitation

Criticisms of Capitalism and Socialism

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Capitalism

- Leads to Social Inequality
- Tiny Top Layer Exploits Vast Bottom Layer
- Few Who Own the Means of Production Reap Huge Profits

Criticisms of Capitalism and Socialism

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Socialism

- Does Not Respect Individual Rights
- Others Control People's Lives
- Give Everyone an Equal Chance to be
Poor

Convergence of Capitalism and Socialism

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- Convergence Theory
- Hybrid or Mixed Economy
- Changes in China and Russia
- Changes in America



Functionalist View of the Globalization of Capitalism

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- New Global Division of Labor
 - Mechanical Solidarity
 - Organic Solidarity
- Depend on Workers Around the Globe

Ownership and Management of Corporations

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- Corporate Capitalism
- Separation of Ownership and Management
- Stockholders' Revolt



Functions on a Global Scale

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- Three Major Trading Blocks
 - North and South America
 - Europe
 - Asia
- Greater Productivity and Standard of Living

Dysfunctions on a Global Scale

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- Loss of Jobs in Industrialized Nations
- Rust Belts in US
- Challenges to Small Towns

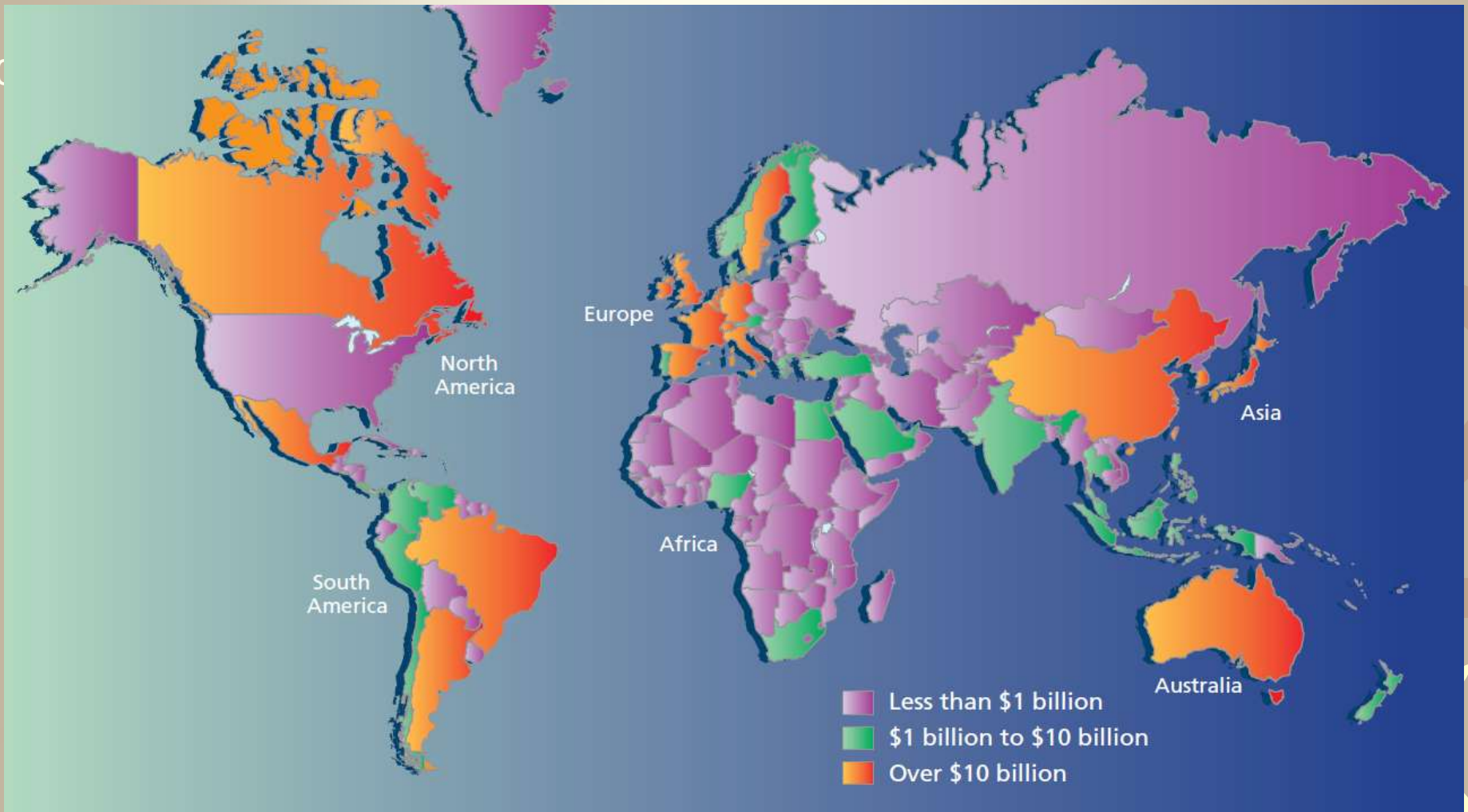
Conflict View of Globalization of Capitalism

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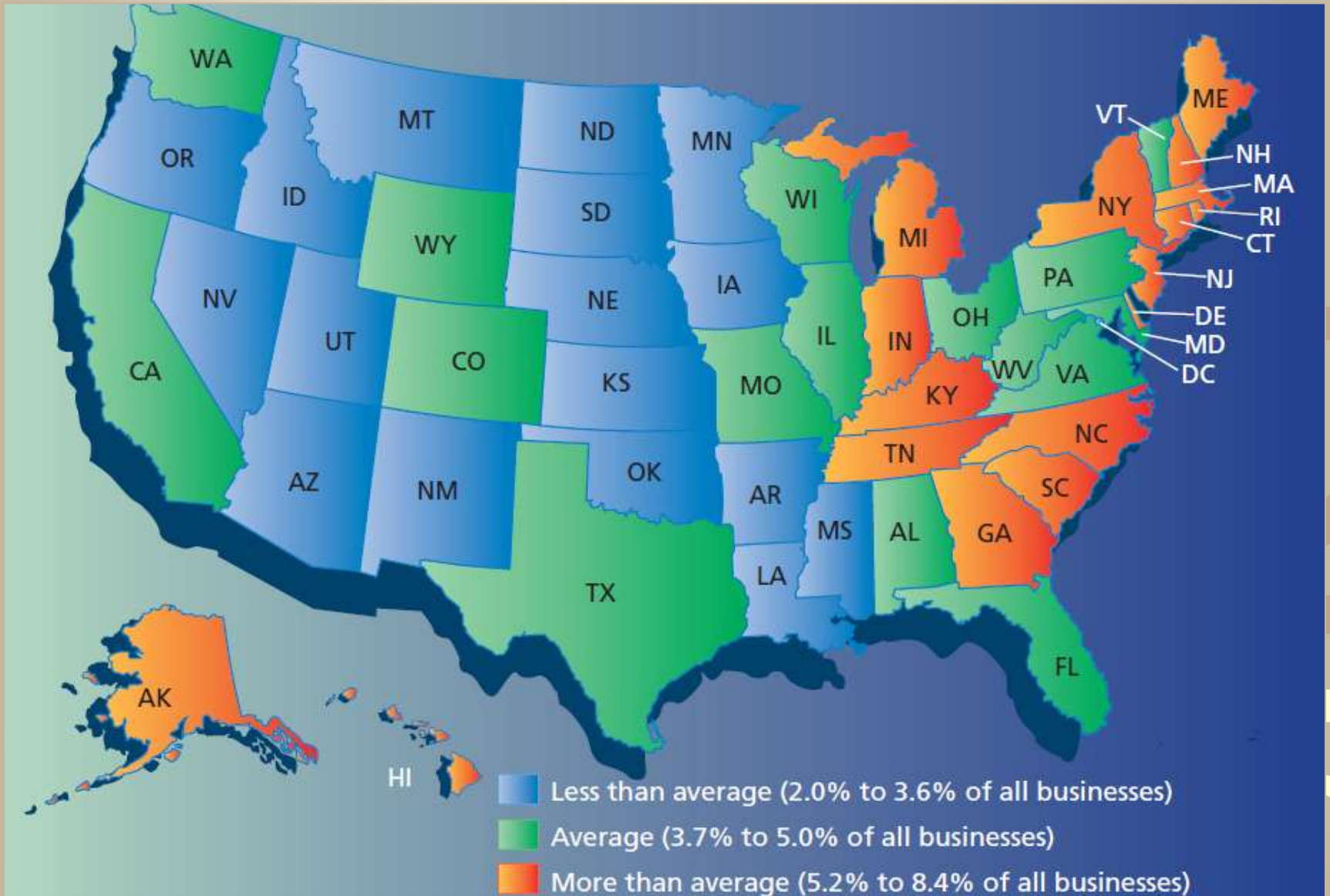
- Inner Circle of Corporate Capitalism
 - Multinational Corporations
 - Oligopoly
- Interlocking Directorates
- Global Investing



US Ownership in Other Countries



Foreign Ownership of US Business



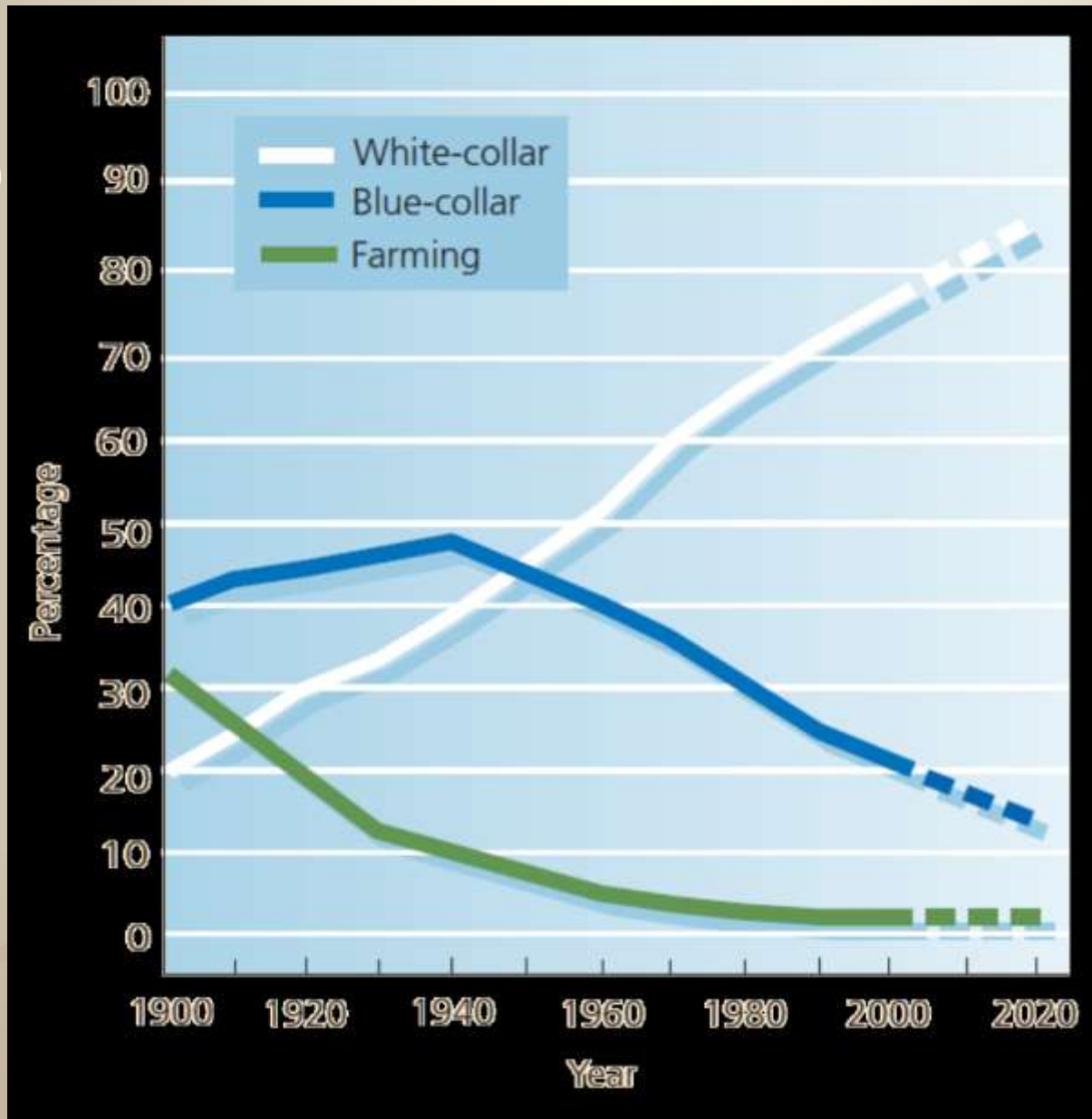
Work in US Society

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- Transition to Postindustrial Society



Change in the US Work Force



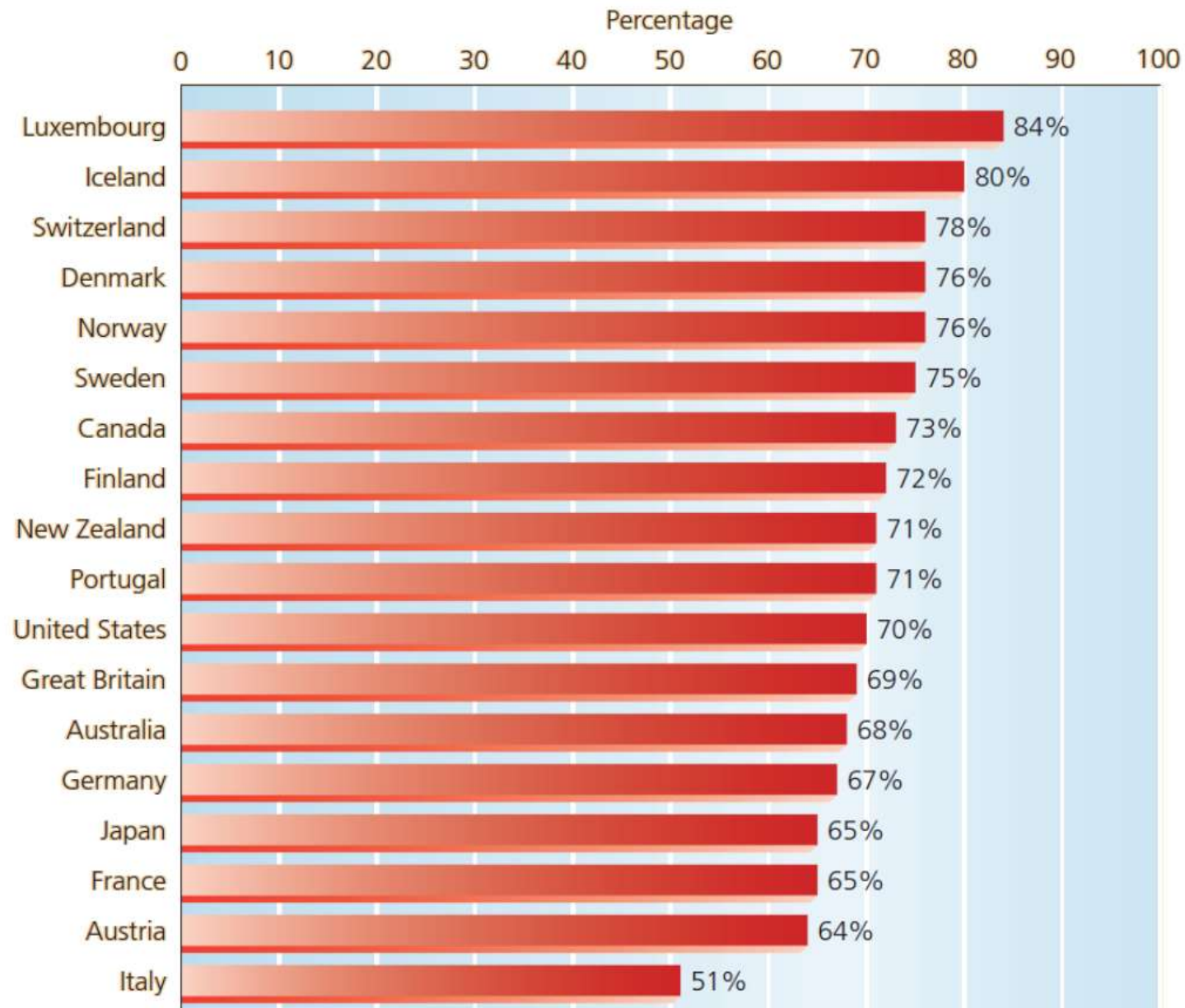
Work in US Society

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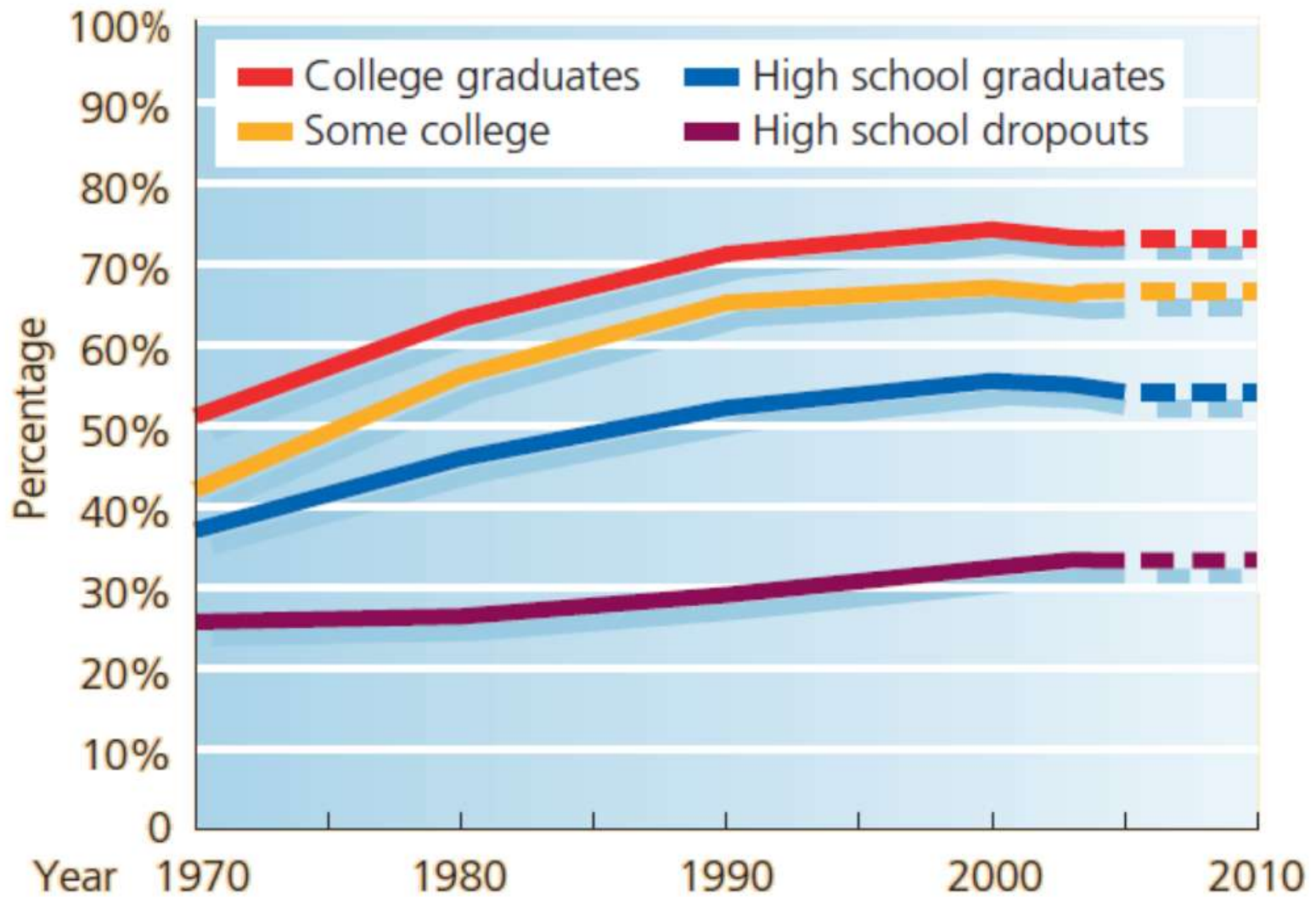
- Transition to Postindustrial Society
- Women and Work



Percent of Women in the Labor Force

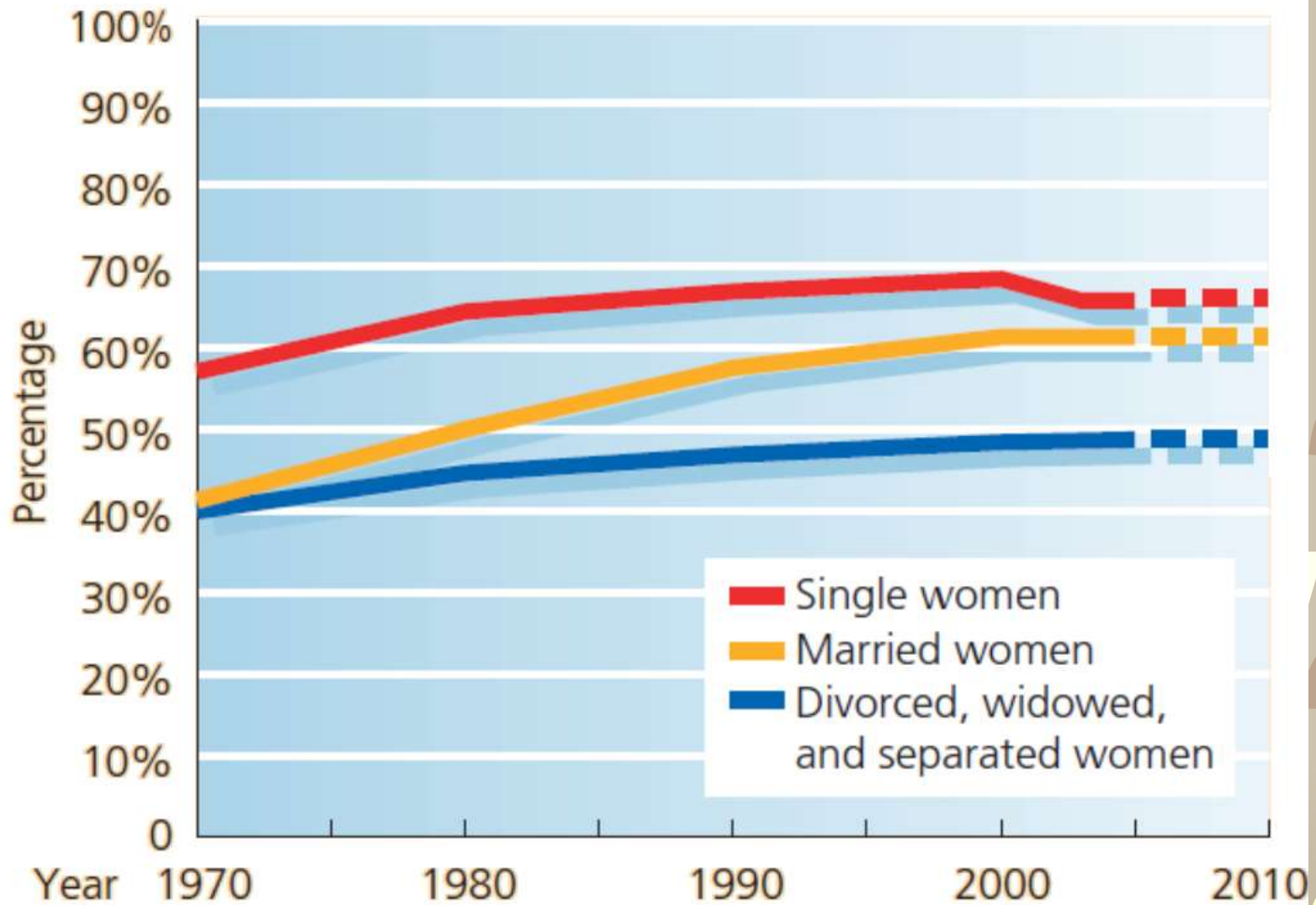


Percent of Women in the US Labor Force



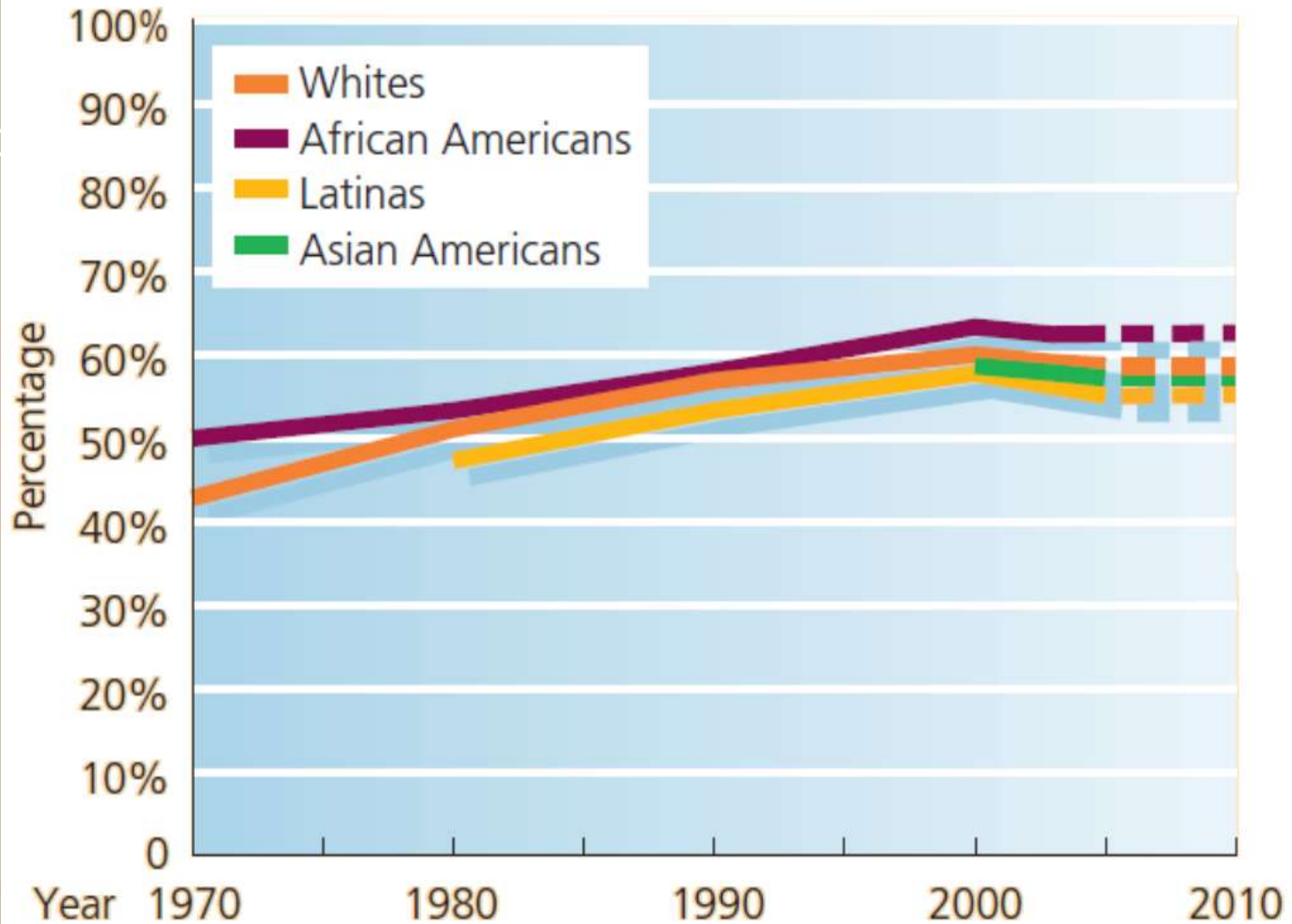
(a) By Education

Percent of Women in the US Labor Force



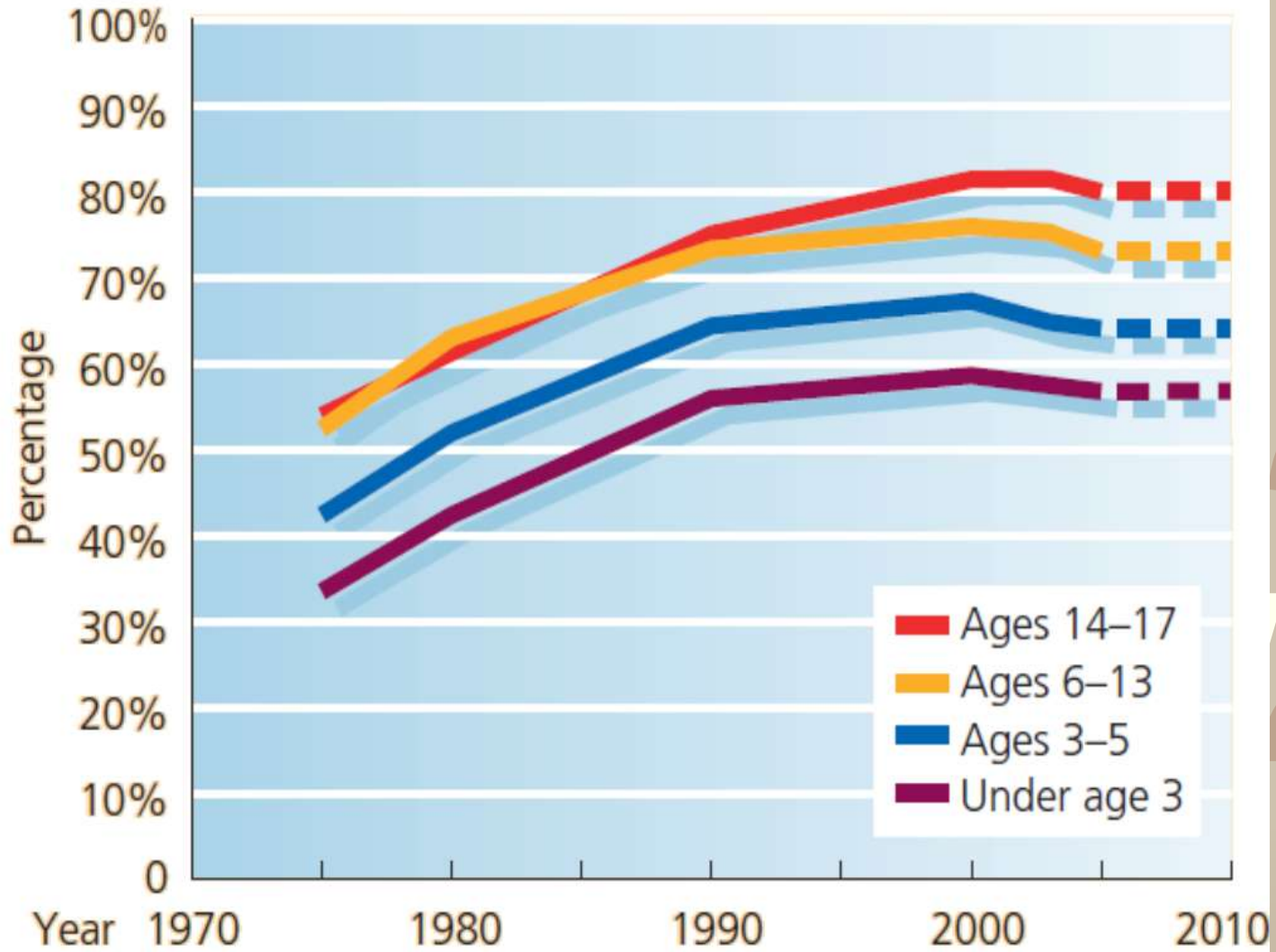
(b) By Marital Status

Percent of Women in the US Labor Force



(c) By Race-Ethnicity

Percent of Women in the US Labor Force



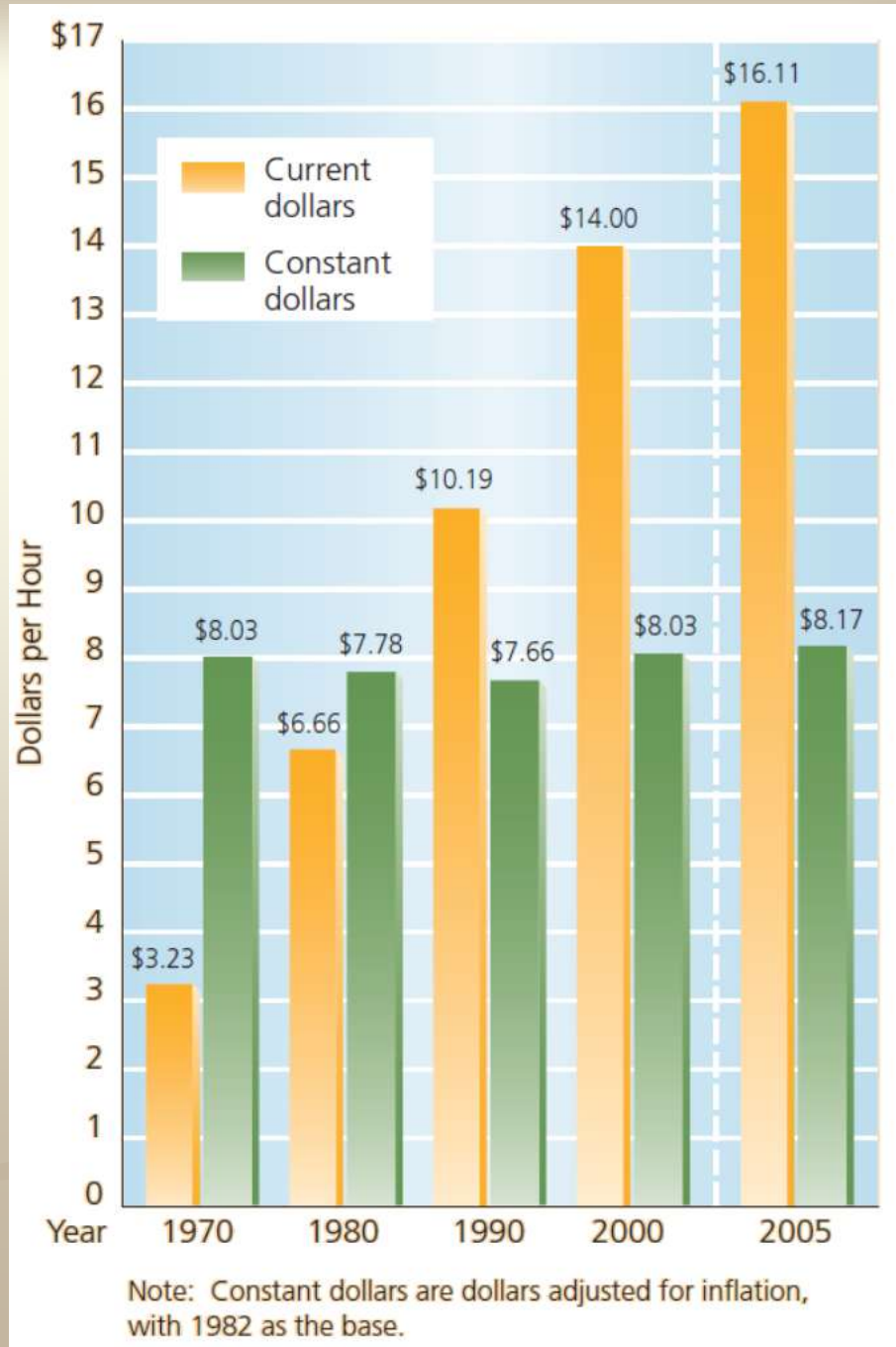
(d) By Age of Their Children

Work in US Society

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- Transition to Postindustrial Society
- Women and Work
- **Underground Economy**
- **Stagnant and Shrinking Paychecks**

Average Hourly Earnings of US Workers in Current & Constant (1982) Dollars



Work in US Society

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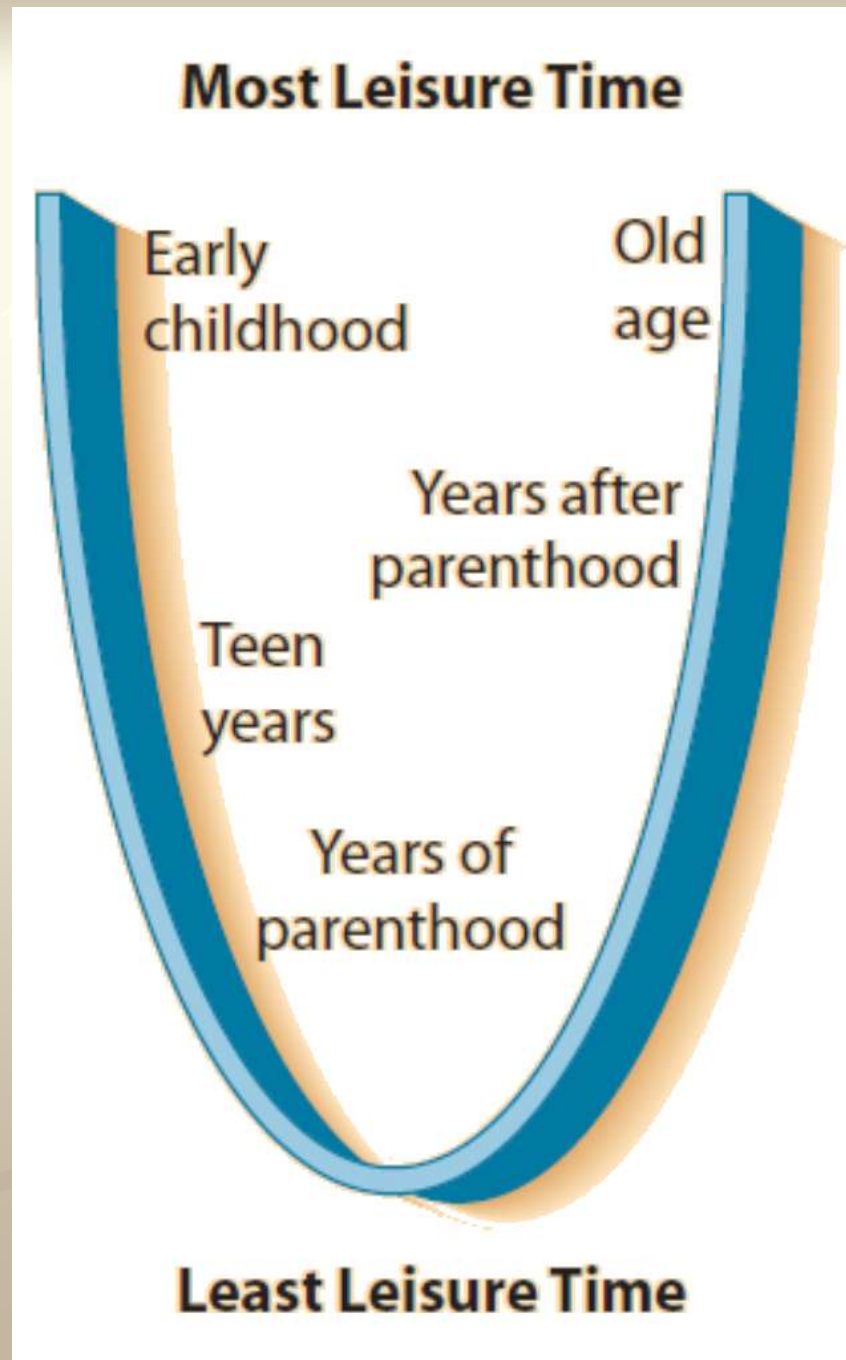
Patterns of Work and Leisure

- Effects of Industrialization
- Trends in Leisure



Leisure Time “U” Curve

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Work in US Society

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- Patterns of Work and Leisure
- Effects of Industrialization
- Trends in Leisure
- Teleworking



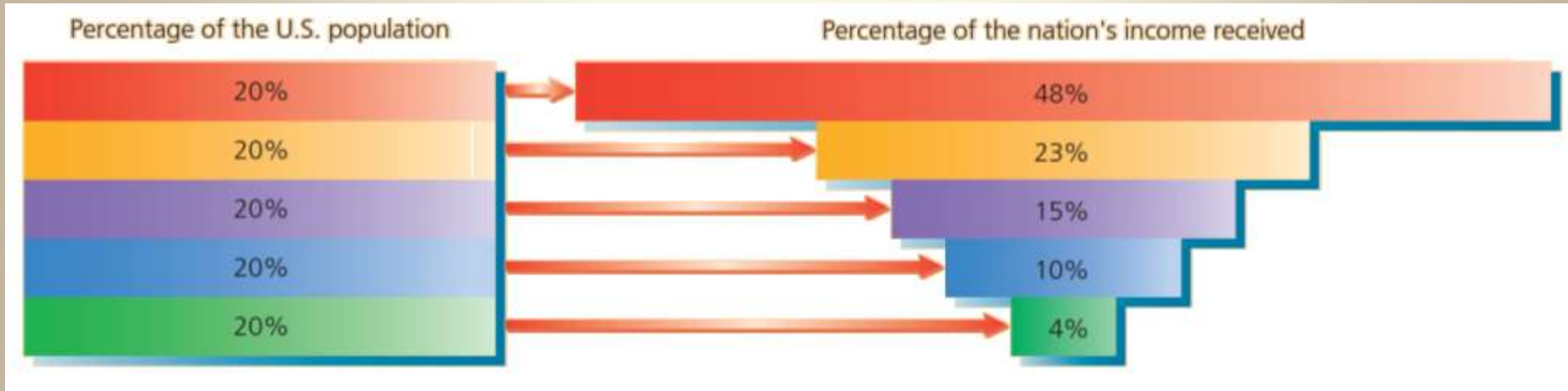
Facing the Future

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- Global Trade: Inequalities & Conflict
- New Technologies and Downsizing

Proportion of Income Received by Each 5th of the US Population

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