Political Economy

Name

Course Title

Professor Name

Date

**Political Economy**

           Political economy is a study that investigates the social science behind the relationship between trade, production, and the government. The law of the land would greatly determine how businesses operate and how they make their profits. Governments have the power to endorse businesses and policies that would decrease their overhead costs, maximizing returns. Businesses stand to gain a lot when the government is working with them, and there are reliefs provided to encourage entrepreneurship. It has been a global goal to promote the creation of businesses and professions to increase employment. The relationship between businesses and the government is an essential aspect of any thriving economy, mutually benefiting both parties.

           An economy is a system of moving parts that must align in a specific way to maximize the utilization of resources. Moving parts of the economy depend heavily on the government and the law that governs the statutes of the; social, cultural, and economic status. The creation of employment and revenue is a good indicator of a growing economy and the hallmark for a conducive environment for business. The governments hence benefit from the rise of new business by helping in promoting the economy of an area and elevating the economic conditions. Businesses have given rise to towns that have become sources of revenue for the government, creating a more robust community. The relationship between businesses and the government is an essential aspect of any thriving economy, mutually benefiting both parties.

           Political economy has the vital role of making sure that the state and the people benefit from the emergence of new companies, industries, production lines. Businesses enhance the living conditions and the growth of a town or city by increasing the state's overall revenue. Laws that favor the creation of business and entrepreneurship would, in the long run, help the government (Balaam et al., 2015). Big towns charge higher levies and taxes of any form of business establishment, increasing the collections by the state. However, states and governments that enact laws and policies that encourage the inception of businesses benefit in terms of growth and development.

           Tax relief on commodities and raw materials has helped many startups to make profits in their years of inception. Governments establish policies that give a helping hand to businesses with low capacity to encourage the sector's growth and business capacity (Birkinbine, 2020). In the current business world, new professions are emerging that had not been recognized by the law. In the spirit of inclusion and diversifications, policies that allow these businesses to operate encourages incumbent parties. The sudden upsurge of Tech-startups and Tech related businesses has been dramatically accredited to governments taking the lead in encouraging innovative talent in society. Having the support of the law and government makes it easy to grow and develop in a competitive environment.

           The most crucial aspect of political economy is the actual stability of the country or state and the authority in place. Areas that suffer political unrest and turmoil have a lower capacity to incubate businesses and emerging professions. Having a stable government will mean having a safe and controlled environment to conduct business. The economic, social, and cultural state of a region is greatly affected by the political scene, both positively and negatively (McChesney, 2008). Businesses do not thrive in hostile conditions, and customers do not visit shops when the country is at war.

           Having the government intervene in the establishment and development of businesses makes it easy to develop the economy. Businesses have the opportunity to thrive in environments where the law allows for tax relief and benefits for emerging and growing candidates. Political stability provides the environment for businesses to thrive and increased revenues. Having all these components working together, the government and the businesses propel a state into prosperity. Economic stability is vital in ensuring that a country grows and business can benefit from the conditions in terms of revenues.

References

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