

PE 1985-86
Ec. 1, Old Notes

Pringus, 787-4443

689-0200 P.O.

1. To add, see Mouton Ponce, HH 112
Till his room is too small.

2. Mid term $\frac{1}{3}$: final $\frac{2}{3}$
Wed. Nov. 6

3. No sections.

Will stop some hours short, confer w. students.

4. office hr ~~W~~ W 11:15-12

email uzaffrey@ucr.campus.mci.net
187-5037 x 1574

~~5.~~

5. Texts: Heilbrunn, TWP

Chenp

Gaffney & Harrison, COE

Chenp

Review: 20 or so books by all gr. casts. Opt.
Tautologues.

6. To distrib.

How write better exams.

7. Vocab. Learn new words as you meet them.

By the time you leave college, you shd. ~~be~~ double
yr. vocab.

Some students seem surprised or offended when
meet an unfamiliar word!

One exam gr. will be vocab.

8. ~~Review~~ Survey of course.

Day # 2

7 Major points: Ch. 1, "The Ec. Revn."

A. 3 ways of organizing society.

B. 3 factors of production.

C. ~~The "Ec. Revn."~~ Triumph of Nationalism & Imperialism

D. Enclosure Movement (Privatization)

E. Rationalism; idea of progress

F. Speculation

G. Need for understanding

Highlights

~~A. pp. 14-21~~

~~B. 28-30-33~~

A. ¹⁸⁻²¹ Man is a social animal, w. self-centered individuals.
A paradox. How resolved?

1. Tradition - born to one's nation, & status that goes with it.

2. Authority. "Command ec." (Recent fall & rise thereof)

3. The mkt.

B. ²⁸ Land, Labor & K, p. 28. Trinity of ecs.

Land - not produced. Gets Rent (includes imputed rent, etc.)

Labor - human effort. "Wages" ~~salary~~ (includes salaries, commissions, (some profits, etc.))

K - produced by man; not yet used up.

Formed by saving; maintained by self-denial; turned over.

~~C. Enclosures. p. 30-33. Modern system "born in agony."~~

~~D. Nationalism. 34-5~~

~~E. Rationalism; invention; technology (applied invention). ^{spirit of} ~~change~~ progress~~

~~F. ³⁷⁻³⁸ speculation - often irrational 1720.~~

~~G. ⁴⁰⁻⁴¹ Mercantilists aim: import gold; "Keep the poor poor" - Maudsley.~~

C. # Growth of Nation-states, + imperialism. 34-5

1. We take them for granted today, but they are recent dev. in history. Emerged in 16th Cent, roughly (Gy. + Italy waited until 19th Cent.)

2. Before that, Eur. linked by own Jews + Protestants used same bible
 a. Common religion, centralized in Rome
 b. Commercial Leagues of cities
 c. Networks of int'l. banks

3. Spain, France, Austria, Eng. — 16th Cent. ^{Portugal, Russia, Turkey}
 Habsburgs focuses on Eng. — so will we, but w. freq. ref. to how other nations influenced Eng. — + U.S. even more so.

4. Eng. unified by Henry Tudor, 1485.
 Henry 8, + Eliz., consolidated.

5. Kept on fighting. Once they stopped fighting ea. other, ~~the~~ increased power to invade neighbors: Scotland + Ireland. Bruce heart gives you the idea (altho that occurred earlier.)

6. Kept on going, overseas. Europeans took over N + S Am., Asia, Africa, Australia, Oceania — only Japan avoided being violated, + was "opened up."

7. You know all that, from standard history courses. Now here is something you may not know.

~~1996~~

(D.S.)

Enclosures, ^{on privatization} 30-33

1. Background

Almost all early societies, most people enjoyed common rts. to land.

In Mesopotamia, a sedentary culture, took form of periodic redistribution, & forgiveness of debts.

In Israel, Jubilee.

Ancient Rome, small farms. Destroyed by mil. service, success in war, captured slaves. Rome is one of few ancient cultures whose class structure became so degraded and it led to decadence, decay & destruction.

Feudal age, nobles had to keep retainers, had to keep them happy - gave rts. to land.

Black Death, 1346, killed half the pop., raised comp. for workers,

2, ~~2~~

~~Enclosures~~. Nation-building & Enclosures ~~Treat together~~.
16th Cent., age of nation-building.

Gy., Spain, France, Eng., same story: knights abandoned peasants, joined nobles in dispossessing them.

Spain & Gy. was Char V. Killed 100,000 Anabaptists who wanted common rts. to land.

Eng. was Henry 8 - later, Ediz. (Non-denominational: Char. was Cath., Henry a Prot.)

~~Heithouser~~ focuses on Eng.

~~Enclosures~~ (Before modern nations, Eur. held together by 2 ties: Church & ^{Commonwealth} ~~Commonwealth~~ _{p. 32} ~~Commonwealth~~)

Eng. nobles discover mkt. for raw wool. They need land. W. nat. unity, nobles had less need for armed retainers, enclosures. Evicted them - a huge power play.

Thus, new age was born in agony.

Much lit. of the times reflects nostalgia for this lost innocence. Utopia; Goldsmith; Gray's Elegy; ~~Robt. Roy~~; ... Eng. majors may have read this.

Puritans recreated this lost society, ~~in~~ esp. in NE + Pa., 17th Cent. French did same in Quebec; Spanish in a few areas, e.g. N. NM + S. Colo., site of Milagro Battlefield War; in Costa Rica. After Mex. Rev. in the ejidos.

For most, though, ^{on those w. too little land, who took up weaving} it meant uprooting. Created 3 classes: landless proletariat; landowners; + new indl. employers.

^{then forced the open range.} Process only began in 16th Cent. Eur. Expansion of Eur. spread around world. Dispossessed Am. Indians. In Africa, Brits seized best land, then forced natives to work for them by poll tax.

In Eng., another span in 18th-19th, centered on "corn." (+)
European settlers still had all kinds of common rights: heaches, parks, mountains, deserts, highways, fishing, hunting. These are still being privatized.

(+) Many of our ancestors came here bes. of such eviction. Judge Gabbett; my grandfather. "Braveheart" gives the idea.

- (E) Growth of science, rationalism, invention & technology, exploration
 - idea of progress - acceptance of change.

1) Exploration destroyed Greece,
 Loss of Levant to Turks forced W-E. Eur. away
 from eastern trade. Weakened Italy, strengthened Atlantic
 & Baltic states. Forced them to the sea, where they
 found great new riches - much by conquest & robbery
Naval tech.

2) Secularism, rationalism, humanism - new faith in ability of
 human mind to unlock secrets of nature.

3) Growth of trade, power of merchants,
 Merchants used accts., arithmetic, to calc. profit & loss,
 divide spoils.

Accts. - just like laws of cons. of matter & energy -
 everything must be acc'd. for

Turnover - same as metabolism

4) Gradual accum. of inventions: printing, paper mill, windmill,
 clock, map

F. Spirit of speculation

1. On good side, much money in ship cargo, sent them out on high seas, peril from storms, shipwrecks, pirates, pilferage, + - at the end - bad wks.

2. On bad side, greed & acquisitiveness, leading to depress. - Boom & Bust.

~~Tulip bubble, Holland, 1639 (?)~~

1619-24, depression (30-year war began, 1618).

{ 1630-40, "Gt. Migration" to NE. - also Ireland.
 { 1629, ~~height~~ of "boom" in Eng. (for the rich; poor emigrated.)
 { 1634-37, Tulip bubble, Holland.
 { 1640, crash in NE - ran out of European cap.

Central Eur. consumed by war, 1618-48; but Atl. states boomed. Led to crash, 1640, recorded in NE history.

1670, another spec. peak, in France. Louis 14.

1720, bubble peak in Fr. & Eng., ff. Peace of Utrecht, 1713.

G. Need for understanding.

How does this ^{new} system work? Is it good?

1. Import gold is the object. "Bullionists" said this. ("Mercantilists" is more common term, but bullion is more gold-centered. Bullion = uncoined gold.)

Bullionism is not all ~~the~~ bull. It says a nation should not go into debt. Look at Brazil & Uganda today.

Mercantilism involved ^{using state power to} ~~turning~~ prices in your favor, had a long history.

2. Mercantilists also favored keeping the poor poor. Cheap labor.

3. Tower of Babel. One thinker rose to top: A. Smith. Showed how all the pieces fitted together.

Day 3

A. Smith I pp. 42-59

Smith not an ecst. Not until Marshall.

1. Desperate poverty & exploitation of landless proletarianism.
"Whoops! Somebody stole the world."

This is what happens when a few people ~~get~~ inherit all the land. Children are born into a world where they have no right to be - must pay rent merely to exist.

2. Smith sought a grand Architecture in all this: how did system fit together? - Rather, Anatomy, for the ec. operates, lives, grows, reproduces. (Today's "Systems Analysis")

Parallel system-builders in other fields

Newton, astronomy & physics.

~~He~~ Linnaeus & Humboldt, bio & ecology

Lavoisier, chemistry

(but Mendeleev came later, 1869)

In Paris found Quesnay, Tableau Economique -
like Circ. of Blood. (Wm. Harvey, ca. 1630)

Turnover, like metabolism.

Also, laissez-faire.

Also, egalitarian tax policy (Hel. tacit), later to resurface in H. George.

1. Laissez-faire; invisible hand; division of labor; wealth of nations (all people)

3. ~~Laissez-faire~~ Laissez-faire

The universe needs no general mgr - the world ~~runs~~^{runs} by itself.

Free Trade.

True free trade means internal (domestic) as well as intl. No sales tax.

This was Quemay's orig. idea - cut down interprovincial barriers

4. Invisible hand

a) Demand makes producers supply what consumers want. - in the quantity they want.

Cons. Sovereignty.

(Things not produced are at least allocated well.)

b) Prices are held down to cost of prodn. (cf. Aquinas)

(Things not produced, prices rise - this got left out. Quemay had put it front & center.)

c) High prices are self-curing

i) High goods prices

ii) " factor prices - this insight came later, with Mill, & is still in the dark.

d) Incomes are equalized

Summary: System reg. itself.
Has thermostat - negative feedback.

5. Division of labor - specialize.
Ltd. by extent of mkt.
Trade barriers limit specialize.
E.g., 50% inc. tax

6. Mutual gain. Trade benefits both parties.

7. Weakness of Nations

- He meant the whole nation - not just part
- Not just govt. revs (cf. modern fiscal mercantilism)
 - " " stock mkt or bond mkt.
 - " " price of r.e.
 - Favored = distrib. of land. - but "safely remote, in the outskirts of the system"

8. ~~Revisions of A. Smith~~ Does Smith apply today?

- a. Compn. no longer atomistic, e.g. media
- b. $\frac{1}{4}$ of ec. is watch, mpires
- c. Growing concn. of wealth

8. Perceptions of A. Smith

a. ~~Sam~~ Sam Harkness + laissez-faire

b. False free trade

c. Natural margins are reg. by compn.

d. Prices all based on cost of prodn.

Land has none. Smith recognized this - from
Queensay.

e. All specn. is self-equilibrating.

Some has + feedback. Smith ~~he~~ knew about

S. Sea Bubble, Tulip Bubble

Known history of N. Italy. Crash in Florence,
1348 - before Black Death, 1348.

before Edw. III repudiated debt

was due to endogenous + feedback.

Error by H., p. 72

f. People are "ec. men."

That came later, w. Edgeworth.

Smith was a humanist. Irish girls + pters.

- A. ~~"Laws of Motion"~~ Preventing misery of majority
~~Continual progress, raising wages~~
 Eng. was ugly. Child labor - children chained to machines.
 - Was seen as philanthropic, so children cd. support their parents. (This was the old way - is why ~~for~~ they had so many children. Is still the way in 3rd world.
 (This old way continued until ca. 1908, Taft, Julie Lathrop, Louis Post - -
 (Now, child labor is coming back
 (Also, Soc. Sec. system; The Draft; etc.
 - Factory discipline was severe. Older people who had had a taste of independence cd. not stand it. "Take This Job & Shove It" - Johnny Raycheck.
 W/a's a permanent underclass: "the unprofitable poor."

Day #4

A. Smith II

3

B.) Laws of Motion - Progress for all
En route to Valhalla

- C)
- 1) K further. Esp. by the rich. "Law of Accum."
 - 2) K complements labor

Not only raises output/man, but also As
need for more man. (AP + MP). Thus, gains are
shared w. labor.

Ignored sheep, farm machines, etc.

- D)
- 3) Div. of Labor

K helps it, bcs. labor embodied in goods can
trade over long distances.

Also, thru time.

List of Eng. names from traders.

- D)
- High wages $\rightarrow$ higher pop., - another equil. mechanism.
force. "Law of Popn."

- E)
- Ultimately, K accum. wd divide $i \rightarrow 0$, and
land rent very high. p. 68
- But Smith did not worry that far ahead.
(Others did!)

- F)
- Immediate use of bork: block labor organizing,
etc. Block public edu. Block welfare.
accept slavery? No, & abolish it - but only
bcs. it is unprofitable!

English Names Derived from Crafts, Trades, or Positions

Note absence of Irish names derived from trades or positions.
Here are some English names so derived.

- Abbott
- Appleman
- Archer
- Arkwright
- Bailey
- Baker
- Banker
- Barber
- Beadle
- Binder
- Bishop
- Blackwelder
- Blocker
- Bookbinder
- Booker
- Bowman
- Brewer
- Bricker
- Bridger
- Butcher
- Butler
- Carpenter
- Carrier
- Carter
- Cartwright
- Chancellor
- Chandler
- Chapman
- Chipman
- Clark
- Collier
- Cook
- Cooper
- Cordwain
- Coward
- Crapper (really, but the object's name came from the surname)
- Crofter
- Cropper
- Currier
- Cutter
- Dancer
- Deacon
- Dean
- Docker
- Draper
- Drinker
- Driver
- Duke
- Dyer

Earl
Farmer
Farrier
Feller
Felter
— Fisher
Flower
— Foreman
— Forester
Fuller
Gardner, Gardiner
Tipper
Gilder
Groom
— Harper
Harrower
Hatter (Irish?)
Hatterslea
Head
Hooker
Hooper
Hunter
LeRoy
Graf
Ritter
Master
Reeve
Officer
Steward
Herder
King
Knight
Loomer
Loomis?
Lord
Mason
Melder
Merchant
Miller
Milliner
Miner
Mower
— Packer
— Page
Palmer
Picker
Player
Plowman
— Pollard
Pope
Porter
— Potter
Pryor
Raker

Raper (Reaper?)
Record(er)
Rector (Ir.?)
Rider
Roper
Salter
- Sawyer
Scribner
Sergeant
Sexton
Shaver
Shearer
Sheller
- Shepherd
Shriver
- Shoemaker
Cantor
Priest
Singer
Skinner
Smith
Baron
Sower
Speaker
Spindler
Squire
Stillman
Stocker
Stonebreaker
Stoner
Storer
Swain
- Tailor
Teacher
Teller
- Thatcher
Thresher
Turner
Waggoner
Wainwright
Walker
Warden
- Weaver
Webster
Wheeler
Wheelwright
Woodman
Workman
Wright
Yeomans
Marker
Barker

IMMIGRATION: Sierra Club Vote Could Alter Debate

Continued from A1

environmental groups have been reluctant to take a position on the issue, in part because their members are so divided.

"This is a very large and diverse club," said Carl Pope, executive director of the 550,000-member organization. "The environment is the only thing that unites us, and this is not really an environmental issue."

For more than a decade, however, restrictionists have argued that immigration is the ultimate environmental issue, feeding population growth that leads to traffic jams, polluted air, water shortages, encroachment on public lands, even the extinction of plants and animals.

"We cannot protect our environment if we don't stabilize our population," said Virginia Abernethy, a Vanderbilt University anthropologist and a high-profile proponent of an immigration moratorium.

Abernethy said the current, historically high level of legal immigration is driving the rate of U.S. population growth to unacceptable levels. (About 900,000 immigrants come to this country legally each year; the proposal going before Sierra Club members would support trimming that to about 200,000.) Immigrants and their

children account for about 55% of U.S. population growth each year, and the share is growing, Abernethy said.

If not for immigration, Abernethy said, U.S. population rates would soon be stable.

Abernethy also is a director of the Washington, D.C.-based Population-Environment Balance, which tried twice in the past two years to form a coalition of environmental groups in favor of immigration restrictions. Both attempts failed to attract mainstream organizations, but they inspired other immigration opponents to make the connection.

"Until now, my focus has been on cultural and economic impacts," said Barbara Coe, a Huntington Beach anti-immigration activist who attended a conference sponsored by Population-Environment Balance in Colorado last month. "This is about to change."

Some Sierra Club members said they object to having even a tenuous link with groups such as Coe's California Coalition for Immigration Reform, which co-sponsored the 1994 anti-illegal immigration ballot initiative Proposition 187—an initiative opposed by the Sierra Club. Proposition 187, approved overwhelmingly by California voters but held up in federal court,

would deny public benefits, including education and health care, to illegal immigrants.

Some club members also said they are uncomfortable with the groups making the environment-immigration connection.

The dominant voice among them is the Federation of American Immigration Reform, started in 1978 by John Tanton, a former Sierra Club executive director and former president of Zero Population Growth, who broke with both groups because they refused to take on immigration.

FAIR has been a leader in advocating tighter border control and reduced levels of legal immigration. It also has drawn fire for accepting money from the Pioneer Fund, which has given money to researchers in eugenics, a pseudoscience embraced by the Nazis that seeks to improve the human race through selective breeding.

Such connections were raised two years ago, the last time the Sierra Club considered the immigration issue. The question was debated fiercely for months until the club's 15-member board tried to end the discussion in February 1996 by adopting a neutral position.

"It was distracting us. It tore us apart," said Bruce Hamilton, the club's conservation director. "We decided instead to focus on all the

other conservation and population issues we could agree on."

But the board's decision infuriated some members, who immediately began circulating a petition to put the question to a vote of its rank and file.

Leading the charge was Alan Kuper, a retired engineering professor from Cleveland and a 24-year Sierra Club member who once sat on the group's national population committee. Kuper said the club betrayed its own mission "to protect and preserve America's wildlands and forests" by refusing to address a major source of population growth.

"How can we protect America's anything, but certainly the things we're concerned with, if we don't deal with the rapidly growing U.S. population?" he asked. "The underlying cause of our environmental problems is too many people, and everybody knows that. But it is so difficult to talk about."

Last month, after volunteers gathered 2,200 signatures, Kuper qualified his measure for the ballot. The one-paragraph question asks if the club should "adopt a comprehensive population policy . . . that continues to advocate an end to U.S. population growth at the earliest possible time through reduction in natural increase (births

minus deaths), but now also through reduction in net immigration (immigration minus emigration)."

Almost immediately, an opposing Sierra Club faction warned that Kuper's resolution would expose the club to charges of racism and elitism and alienate politicians who have been friends on such issues as logging and wetlands protection.

Board members meeting in San Francisco earlier this month tried to defuse a nasty fight by putting a competing measure on the ballot, which reaffirms the club's neutral position on U.S. immigration policies.

Ballots will be mailed to about 550,000 members, but typically less than 15% vote, Pope said.

To ensure fairness, the club appointed director Michael Dorsey to watch over the election this spring. Dorsey said the club will publicize a pair of articles on the two ballot measures in the club's January-February issue of Sierra magazine and predicted that there will be spirited discussion in the club.

"There are still seven months for members to shape their opinions," he said. "This is stage one right now, and my job is to make sure it doesn't blow up and we don't have people screaming and yelling."

"When the vote comes down, hopefully it will be decisive and fair and we can lay this matter to rest once and for all."

Ken Kesey, Author of 'Cuckoo's Nest,' Suffers Stroke

From Associated Press

EUGENE, Ore.—Author Ken Kesey was recovering in a hospital Sunday from a mild stroke suffered last week.

Kesey, 62, awoke from an afternoon nap Thursday at his home in Pleasant Hill and found that he was unable to use his right arm, said Ed Jolley, his stepfather.

The author of "One Flew Over the Cuckoo's Nest" was admitted to Sacred Heart Medical Center in Eugene, where he has since regained some use of his arm, Jolley said.

He was listed in fair condition Sunday and was expected to be transferred out of the intensive care unit Monday, a nursing supervisor said.

Kesey was a major counterculture figure in the 1960s. He and a group of friends nicknamed the Merry Pranksters made a cross-country bus trip in 1964 that Tom Wolfe chronicled in his book "The Electric Kool-Aid Acid Test." Kesey's other books include "Sometimes a Great Notion" and "Last Go Round."

2 Oct. 97

COLUMN LEFT/

ALEXANDER COCKBURN

A Big Green Bomb Aimed at Immigration

■ Remember eugenics? Sierra Club revives its propaganda about population growth.

One of the dirty semisecrets of American environmentalism has been its century-long obsession with population control and racial eugenics.

Today, the obsession is alive and malign as ever.

In the next few months, the Sierra Club, which advertises itself as the nation's most progressive and high-minded environmental group, may very well commit itself to public advocacy of severe restrictions on immigration. Members will be voting this winter on an initiative put up by Sierra Club board member Dave Foreman, former board member Anne Ehrlich and former Sierra Club executive director John Tanton, who now heads the Federation for American Immigration Reform.

It's highly possible that the anti-immigration initiative will prevail. For years there's been a powerful faction amid the club's half a million members equating environmental decline with population pressure. The club has fanned such views with its own propaganda. It was the Sierra Club that published in 1968 the classic modern expression of Malthusian dementia, Paul Ehrlich's "The Population Bomb," which gave full rein to every wild fantasy about the evil consequences of overbreeding.

Under the sponsorship of the Sierra Club, Ehrlich advocated measures of economic coercion against people having children. He urged cutbacks on government programs of "death control," (i.e., public health). He also favored making foreign aid conditional on population control through that cherished creature of both the CIA and the environmental movement, the U.S. Agency for International Development. He advised the sterilizing of all Third World fathers of three children. In all this, Ehrlich was solidly within Sierra Club traditions as well as in agreement with Garrett Hardin, another hero of Malthusian environmentalism, whose mantra has been, "The freedom to breed will bring ruin to all." In 1949, Hardin noted in his hair-raising textbook "Biology: Its Human Implications," that "either there must be a relatively painless weeding out before

'A middle-class do-gooder movement with public credentials [is] paddling in the most polluted waters of American political life.'

birth or a more painful and wasteful elimination of individuals after birth."

So much for Hardin's "lifeboat ethics."

Almost 30 years before Hardin wrote those words, the nation's preeminent naturalist, Henry Fairfield Osborne, a friend of Sierra Club founder John Muir, brought the second international Congress of Eugenics to New York, where fans of the bogus science included Rockefellers, Fords and Mellons. At this gathering, Osborne urged the erection of an immigration quota system and unveiled his belief that "the modern eugenics movement" would be the appropriate vehicle for promoting the conservation ethic.

Madison Grant, another intimate of Osborne and Muir, president of the Boone and Crockett Club and a leader of the Save the Redwoods League, spoke of the immigrant tide of Southern Europeans, Italians and Jews as leading to a "racial abyss" that would destroy home-grown American values and the American wilderness.

The Nazis followed such pronouncements with keen approval, pored over Grant's racist threnody, "The Passing of the Great Race" and used the 1924 U.S. immigration law as model for their own efforts in the promotion of racial purity. Gustav Boeters, a leading German eugenicist, declared in 1926 that "what we racial hygienists promote is by no means new or unheard of. In a cultured nation of the first order—the United States of America—that which we strive toward was introduced and tested long ago. It is all so clear and simple."

So the latest eruption of immigrant bashing within the Sierra Club is scarcely surprising. In all such apocalyptic hysteria, there is not even the semblance of rational discussion of any relation between environmental degradation and population. The consumption patterns of the rich were never under the same censure as the children of the poor. Is it immigrant Latinos or corporate looters who now strip the Northwest forests? It's not Mexicans cutting the Sierra Madre forest south of the border, but Boise Cascade, an outfit from that bastion of white supremacy, Idaho. Deforestation in Indonesia was part of a strategy to increase exports for the First World.

The upcoming Sierra Club ballot may not have the aroma of a Klan rally, with burning crosses and white hoods. In fact it's something much more sinister and dangerous, a middle-class do-gooder movement with public credentials paddling in the most polluted waters of American political life.

Alexander Cockburn writes for the Nation and other publications.

Day #5

Gloomy Presentiments, of Malthus & Ricardo (expectation, & hunch)

- A. ~~General~~ Widespread wish for higher pop. "Pro-natalism."
1. Military needs.
 2. Perfectibility of mankind - Godwin. Utopia redux
 3. ^{As Smith:} Bigger mkt., higher specialism - cf. Julian Simon today.

B. 1798, Malthus, anti-perfectibility. Can't improve society.

1. Geometric progression vs. arithmetic. (Spectre of flood of people.)
2. Fixed land
3. Limited ability to substit. labor for land.
4. Created reactionaries? Rather, gave them arms.
(Has been doing so ever since.)

EPIC

(Lifeboat Theorem)

Heil. ^{exaggerates how} ~~many~~ some abused Malthus; but more followed & used him to oppose

C. Ricardo either welfare or entitlement for the poor (like drugs today).

Different effects of pop. growth: landowners gain from cheaper labor & higher demand.

Divides society into classes. (Was already divided, but Δ pop. drove the wedge deeper.)

D. Over-emphasis on farmland.

~~1. High share of worker income spent on food.~~

1. Ricardo & Malthus both equated land with farmland. This confused issues. Heil. is no help here.

2. Ricardo in politics, attacked farm bloc, to bring down food prices.

3. Ignored same principle at work in coal, city land, water power, harbors, water supply for indus, etc.

2
E. Malthus said poverty is inevitable, and also necessary, to hold down pop.

Noted large families in frontier areas
(Clarke genealogy, ave. no. of children = 10, right down to my mother)

Many died. Malthus said this wd. improve the race. Inspired Ruess, 1849 or so.

H. says he favored death for the poor bcs. he loved them!
F. ~~Science of class~~ Advice: to poor.

Choose good or see

(2) To rich. Avoid charity, welfare legisla^{tion}, ~~entitlement~~.
Like Robt. Reuther today. "Job Search" rationale; "home search" rationale. ← W. friends like him, who need enemies?

G. India as an e.g. (Karma Sutra)

H. says it is, an e.g. of overpop.

Others say No! No relation between pop. density + inc. p. c. E.g. Japan, Belgium, Hong Kong ---

You overcome pop. pressure by putting land to its best use.

H. Fall of b.r. in ~~Europe~~ after Malthus

1. Malthus lowers b.r., everywhere.

2. Delayed marriage in Ireland

3. Laws vs. child labor

4. Need for extended education

5. Need for thrift in France.

6. Depression in U.S.

Hanson's gloom in U.S., "mature ec."

7. Technology of contraception

8. Decline of sexism

I. Advance in farm tech.

1. Not all advance. Much of it is labor-saving, not land-saving; tractors, reapers, balers, picker-shellers

2. Decline of livestock

Indeed, much of Malthusian problem had been caused by spread of sheep that displaced humans.

Decline of animal traction: oxen, horses.

3. Land-saving K.

Fruit trees, vines.

4. Other land saving, ~~not~~ labor-using crops
Vegs., berries.

5. Synthetic fibres.

6. Malthus had focused on farmland. Now, other res. are turning scarce, while food is cheap.

J. Malthus also worried about overproduction!

Incumbent worry - want. Underprodu. and overprodu. were both problems - at same time!

i.e., system won't work. Yet, ^{alleged} problem is the obvious ~~duke~~ to the other. Neurotic - capable of holding two ~~How ex~~ contradictory views at same time. How survive? Are lots of neurotic people who have some problems of Neurosis.

Thus, by Malthus, if you do overcome scarcity by using land ⁴
better, will come depression! Can't level upwards.

K. Enduring value of Malthus

Land is fixed.

Seemed obvious then, but 1900 - ~~1950~~ ^{present}
ecs. profn. taken over by people who claimed land is
same as K ; can expand w/o limit.

✓ ~~The~~ Idea that earth has limits had to be revived
from outside ecs. profn. by environmentalists,
conservationists, pacifists, nutritionists (anti-pesticides),
anthropologists (defending indigenous cultures), ecologists,
nationalists (anti-immigration), etc.

~~The~~ Ecs. profn. co-opted by World Bank establishment.
Time for a revolution!

Day #6

Ricardo

1

A. Rpt: Δ pop. raised rents.
The great wedge, drove deeper.
Cause of Black Death Effect.

B. Focused on farmland, thus blurred issues.
Will follow his reasoning, to get the idea - then generalize.

C. Hi tariff on wheat: "Corn Laws."

By 1813, bu. of wheat = 14 shillings (at peak)

Weekly wage = 7 shillings

Shilling = $\frac{1}{20}$ £ = 12 pence

$\therefore$ £ = 240 pence

D. Rotten borough system, farm land owners dominated Parlt.
Needed reapportionment.

In U.S., we didn't get it until Baker v. Carr,
1962: "One person, one vote."

1964, Reynolds v. Sims, "Legislation rep. people, not trees
or acres." - Earl Warren.

E. Hi food price ~~£~~ passed on to employers who had to
pay more, so workers could survive.

Thus, Corn Law struggle was not so much between
labor & landowners, - labor had no pol. power.

Who prop. you didn't vote.

(over)

Was a matter of shifting rents from city land to farm land

F. Corn Laws lasted to 1846. (Irish famine)

(U.S. farm ~~subsidy~~ programs still in place)

Eng. Went Free Trade, 1846 - 1930 or so.

Once you see that "cat," you see the world in a whole new way. E.g:

- price controls on oil. (i.e. why TX hated Kennedy)
- fight over Cuba R, northern veto, etc.

2

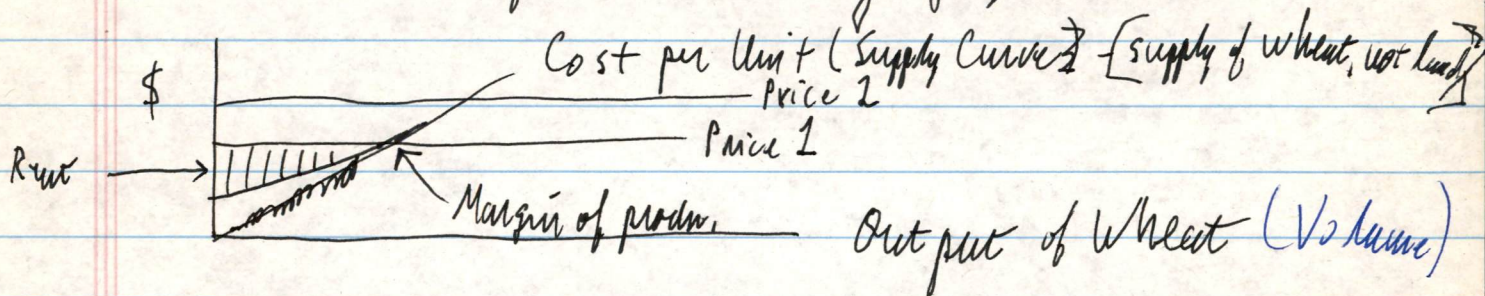
Opposition of interests (cf. A. Smith)

G.A. "Interest of landlords is always opposed to the interest of every other class in the community." - Ricc. 1815.

Heil. trivializes this point by referring to farmer owners only. Ricc. was talking about all landowners.

Urban landowners didn't understand, or pretended not to; and Ricardo went along. Became famous as the champion of Mfrs.

H. Land is divided by nature into varying grades.



Higher price brings higher cost land into prodn; and raises rent on all land. E.g. 60% of crop in Ill.

2 ways margin moves out: extensive (edge, croton); intensive. "Margin of prodn." is where price curve meets cost curve ^(invariant).

3 ways rent can rise: higher price; lower cost; Δ volume

Workers on good land make no more than on bad. Inflow of compn. assumes this. Bagnio v. Tarlac.

Investors in K on good land, likewise. "Arbitrage."

I. Rent $\equiv$ Income

J.B. H. ~~first~~ explains rent clearly, but then trivializes it away by understating its quantity, & limiting it to farmland.

Today in U.S., price of farm is 18 years wages.

Price of urban retail location is so high, most retailers rent

1. Ricardo was ^{an early} ~~the first~~ model-builder.

A person capable of abstracting from incidentals to focus on essentials.

Anti-Ricardians seize any stick to beat Ricardo, so some fault him for this. Not fair:

- 1) His models are useful & realistic
- 2) He applied them to ~~the~~ greatest issue of the day.
- 3) He also wrote about instns.

L. Laws of Motion

Equivocal - a bit of Luddism.

Day #7

Utopian Socialists.

1. Awful condition of poor workers, Ind. Rev.
2. Luddism. 1811, sweeping England
(Only Ricards saw that machinery wd. kill jobs.)
3. End of Nap. Wars.
Waterloo, 1815
Treaty of Paris: Congr. of Vienna; triumph of reaction.

4. 1819 Postwar depression (It. says 1816-20)
(A. Jackson lost buddy)

5. Robt. Owen

New Lank; New Harmony; Villages of Coop.

Rockdale Coop. is what lasted.

Tried to start labor unions - they were suppressed.

Later, Coops. & Unions ~~still~~ supported Labor Ptg.

"Man is the creature of circumstance." ~~At~~ i.e.
of social environment, not just heredity.
(The Bell Curve; Wallace; rising life spans)

6. Saint-Simon

A religion of work, but w/o a plan.

Main idea: if all rent-takers died, ec. wd. not suffer.
(Today, this idea has bn. turned upside down, used
vs. welfare mothers, while rent-takers are idolized.)

7. Chas. Fourier

Advocated his own version of Villages of Coop.
Called them phalansteries.
40 were tried in U.S.
178 = sum of Utopian colonies in U.S.

Some survive: Free Acres, N.J.; Fairhope; Aurora;
Hutterites; Doukhobors; Annish; ...

Wacky - but people were desperate to escape the Disenfranchisement Laws, alleged to rep. etc. They always will be.

~~8. Mill~~ Mormons; Quakers, Pa; NE, esp. Mass. Anaheim; San Ben.

Non-Market. Saw reform as coming from the top down.
Like "liberal Republicans" today, or T.R., or Bismarck, or Jefferson

8. Mill

^{thinker}
a) H. downgrades a great ~~man~~ to place him w. weaks.

c) Mill recalls Smith & Ricardo. ^{is a contributor - he selected well.}
b) An early functionalist; civil lib. "our ancestors have stolen our best ideas." But we select.

d) Mill's new idea: distrib. is indep. of laws of prodn. Prodn. is ruled by iron laws; but distrib. is up to society. ~~See~~ Use tax mechanism.

Today, we say entitlements are arbitrary.

E.g. WTA vs. WTP

Conduct experiment. Divide class in half.
How much wd. you pay. . .

e) Long history of periodic redistribution. Levittan
Lib. Bell.

f) Critics said that distrib. affects prodn. via incentives.
But econs. have found solutions - e.g. Vickrey,
Prop. Tax Code.

This was basis for my assn. w. Univ.

Some taxes actually enhance incentives!

g) Advocated birth control - optimistically.

h) Also saw end of cap. accum - a "stationary state."
(Environmentalists revived this.)

Non-seg. - thought rise of wages wd. end cap. accum.
So says H. Maybe misquote. Actually says wd.
change character of K.

i) Wd. tax rents ~ but only future Δ s.
Inheritance tax - on heirs.

j) Workers wd. buy out mgs. (UAL)

k) Pub. in 1848

Mark Day #8

New words

1. 1848: Rev. & counter-rev.
2. Authoritarian personality - and followers.
3. Dialectical Method
4. New fact: leaderless prod.
5. Contra. of K-em
A. Social prodn; individ. prod.
B. Produce own goods & services
6. Labor Theory of Value
7. Reclaiming MARR
8. Change from bottom up
9. Forecast

Day #8

Eccl., Fri., 18 Oct, 96

MARX

Marx is like Bible: can find support there for many diff. things.

Many new words! Inevitable; determinist (almost)

Landamm, 142 (opium)

1. 1848 in Eu. - age of Les Mis.

Marx took refuge in Eng. War free to write - & starve.

bourgeoisie, 140; Calvinist; immanent;

Equanimity, 138
~~the~~

2. An angry man. (Anger drives out objectivity.)

~~He is~~ Unkind, suspicious, jealous, quarrelsome - constantly attacking people.

You want character issues, or misunderstandings, can find lots to criticize.

Upholder: an authoritarian personality. This did not make his followers authoritarian. Rather, people who like authoritarianism were attracted to him. Hence, succeeded in Russia. (No more. My speech to Duma - don't quote Marx.) Rather, Marx is canonized in Am. Univs.

3. "Dialectical Materialism" - Part of Laws of Motion

"Dialectical" means evolutionary - applied to social structure.
"Materialism" means changes in produ. & exchange are the source of ideas about social structure.

"Social structure" means laws about property & contract, entitlements, & what is mine.

Ideas may change the s.s.; but they spring from it.

~~It. and overstates the tendency~~

catalytic, 145

An historician
and
a futurist.
Time dim.

Hegel
class of opposition

Actually, many Marxists are determinists. They stress how people do what they "must" do, rather than what they choose to do. [2]

In simpler terms: The indl. revn. needed a new set of laws.

4. Major change: landless proletariat.

[Enss p. 146, H. says indl. Rev. created prod.; rather, prod. came first, & new industries employed the workers.

Some also had a landless proletariat. The very word is Latin, proletarius. But no indl. revn.]

Contradictions of capm, #1

5. 1. Prodn. & exchange are interdependent; prop. is individualism.
E.g. - Balkanization of wtr. licenses in Ca. "Opportunism"
Individ. prop. owners resist necessary social planning.

[Weak point. Corps. merge prop. in one gigantic unit.]

~~6. Forecast bus. cycles.~~

Contradiction #2

6.3. 1. Forecast indl. workers wd. create socialism.

Bourgeoisie produces its own gravediggers.

Comfortable idea of inevitable victory. Get on bandwagon - things are going our way. Philosophy appealed to listeners as members of a herd, or hell with specs.

7.2 Labor thng. of value.

Capl. is stored up labor, (or "dead" labor). Combines w. "living labor" to produce wealth.

Value is unit of embodied labor. - "ff. Ricardo"

[Wrong. Ricardo's model ~~has~~ explains L.V., too; and has K as well as labor produce value.]

Landlord neglected in Marx' model. (Truth of Marx's law of Marx.) ~~the~~

8. Declining rate of "profit", at end of cycle, leads to crash.

How? a) Underconsumption

b) ^{substitution} causes rise of labor-saving K. (cf. Mill). This forces wages back down. Precipitant idea. Shows turnover. Still waiting to give birth

However, this does not help capital employer, but, he now hires less living labor - & profit come only from living labor! p. 160 Here he goes wrong

[Is nonsense. Generations of Marxists have ~~labored~~ wasted their time on such ~~as~~ a notion.

E.g., farm machinery. Doesn't hurt farm. Also, helps producer of machines.

Note, tho, that labor-saving = land-saving. Pushes up land rents. HG found crises here.]

9. Mill wd. save society by redistribution.
 Marx said this is politically impossible - ruling class won't allow it.

teleological
noble oblig

10. Forecasts

a. Falling rate of profit. No, neither cyclical nor secular.

b. Tech. advance. (Everyone sees this.)

c. Series of crises.

Can't find this forecast.

Can't find rise of wages before crashes. Rather, ~~but~~ spike of i.r.

Others discussed it. Hence Ray's Law.

By.

d. Concn. of indy. in a few large firms.

e. Capw. wd. break down

Day #9. George I

10 reconciliations, from pp. 40-44

George as a political threat

~~from~~ Heilbrunn's criticisms, 184-91

- a. Passion, emotion, nerve, superficial, faulty, a religion
- b. Blamed land spec. for depression; it's too small.
- c. Every ~~one~~ inc. is rent.
- d. Land rent is small,

May #10: George, II

(Let's mis to be a flick, w. Liam Neeson.)

1. Review pp. 42-44

2. Elements of Neo-classical Econ.

A. ~~Dating G's, vocab.~~

A. ~~Flare~~ ^{Fixed} land & K

Static analysis: ~~to~~

a. of K fixed

(J.D. Clark) K has perpetual life; turnover is indefinite
~~Value of K as a whole~~ No form & best.

K convertible into land; both are fungible

Demand-side valuations

Value of K unrelated to cost of production.

Result: 2-factor ecs. Marxists went along w. this.

B. Universalize rent

All incomes are measured (H. says this.) ^(*)

All factors are the same.

C. No free lunch. Everything is a trade-off.

Jobs or environment; unemp. or infra; sex or food; equity v. eff.

Sci. of choice - all choices are bad.

Anyone arguing otherwise is peddling a
"parade" & thereby condemns himself.

D. Trivialize land value (Ely, Schultz)

1) Land only important in farming

2) Farming no longer important

^(*) No fair claiming this w/o proposing a practical way to tax them, based on capacity.

F. Land is all min. made. **No conservation problem.**

- 1) Cuts & fills (note falling cost of drainage, e.g.)
- 2) P.W. (they take land from farming, parks, forests, fish & wildlife, univ., Indians, etc.) - even like trans!)

F. Reform is futile. **Inc. distrib. always the same.**

Malthus; Pareto; lifeboat theorem.
(Later, demand-side ecs.)

G. After 1936, separate macro & micro (macro recognizes that inv. employs labor)

X It. Taxes shd. be uniform (fb. from convertibility of K into land.)

X I. New tech. saves land & uses labor, and brings "new" land into the mkt. Seen as "Luddism"

J. Military land grabbing makes jokes.

Edgeworth (II) $\rightarrow$ K. Leisure class enjoys wealth more than proletarians, $\therefore$ welfare is maxed when rich have more. Edgeworth. Pareto. Both were awarded NCBs. Quote Pareto, p. 111.

X

3. Edgeworth. Quixulous; fretful. Nothing will work. Like Malthus, contradicts self. When a person does this, is fair to look for hidden upsticks

Land takes wd. force the mkt; but wd. also slow it.

a. George & NY; NY & Ireland.

b. Fenian movement. (Michael Collins was a late convert.) Like Bay of Pigs.

c. ~~the~~ Role of Vatican. Case of Fr. McGlynn
 d. Interpersonal affairs not valid — counter
 utilitarianism.

Except the rich need more. G&H p. 108

men " " " p. 175, Herd.

e. Clothe in impenetrable gobbledygook. "Dehumanized"
 ex. ~~the~~ Alas, this tendency has grown stronger.

Esp. in "Gateway" courses. Exercises in dehumanizing.

Result: no. of ex. majors is down.

If you can survive them, tho, can still ~~find~~ find lots
 of upper div. courses here.

f. Altho allegedly very "shy," Edgeworth
 persecuted Hobson. Was as intendant as K. Marx —
 & much more effective bcs. he had a seat of power.

Aug ~~#10~~ #11. Ely

1. Founded AEA, which reveres him.
2. ~~Is still~~ Developed a rep. as a "progressive" in his youth. This rep. lasts even today, altho he turned around completely.
3. 1894, persecuted for socialism. Spent rest of his life changing his rep.
4. • George exposes corruption at Berkeley, 1874, forces Gilman out.
 Gilman's Yale contacts.
 " role at Hopkins.
 " likes Ely.
5. Ely founds AEA, 1885, w. Francis Walker.
 a. Hewitt pay the bills. p. 85
 Kept out Georgists.
6. Ely & Bismarck.
 Managerial Socialism vs. Distrib. Socialism.
7. W.W. I sets back Am. ff. of Bismarck.
8. 1920s, Ely founds L and Ec.
 ~~Revises idea~~
 a) Land is same as other factor of prodn.
 b) Land has little value, & that is falling.

- 2
- c) Land mkt. works well
 - d) Land ownership is very equal
 - e) Tenancy is a good thing.
 - f) Cannot raise taxes w/o compensating owners.
 - g) Pro sales & payroll taxes.
 - h) Ripping costs - don't force the mkt, to reward the withholder. (But don't tax cap. gains, either.)
Revised under Agnew, Md., 1957.
 - i) Cost of buying land is a social cost.
 - j) Hi land price stimulates K formation.

Miltoner Qns

Smith, p. 4

3, 4, 5, 6, 7 (3-7)

Milton, p. 9

1, 2, 3, 4, 5, 7, 8, 9 (1-5, 7-9)

Ricardo, p. 14

3, 5, 6, 7, 8(a, b, c), 9 (3, 5-9)

Utopians, p. 21

1, 2, 6

Mill, p. ~~24~~ 25

1, 2, 3, 4, 5 (1-5)

Munx, p. 30

5, 9

Genes, p. 41

1 (see p. 36), 2, 3 (1-3)

from Harry Pollard, 1996 or 1997

Gang,

From another list.

I left the second and third paras in, which should give you the point of view of the person posting.

✓ According to the 11/16/96 LA Times, the National Conference of Catholic Bishops approved a 10-point "Framework for Economic Life" outlining moral principles that should guide Catholic thinking and influence public policy. The points will be printed on pocket-sized cards, and will be used in some form of education program for America's 60 million Catholics.

Their 10-point Framework challenges much of current ideology. In particular, the notion that "The economy exists for the person, not the other way around," throws conventional Social Darwinism on its ear.

✓ After all, for years the Divine Apostles of the Free Market have been preaching that human beings are merely cogs in the economic machine. The Gospel of Competitiveness preaches that the unit of evolutionary selection is no longer the individual, nor even the species, but rather the *firm*. Thus, individuals and communities have been so displaced from any ethical framework that the individual is no longer even a fully-functioning *moral agent*, but is merely a component whose worth can be evaluated only in the context of her employer.

Here are the 10 points:

- * The economy exists for the person, not the other way around.
- * Economic choices and institutions must be judged by how they protect or undermine the life and dignity of the ... person, support the family, and serve the common good.
- * A fundamental moral measure of any economy is how the poor and vulnerable are faring.
- * All people have the right to economic initiative, to productive work, to just wages, to decent working conditions, as well as to organize and join unions and other associations.
- * All people have a right to life and to secure the basic necessities of life (eg, food, clothing, shelter, education, health care, safe environment, economic security).
- * All people, to the extent they are able, have a corresponding duty to work, a responsibility to provide for their families, and contribute to society.

* Free markets have clear advantages and limits; government has essential responsibilities and limitations; voluntary groups have irreplaceable roles, but cannot substitute for the proper working of the market or just policies of the state.

* Society has a moral obligation, including government action where necessary, to assure opportunity, meet basic human needs, and pursue economic justice.

* Workers, owners, managers, and consumers are moral agents in economic life. By our choices, initiative, creativity, and investment, we enhance or diminish economic opportunity, community life, and social justice.

* The global economy has moral dimensions and human consequences. Decisions on investment, trade, aid, and development should protect human rights, especially for those most in need.

Shades of Fr. Dr. Edward McGlynn - old Absp. Michael Corrigan's remains must be rotating at high speed! It looks as though McGlynn may have won after all, a Century later. Maybe it's time for me to consider converting - if only my knees flexed as supple as of yore.

Review of The Worldly Philosophers. Up to Hobson

1. Smith: mkt. rationale. Mkt. as a guiding, coordinating device.
Specialize, div. of labor.
Fairness: comp. breaks down mpy.
Mutuality of gains.
~~Of~~ Laws of motion: cap. accum. leads to gains for all - K complements labor, but also keeps getting its share. Endless growth.

2. Malthus

- Popn. outgrows subsistence. "Age of Limits"
(1971: "Limits to Growth")
overabundance on food
Fall of b.v.: 8 seasons
~~Substitution~~ Intensification (e.g. in Calif. small fraction of land in fruits, nuts; ~~abandonment~~ ^{apportioning} of old walnut & citrus groves; abandonment of hill lands in east)
2 laws of motion: overdemand for cows; overprodn.
Malthusian pessimist; proph. worry wart.
Enduring value: need to ease on land.

3. Ricardo

- Rising rents from 1 pop.
a) 1 demand
b) Lower cost of labor

2

~~Diff~~ Widens chasm between the classes - a
chasm first opened by the enclosure movement.
(cf. fisheries today).

Law of rent.

Applies to all lands. It is dense on this
point. (Rent today is $\frac{1}{3}$ of N.L.)

Model-building. Rent is a proven model.
Later pedants have abused it, & Don't blame Ricardo,
esp. from Edgeworth.

Law of Motion?

a. Limited to fighting Corn Laws
b. By implication, growing ~~stagnant~~ wedge
betw. classes. Led to Mill & George.
(More owed more to Malthus idea of gluts.)

4. Mill.

~~as~~ Redistrib. tax.

At first, any old way wd. do.
Then responded to concerns about
incentives: inheritance tax; land tax.
Vickrey is a modern follower.

Favored high control, & feminism.
Added principle of factor substitu. to
a. Smith's invisible hand. Smith focused on

commodities ^{+ incomes.} Mill focused on factors of production.

Thus, Mill refuted Malthus; also refuted Luddites.

Same time, refuted concerns of Smith that labor wd. become too dear, lower price too low. Dear labor creates opp. for labor saving.

Later writers ~~to~~ regressed some:

a) Neo-Malthusians

b) Neo-Luddites

c) H. G.

d) Neo-classicals - endless "land formation"

via K-form.

e) ~~B. Hume~~, Hobson, Keynes - no factor prices.

f) Marx - convoluted & "attitudinal"

5. George, Smith, Malthus.

Carried Ricardo & Mill to their logical conclusion.

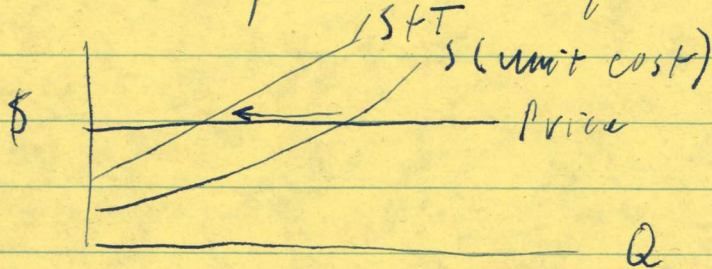
Smith, free mkt. No taxes at all on production, exchange, or K form.

Malthus, Land is limited. $\therefore$ encourage best use.

Ricardo, Surplus goes into rent - so take it.

Mill - ~~hesitant, a acceptor~~. Tax rent & inheritance. Mill ~~was~~ held back from taxing all mkt - a surplus. George carried all the way.

Rent as key to taxn. w/o disincentives.



Tax on cost of prodn. will have 1 of 3 effects.

1. ~~Lodge in lower returns~~ Lower Q
2. Lower S (wages + MROR)
3. Raise P

Tax on rent taps surplus; ~~leaves~~ no tax on margin of cultivation. (Current effect of VAT in RSA).

~~Optimistic~~

Laws of Motion?

a. Cycle Theory

Overpricing land ~ cost-price.

b. Secular Motion: Rise & Fall of Civilizations.

Progress is not steady. Success leads to decadence & decay.

Law of Progress is Assoc. in Equality

Reconciled dilemmas (opposite of Malthus)

Success of George:

a. S + L growth of prop tax

b. Early inc. tax hit mainly rents

c. Egalitarian systems, of many kinds.

- Nat. parks; ~~land~~ city parks

- Mass transit, low fares

- Public Health

- P.H.s, common carrier principle, must serve

all, no discrim. vs. small business

6. Marx

~~Widened a classical cost, as ^{some} ~~many~~ ~~wrap~~.~~
~~Widened~~

Widened idea of rent to surplus value - included all prop. inc. No return needed to encourage security or invest. Capital is inherently exploitive - "means of prodn."

Revolution needed. Owners of "means of prodn" will resist redistribution, by force, so Mill & George can't work. Catastrophic scenario.

Secular Laws of Motion

- a) MARX falls to 0
- b) Individ. prop. clashes w. collective org. of prodn.
- c) Prolet org. in unions. These speakhead revn. (not the ballot.)
- d) Revn. is led by an elite (cf. Keynes' elite).
- e) Revn. is inevitable. Get on bandwagon.
- f) Tech. advance saves labor.

Cycle Theory - p. 7

g) Growing Concn.

Ideas spring from current ~~state~~ orgn. & technology of prodn. & exchange. (No absolute morality: "situational ethics." Denied "bourgeois morality," e.g. paying debts, respecting prop.)
(E.g., OPEC oil shortage sparked revival of Malthus.)

Marx's Cycle Theory

- a. Overint. in labor-saving K.
- b. Falling MARR results, invt. stops.

7. J.B. Clark

a.) Static

- No laws of Motion. "Ahistorical."
- No K-farm. K same as land
- No exhaustion of nat. res.
- ~~not~~ - No macro
- ~~not~~ - No cycles

b) ^{What's left?} Ec. deals w. allocn. of limited res. among

competing ends.

new →

K + land are productive. If all get MP, product is exhausted

c) Capl. & land are mutually convertible, rather than mutually exclusive. //

i) ~~not~~ Capl. is fungible ea. time it turns over.
OK, but → Capl. may "vest itself" in land

ii) Land value is man-made by "development"

d) All incomes are rent - like Marshall's S.V.

e) ~~not~~ Net result: 2-factor ec. Today's

Micro (Ec. 3)

f) ~~not~~ Austerity - TANSTAAFL. Like Malthus.

g.) Finally, ventures one Law of Motion - like
 a. Smith. K-farm & tech. makes new land (or same
 land) & use labor. So wages will rise w/p end,
 and rents will fall.

h.) Again like Smith, saw mpy. as main problem.

i.) Bismarckian - favored strong ~~stat.~~ nat. govt. to
 protect propy.

8. Edgeworth

a.) People are pleasure machines who calc. costs &
 benefits of every action. "Economic man."

Dehumanized eos.

Made people predictable & deterministic (like
 Marx).

"Ecos. is a person who lies awake nights
 worrying how to make reality fit theory."

b.) Voluntary exchanges are all "win-win".
 Redistrib. à la Mill cannot be shown to raise
 welfare bcs. you cannot make interpersonal cfrms.

c.) The only mpy's are labor unions

d.) Persecuted Hobson, Cairnes, George

e.) Contradictions

i. Makes interpersonal cfrms when it suits him.

ii. If you can't justify redistrib., neither can you

justify keeping it the same.

9. Ely

a.) Formula AEA "to make men who are equal in liberty content w. inequality in prop'ty."

b.) Bismarckian ^{like Clark,} "Managerial Socialism", run from the top. Not distrib. socialism -

c.) New career fb. WW I. Faustian

- i. Nationalized land mkt. "Ripening" concept.
- x ii. Alleged wealth is equally distrib.
- x iii. Tenancy is a good thing. (previous ideal was own your own home & business.)
- iv. Hold down land taxes; raise sales taxes
- v. Pref. assume. of ripening land

Big impact on policy, in postwar years.

10. Hobson

a. Underconsumptionism.

i. Blamed on unequal distr. - was
exiled from ~~Oxford~~ "Oxbridge" (cf. "St.
Grottlesee")

ii. Like Marx, Marx, & Keynes.
Unlike Ricardo, Mill, George.

b. Influence of Rhodes

c. Surplus savings led to Imperialism
Weakness.

- GB invested in U.S., Argentina, etc.
- WW I mainly European.

d. Lenin endorses Hobson, carries much further.

Aug 12: Hobson

1. Imperialism, burst of, leading to W.W.I

Not as new as H. makes it sound; nor was WWI about colonies.

2. Underconsumptionism.
Hobson, with Munnings, blamed slumps on oversaving.
(In result, became an outcast. (Role of Edgeworths.)

Blamed ~~it~~ oversaving on unequal distr. of wealth. G.A. Smith.

3. Influence of Rhodes & the Boer War.

But Rhodes saw empire as a safety-valve for people, to head off rev. in Eng. In Am., the safety-valve doctrine of the frontier.

Hobson saw safety-valve for K. Imperialism, 1902.

4. Weakness: a) Europeans ^{+ think} moved to many lands w/o conquest.

b) WWI was mainly European (altho. G. lost its colonies + navy was a factor). It was, Allies demanded reparations, rather than right to intervene in Eng.

5. Marxists embraced Hobson. Lenin plagiarized him, but added inevitability.

Account for Russian paranoia.

6. Many colonies did not pay, overall.

But they paid off for a few, & those few led policy. E.g. U.S. in Philippines.

The few beneficiaries play upon the instinct for nat. defense to con taxpayers. Cultural imp. also a factor. Today's codewords are democracy, free trade, etc. → "liberalism", etc.

but ~~this~~ this is a con job. Idea is still to defend & expand Am. power, e.g. in Cuba. That is among those

covered, p. 204.

7. Raw materials. Concept of vertical integr. Cannot depend on free mkt. for crude oil, etc.

This predates Hobson's basis of mercantilism. Heil. underplays. Gg. sought Lebensraum; Russia sought ice-free ports, or "Window on the West."

U.S. seeks oil. Gater seeks world spectrum control.

8. Growing power of multinat. corps.

a. They have been strong before: Knights Templar, ~~the~~ banks of Florence & Augsburg, B&I Co., Am. Colonies, Shell B.P., I.G. Farben etc.

b. Shift from raw materials to outsourcing

c. Growing competition w. U.S. labor. Combine high tech. w. cheap foreign labor. Continues an old trend, from unseries out.

e. ~~the~~ "Too soon to forecast" results - p. 206. Cop out.

d. H. underestimates indigenous elements in thriving new nations.

i. Hong Kong — not "just off the paddy fields."
ii. Japan, Taiwan, S. Korea, Singapore, Sydney, Jo-hang — great entrepots. The richest great new city is ~~the~~ Manila, where U.S. has freest entry. Also Latin Am. Also Saigon, formerly $\frac{1}{3}$ pop. are squatters.

Q. Ec. devmt. is a specialty here.

1. Middle-of-the-road. - (Clinton)

"Centrist" in policy matters.

cf. Clark, Ely, Paets - militantly conservative,
or Bismarckian.

~~Smug~~ Smug & pat, but mellow & compassionate. Noblesse

oblige.

"2-handed east." "Cloistred."

2. Half neo-classical

Has something for everyone. A weatherman.

a. Retained 3-factor econ.; retained Mill

b. Discarded Laws of Motion, or dynamics.

~~For~~ No cycles; no secular trends.

Myopic. Lived in exciting, shifting tides, both
secularly & cyclically.

i. Depression of 1893 -

Dominant Liberal Party split in 2 parts. Conservatives
under Balfour ~~had~~ had no answer, lost power back to
Libs. in 1905, string of 3 Lib. govts gilded House of
Lords, revolutionized Eng. power relations.

ii. Secular: Naval Race, huge build up
leading to WW. I, 1914-18

iii. Constant issue of Ireland, leading out the Prob.
ascendancy. Most Eng. wanted out, but gov. had to protect its occupying skeleton army.

c. Retained idea of benign = UI, laissez-faire.

Elaborated on it.

New value theory

3. ~~Reconciled~~ Reconciled div. m.u. and cost of prodn.
explanations of why goods have value.

~~How had we~~ Classics had said cost determines
value. Marx carried to extreme, w. labor thry of
value.

* "M.u." school said demand creates value.
Butted heads. Marshall reconciled.

4. S & D

a. Review Ricardo.

~~Demand is given.~~ Price is given. Cost of prodn. at margin is set by price.

Later, ~~the~~ lesser thinkers inverted C & E, said cost determines price! ~~that~~ Used Ricardo's name. (All theories regress towards ~~the mean~~ mediocrity in the hands of later ~~the~~ writers. Last year's champ is this year's champ.)

b. Marshall changed price line from flat to neg. sloped. Demand curve.

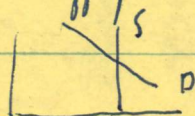
c. Value (price) det. by intersection.

* d. New kind of rent: "consumer surplus."

5. Treatment of time
a. Long run vs. S.R.

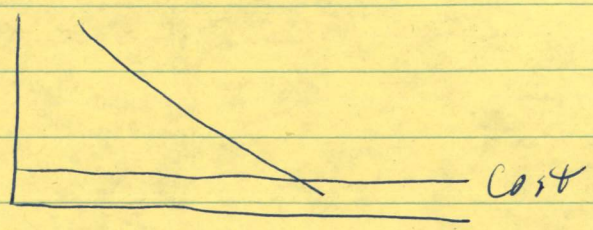
a. Not a full treatment of time, at all. Just 2 points! Its time is its simplicity.

b. S.R., supply is fixed.



all incomes are rents.

c. L. A., price det. by "cost."

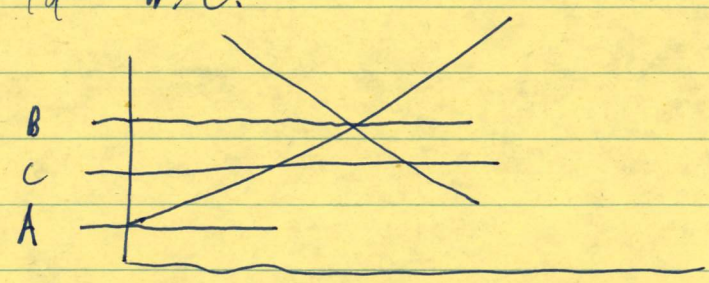


No producer surplus. Only rents are enjoyed by consumers. Justifies taxing consumers.

Failed to carry over step further: low food prices allow for lower wages paid in cities, and higher rents charged. The rent you pay

d. Error in having all produce come at same cost. Case of fixed price controls on oil & gas.

i) In A, C.



Price A: No produ.

" B: No revenue

C: i) Kills high cost producers

ii) Leaves ~~to~~ half the surplus w. low cost producers.

4
e. Marshall's time is abstract time, not historical time.

i) Everything in Marshall is reversible
ii) " " " " continuous
fine adjustments. Nature makes no leaps.
No WWI, no Michael Collins, no Russ. Rev., no
great Depression. Claiborne

6. Worst heritages - a) concept of "the firm"
replaced real people & real elements of prodn.

b) Concept of equilibrium

Veblen

1. ~~He~~ Most official ecsts. were apologists.

Rationalized or ignored abuses. "Invisible bias of situation & interest," (H. quotes Malinowski, p. 218).

H. is being kind & cautious. Bias was quite conscious.
See Corruption on J.B. Clark; on Edg; on

a. Johnson at Cornell; on Jane Stanford.

2. Veblen a "man from Mass." (N. Pole, actually.)
He had leisure to study & think, bcs. his family spoiled him.
Saw our society as an anthropologist studying a primitive tribe.

3. From peasant origins, had amazingly establishmentarian life.

Wife - niece of college presid. & v.v.
president p. 223. Carleton, Yale, Hopkins,
Cornell, Chicago, Stanford.

4. My of Leisure Class

a. Entertaining satire - like Peter Sellers. Can be read at that level.

(I was intensely irritated)
"Conspicuous Consumption"

"Vicarious Leisure"

Today, few ask such qns. Our ancestors were much more radical, e.g. Lynsoll.

b. Deeper qn - why tolerate a leisure class?

i) Why vote for millionaires?

ii) ... respond to ads?

iii) ... vote to disenfranchise yourself?

(Prop. 218)

iv) ... give pref. treatmt. to unemployed inc?

in haste
Cap. gains

5. Deep answer: primitive admiration for predatory traits over workmanlike traits.

Labour is undignified. Common folk, who do the useful things, are cast by the leisured.

Wages are needed to overcome the indignity of working, ^{not the income}

6. In modern life, predation takes new forms, ^{- new} less direct

7. Workers emulate leisure class, rather than ^{or eliminate} fight them.

(e.g. the tithe) (e.g. Ely's argument for regressive taxes: it is an "insult" to working people to say they cannot pay taxes.)[†]

8. Engineers are producers; "businessmen" seek to reduce output (e.g. OPEL). They are saboteurs.

"Technocracy" a vulgar movement on Vehlem's lines.

† Ely was acad. equivalent of Rush Limbaugh or Howard Stern

9. Anecdotes of Robert Barons, pp. 237-79
10. Try. of Bus. Enterprise - "never leaped the bounds

of professional readership" as Leisure Class had done.
 A mistake - he tried to become respectable. They'll
 suffocate you. Play for the galleries, the critics
 be damned.

~~11.~~ Businessmen are predators - like a fat
 toad catching flies, or a "Robert Baron."

Corpn is a new organism, like rank weed in St. Anne R.
 11. Not the prolet, but machines & engineers -
 technocrat - would unseat Businessmen, and other
 "ornamental functionaries." Machines force out primitive anthropomorphic thought.

12. 1911 divorced Ellen, moved to U. of Mo.
 Wrote The Higher Learning in Am., a Study in Total
 Depravity.

13. 1914, remarried. She was instlzd for pneumonia.
 (He raised his children, who took his name, & loved
 him dearly.)

14. Focussed atten. on tech. & sci. as leading force
 of change in 20th Cent. (No - HG did this in
 1879, Marx did it in 1867.)

15. Focussed on the irrational side of man.
- Tradition & "old-fashioned" ways, "handmade"
 - Ceremony, ritual
 - e.g. function of apologists is ceremonial
 - Symbolism
 - Hypocrisy
 - Emulation, Imitation
 - Social standing
 - Customs (Folkways + Mores)
 - Styles, fashions, fads
 - Image - keeping up appearances
 - Vicious leisure
 - Ornamentation
 - Overpricing of ind. assets. Cycle Theory.
- Also on the counterproductive side of system
- Mugg
 - Cartels
 - Unearned inc - predation
 - Exploitation of credulity
 - Waste in system

16. "Emancipation of the mind from the subtle tyranny of circumstances" - W. Mitchell
- "Stretches your mind"
- Releases you to be creative - to be yourself.

~~623 4367~~

5

Major points from Veblen:

1. Conspicuous consumption.
2. Emulation as antidote for rebellion; ~~make~~ ^{make} social structure stable (perhaps too much so).
3. Workmanship is good; predation is bad. ~~But~~ Values of most people are upside down, they choose predators as leaders - based on instincts inherited from savage past.
4. ^{Lays of Motion} Machine & engineers - technicians - rather than proletarian org. in unions will overcome robber barons (captains of industry).
Yesterday's ~~gang~~ gang leaders become today's "ornamental functionaries."
(cf. evolution of French Monarchy.
Capetian line became rois fainéants, were displaced by Mayors of the Palace. Modern corpora, same drama ~~exp.~~ goes on constantly.)
(Also had a cycle theory, H. units.)
5. ~~Cycle theo~~
5. Man is social & custom-bound - not a calculating pleasure machine as seen by Edgeworth.

6. Ex. systems full of waste & irrationality.
7. You can thrive as a nonconformist.

Day #

J. M. Keynes

1. Member of Brit. upper crust, caste
Skillful speculator. a "businessman" - but not a producer.
a complete insider.

Elitist, ~~middle~~ ^{highly} mindset - p. 281. Came from a caste system, top tier. Very highbrow - not a man of the people.

2. Most ^{highly} creative people are outsiders. Must be a nonconformist of some kind.

Keynes' was probably his ~~personal~~ ^{gay} sex life.
H. treats it matter of factly, ~~but~~ in contrast to his dwelling on Veblen's affairs. If V. had as many women as K. had men, he'd have lost more ^{than} ~~from~~ he did.
His ^{may} he has. gay affairs were fashionable among Brit. & Americans, 1920s. Even so, those of you lordlings & blue-bloods & who are gay know it makes you feel like an outsider.

3. 1920s, criticized "the fetishism of gold" (the gold standard).

In Eng., ~~the~~ creditors were in control, deflated.

- (A) 4. Why ~~does~~ boom & bust? Raised gr. in 1920s, before it was urgent.

Neo classicals had erased this, after Marx & George had focused on it. Veblen & Hobson had tried, but remember, they were in the underworld of econ.

Official econ. was Clark, Marshall. H. ignores their fault. p. 264

previous tried an endogenous cause: sunspots. Banned.
Radical critics of ~~the~~ the system had found endogenous causes.

12

Demand-side Econ

(B) (1) 5. Keynes' answer: variations in agg. demand.

a. Marshall's demand is partial demand.

If one demand went down, another would go up: Zero-sum.

b. Agg. demand is sum. Has 2 parts: cons. + inv.

(2) 6. Says Law
~~previous~~ view: supply creates own demand.

K. said suppliers might hoard money.

Solution: promote infla., encourage spending.

(C) Distr. 7. Related this to unequal distribution - like Hobson.

(1) H. has this backwards, p. 265-66.

Thus justified redistrib. tax - hi graduated rates on inc.

Opposed consumer taxes (by implication). Consuming is good. Even waste is good (no concern w. environment).

8. ~~the~~ concern w. functional distor.

Was neo-classical in this sense

Classical ideas kept creeping in, however.

(2) a) To equalize distor., wd. maintain wages. This turned on labor - a growing power then.

(3) b) To encourage investing, wd. raise MROE. Total returns in index fund. Is no incentive to invest, net. Nor to Turnover.
Entrepreneurs liked this. Flourished in 1960s.

~~1/2~~ c. To foster cap. form.

- (E) (2) 9. Saw consuming & investing as complements — no stringy trade-off.
- (B) (3) 10. l.v. is supposed to equate S+D.
For a short time it wasn't working, p. 270. (Int. log. + vap)
Govt. became borrower of last resort.
- (D) (F) (D) 11. For years, deficit free coupled w. infln.
1981 — had deficits w/o infln.
12. Most int. comes from turnover, p. 267
13. If o' savings occurred it was at peak. ~~Int. log.~~
At trough, 1933, ~~no~~ savings = 0. p. 272
Stuck at equilibrium below full employment.
H. has $I = 0$ bcs $S = 0$ — but maybe
he means v.v.
- (E) (I) 14. Solution: prime pump (now, jumpy cut). p. 275
Told New Deal to do what they were doing anyway.
- (D) 15. Int. opps. reached limits (~~at~~ dim. sets again).
p. 273
16. p. 274, 1-2-3 of dead center
Mature ec. stagnant ec. No room for new ideas.

17. Kupper saw this as tempo. p. 277

(F)
(2)

18. Fed. did not cooperate - no AM - 1930s p. 278

19. Pvt. investors did not expand. Scared by uncertainty. Low "animal spirits."

(G)
(H)

20. Final outcome.

Macro input, but micro free mkt.

Micro^{Ec.3} & Macro^{Ec.2} Econ

Wed. Dec. 3 '97

1. Early retirement - $\neq$ + hi payroll tax

Combo of ideas.

a) Malthus

b) Demand side - Keynes

c) Young shd. support old

d) Tax has no effect

($\therefore$ price has no effect, $\therefore$ A. Smith wrong)

Re Malthus, see p. 10, 11

Re Keynes, see 91-92: [e; b, d, c]
89, 3, a

Not mentioned: excessive sub. of K for labor

"Inappropriate Tech"; "Ugly American"

2. Life after A. Smith

a. Malthus, p. 11, #9, p. 10, #1

b. Ricardo, Mill, H.G.: compr. does not wipe out
uncurred inc.

c. Ricardo, H.G.: compr. ^{+ K Form} ~~does~~ not raise wages.

d. Mill, H.G. Post-tax dist. can be
changed, w/o mucking up free ec.

e. Marshall. Value (price) depends on demand
as well as supply

f. Marx, Hobson

i. Edgeworth "positive ec's"

* Undercons.

Falling ROR

Imperialism

g. Keynes - lack of demand
h. Veblen lusts

What are
you committed
to?