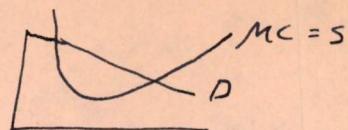
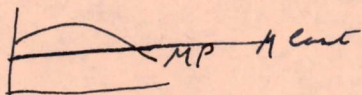




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I don't think anyone but me has ever proven $\sum MP \times Q = TP$!!

^{n.1, p. 511, 2d ed.}
 Samuelson & Stigler, at least, just say residual rent is mp of entire input of land, taken as a whole, less wage $\times$ Q labor = foregone gain, so residual is same as contribution of land to production. But this is treating land as whole.

To get marginal product, consider adding one acre to farm. Labor drawn from the farm, costed at foregone gain. ~~Residual~~ Thanks to fixity of land, can link certain output specifically to it.

Samuelson-Stigler (S.S.) method not only fails to prove pt., but appears to disprove it! But the "Total marginal product" (TMP) they describe, ^{or "AMP"} wd. be higher than the final MP (unless labor MP curve bends under?)

What determines wages, salaries?

Productivity, basically.

AP? No, MP.

Hard work? Jap, etc.

availability of complements.

~~Comp.~~

Malthus.

Develop resources fully.

Ford, airport, Salter Path. Decreasing cost ind-y.

Unions, min. wage

Interest

Why int? Incentive to create cap.

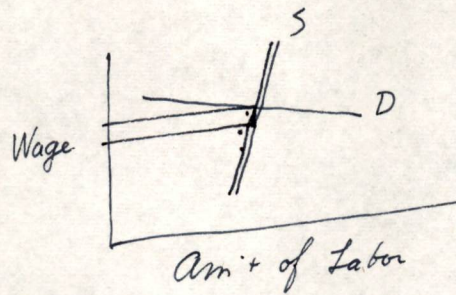
Return on inv.

How compute? Pay \$1,000, sell for \$1,200, what rate made?

Ec. 202. Wed.

Fertilizer salesman

1. Wage tax.



'S' curve means, get so many men working, at given wage.

How much does employer have to pay, so that men get that wage?

Wage plus tax. ~~tax~~

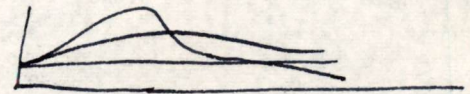
True of employers; & also worker's contribution. I.e., makes no diff. on whom it nominally falls. Analyze both the same — incidence depends on el. of S & D.

Rent vs int. Insert next p.

2. Rent. Contractual vs ec. Implicit vs explicit. Net of deprec. etc.

Is inc. from land

Have already seen e.g. of it:



What is land?

Surface area, location. (skip exhaustibles)

Not produced

" .. able

Fixed a - for world, nation

Permanent

Immobile

202. ^{Interest vs rent.} Distrib. Why impnt? 1 e.g.: Inv. opp. Recall, way to get permanent boom, is permanently high inv. opp.

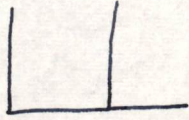
Does that mean nec. hi profits? No such thing. "Profits" a conglomerate of rent, wages, & returns on cap.

It is only hi returns on cap. that encourage the kind of inv. that puts people to work. Hi rent, n.g. - can't create land, can just buy it, & that puts no one to work

Wednite, 7 PM, review.

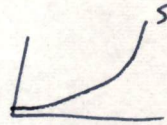
Rent. Wherever supply inelastic.

Early in game, discovered land had outstanding characteristic:
supply fixed. Unproduced, unproduceable.



Meant that p was not nec. to call forth supply. Inc. from land purely a result of p of demand.

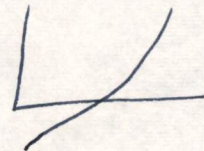
Besides that cf. labor



cap.



or



p served fn., to call forth mgnl supply

Besides that, land a free gift of nature. ^{landlord as such didn't enter into production, as w labor, saving.} So grew up gnd feeling that land an especially appropriate subject for taxation.

A. Smith, Ricardo, J. S. Mill, & esp. H. Q. ^{P & P, good book} Single Tax.

Movement made great headway. U'Ren. Ptd. tax rate. G. P. tax in gnd. That way we managed in past to finance gov't w/o discourag'g incentives to produce.

Landholders set about fighting this idea. Ensuing controversy, whole issue become confused - K&H confused, e.g. 499 v 521

Genl technique: focus on supply of particular lands, for particular purpose. Then land supply has some elast.

Tho even then, much less than labor & cap. -- e.g. Ptd milkshed. Nation, Eugene.

But that didn't bother them. Said all supplies inelastic in part, all but mgnt got rent, was same as land.

✓ Remember 'producer surplus' - when analyzing supply of particular industry. 'Rent', for land in genl.

Distinction still holds good.

Also: inelastic supply just an incident. Basic thing: inc. from land, due to no productive sacrifice.

Basic single tax argument: tax hurts no incentive. No burden - land pays.

Rent.

Ec. rent vs contractual rent.

(1. Ec. rent may be implicit)

2. Ec. rent is income of land - contractual rent includes inc. of labor, (wages), & income of capital (ec. interest), & deprec. & depl, ~~some taxes~~, utilities, etc.

~~Terminology~~ Terminology become very confused. Used to be very clear.

a. Ea. generation of ec. sts, some who want to make splash, lack genuine creative urge, simulate it by twisting old words to new meanings

b. Some genuine ambiguity in classic terminology.

c. Strong fuel interest - recipients of ec. rent - who didn't like conclusion of classical ec. that ec. rent was unearned inc. Wanted to identify selves with owners of capital, obscure diff. of land & cap.

If you want to know why social sciences in genl often appear so backward, there is a main reason. Everything we handle touches most sensitive nerve in human body: pocket book nerve

Mullendore -- sounds very pious. Maybe he really believes that stuff - many fall for our propaganda - anyway, very glad to see all that potential comp. locked away in stockpiles of atomic bombs.

Such men endow univ.s, subsidize scholars, fdtns

K & H. jump like ~~sheep~~ ^{babes in wood} among wolves into midst of whole thing, & result is confusion worse confounded.

p. 499 vs p. 521. : they fail to distinguish ec. rent & ec. int.

Confused

Solution: ec. rent is net inc. of land.

" int. " " " capital.

How dist. land & cap?

Think of land as surface area, whose most vble quality is location
(Exhaustible resources are a subtype, we won't have time to discuss)

a. Not produced.

No cost of production.

b. Not reproducible. reproduction.

c. Fixed total quantity; also fixed w-in any given area, e.g. nation. Inelastic

d. Permanent life span

e. Immobile, in location. - fixed, relative to environs. ~~by~~ no migration

f. Fixed relative to environs.)

~~How dist.~~ Ec. rent & ec. int.?

Both are net

a. of assoc. costs

b. of depletion or deprec.

~~Marshall~~

Some differences of ec. rent & ec. int.

a. Ec. rent ~~is~~ exists indep. of price, & asset has a price bcs it has a rent, not v.v.

Ec. int. comes as result of human saving, cap. formn: If you create \$100 worth of cap, it will yield an income

a. Ec. int.: Save \$100, put in bank at 5%. \$100 is cause, \$5 effect. Corresponds to what really happens: ~~they~~ pay \$100. to factors to produce machine, then it yields

\$5 (net of deprec. etc)

Ee. rent, causation opposite: \$5. inc. exists, indep. of price.

Gift of nature. Price is effect. But if no P, \$5 income still comes.

✓ b. Functions

Ee. int. is one incentive to save, create cap.

Ee. rent, no such fn. Land free gift.

Ee. rent, only $\frac{1}{2}$ fns of other P. Other P

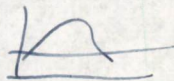
a. Call forth supply

b. Ration it.

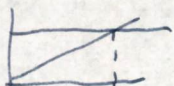
Ee. rent only rations.

That imptnt. de Jouvenel, rent control, mess.

Concepts.

1. Rent as mp & as surplus. Same. ~~For~~ New farm. 

2. Ee. Rent vs. producer surplus.



Some have identified the 2.

But a. Rent applies to all land inc, in whatever use

b. In partial analysis, P nec. to call forth mgnt supply.
Land, all supply there, regardless of P.

3. Rent as "cost" - opp. cost.

In genl, rent not a cost. ^{just as producer surplus not a cost.} Is always ~~was~~ result of demand. No cost of producing land, as is of supplying cap. & labor.

Is only a 'cost' in sense that profits are imputed to it - inelastic supply.

Ideal tax - doesn't distort supply. etc

No burden - the land earns the income. Wd. be unearned to individ.

Puts land to use

Read up - on test.

✓ K&H very good on pp 513 - 516. "Rent as prt income" .. having ptd out rent as a cost is useful, to allocate.

But wd be just as useful if govt collected it. Then, no unearned inc.s.; no need for other taxes. No discourage incentive.

See why ... inelastic supply

a. In general.

b. For particular uses.

e.g. NY No migration
farm land

Immobile. K&H. much overdo mobility.

Recall, excess profits competed or imputed away. When imputed, is Δ land rent, that is least elastic.



Doesn't affect MC at all, for sites. (For nat. resources, does.)

Least understood - much malarkey. "Has invested \$500/acre fm."

-- \$10,000 in virgin timber. If p starts to drop, run to Congress

- not loss of income that bothers, but prop. values. Maintain them
at all costs. ~~"Will maintain ec."~~ Destroy free enterprise, inflate currency, control p ... anything. For what? ~~Free~~ Virgin timber, worth \$1,000s.

P falls, worth \$100s. Trees stand unperturbed, just as have for 1,000s.

Squirrels run on branches, woodpeckers hack at bark, just as tho still worth 1000s — amazing how little seems to disturb forest.

Or NY. Lower all rents — e.g. St. L. waterway — NY wd still be there.

That is a distinctive thing about rent: result of P, not cause.
P det. by S & D, that det.s rent.

Land in general, no income, still there. Not true of labor & cap.

Possible confusion: ^{source of K&H's confusion.} ~~the case~~ rent & producer surplus. Some call producer surplus rent. Keep distinct. One general, other limited.

Tax policy:

Ideal tax, takes rent. No burden ... takes free gift of nature, or product of whole society.

Tax capitalized, whoever buys, buys clear of tax.

Has been main source of revenue, U.S. ~~Now leaving it,~~

c. 1920, trend away from it. Toward sales, income, tolls,

etc. Political fluff c. "overburdened r.e.", "ivy-covered cottage".

K & H confused.
Contractual Interest vs Ec. int.

Land	Ec. Rent
Labour	Wages
Cap	Ec. Int

Contractual int. is what you pay for use of M.

Ec. int. is net income imputable to capital -- corresponds to

MP of cap. Contractual int. is just a xfer payment ... income to recipient, corresponds to no output - e.g. cons. loan, ~~borrower gets rent~~ like gift. Lender gets inc., for no current service. In ec. we break distr. down into (over)

But why pay contractual int. for M. --- M is just sterile, paper.

With M you can buy cap. - & land. - productive assets, & get a % net return. Hence pay int. for M.

Contractual int. imp., unlike contractual rent.

What det's ~~the~~ contractual i.r. -- call it money rate. S & D.

What is demand? ~~No~~ Basically, due to MP of cap.

If use M to create cap, can sell it for more than cost, over time.

Can also borrow M to buy land. But ~~rent doesn't~~ buy it, & get a certain % return on price. But that doesn't det. i.r. -- contrary, i.r. det's value, from rent. & MP cap. det's i.r.

E.g., suppose was no MP cap. --- but still cd. get rent from land. (Some countries, that's practically so). Wd. hi rent mean hi m.r.? No, only rent hi as % of value. But value itself det. by m.r. --- so can't use it to say what det's m.r.

L.V. wd be infinite. $\frac{a}{0}$. Not quite.

With cap, you buy for certain p - cost of production - sell for gain > other costs, that det's i.r. Land, no cost of production comes first. You derive price from $\frac{a}{i}$. Hence can't determine i.

payments corresponding to factors of production that contribute to output: land, labor, cap.

So contractual interest is not an avenue of distrib. It may be paid from ec rent, ec int, or wages (cons loans)

Supply of funds - those who have M to lend;
& now banks.

Influenced by saving
by liquidation ... disentangling.
by Δ liquidity preference
by ΔM of banks.

So behind contractual int. lies ^{mainly} ~~ex-ante~~ ~~MP of cap.~~

✓ ~~Related~~ to ex. interest. ... the hope of it. Hence pay for M .

To individual, also pays contractual int. to buy land, collect ex.
rent. To individual, much same --- hence to him ~~at same~~ ^{much} if puts his
 M into buying land title or cap. (not entirely ... e.g. land to immed. return
on inv.) (strong hands) Hence sometimes hard to see how whole thing
works - why MP cap. det. int., return on land doesn't. But rent
preexists.

\ Same as stocks. ... so often misunderstood, cuss some co. for making
hi go on mkt vla ...

Now suppose someone says "Int. is robbery of labor" Sound familiar?

Marxist, anti-Christian? Early church fathers. Int. became respectable

w/ Reformation... very gunky. & then only for production. Cons. loans still incompletely accepted - FR disc.

General blame vs them.

M is sterile.

Hobson, Gesell, Bilgram & Levy, ~~Keynes~~.

Idea dead? Screwball, lunatic fringe?

Keynes, low i.r. policy of New Deal. ... & now of Eis.

How keep i.r. low?

Even talked of negative i.r. ... is it possible? Occasionally we pay people to keep our M for us, but diff. - not int, we are paying for safekeeping & check service.

Genl neg i.r. impossible.

Even if succeeded in creating cap & driving down MP of cap. - which is unlikely, bcs new supply small cfd to exist'g supply - wd still be land. End result, ∞ infl.

Suppose put M in ^{scrips} bank, & lend -- which is THE i.r.? No answer.

Why do K&H say cap is permanent, p. 526.

Is MP of cap fixed, technically? Antic.s.

What's liq. pref?

What is "the i.r." today?

✓ Loan sharks: shall we outlaw them by outlawing hi i.r.?

Cd. we abolish int. w/o destroying supply?

✓ I.R. & Conservation.

Profits as % - of what? Hi profit from undervaluing asset, or taking historical cost.

If inv. value changes while hold it - cap. gain - is profit.

Bus. profit is gross inc. - all explicit costs.

Ec " " " " " " & implicit costs, Is not nec. to op.
bus, says K&H. I doubt - encourages people to spec. wisely.

Results of change & mnpv.



No - if we impute all P increases immed. into some cost, is no "profit". (But if we call mnpv income 'profit', K&H right to be vs it)

✓ K&H say how justify? Same as army P , but very short run.
Sudden Δ demand for sleeping bags. ΔP - to nation. Don't want to

have people treating them as worth little when worth much.

also guides production, & spec-n. - specs try to foresee shortages, hold things off mkt when cheap to supply when needed.

& give compensation for bearig risk of loss

Distribution Theory

Dist. means cutting pie.

Functional - (then personal later)

U.S., we share by productivity, or try to. So we devise ways of determining productivity.

Develop principle of Marginal Productivity. It ties all together

Consider what affects MP

Wages.

Labor Unions

Rents

Interest - payment for time

Profits (cap. gains?)

Bus. profits vs ec. profits

Ec. profits, results of luck, inability to forecast future. Risk taking.

Assign Hazlitt - to give one viewpoint?

Read from K & H, comment

Now we turn to distrib. -- cutting pie.

A process of valuing contributions to joint product
→ Productivity thy: recall K & H. What kind of productivity?

Wage rates vs. yrlly wage. - why imp. to dist.?

Demand & supply of labor sets wage.

Productivity is demand. Dim productivity, dim demand.

MP vs AP? MP leaves resid.

Kick says must estimate. No, more precise: what will laborer add to output. -- e.g. coal. miners. "What will I lose if he leaves me."

Kick says may pay less. No: if can hire for less, hire more, until MP falls to = wage.

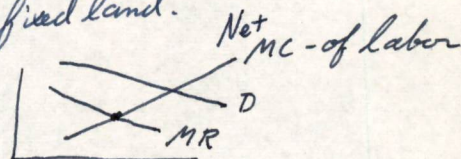
Kick says labor productive bcs works with much cap. Always true?

Depends on kind of cap. & what kind of productivity: MP vs AP

labor sav'g. Exp in union ind.

Say Uss has the land & cap., adding fixed labor to fixed land.

Miners, or mnp, won't pay wage = MP



Labor supply.

Immobile? Kick overstates, esp. cf. to others. How many born in Oregon?

Effect of Δ Wage on supply?

Improves health & effic.

Increases leisure? - Long run maybe, not short.

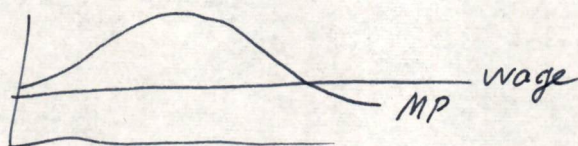
- Δ b.n.?

Run thru again Wed.

Wed.

K&H ch. 26

MP = residual.



Wage represents what labor produces elsewhere. Excess is excess of what it produces here over what wd produce elsewhere -- hence is MP of land.

Supply of labor.

Shrt run elastic. -- K&H to contrary. Cf war vs depression.

Long run inelastic?

Distinguish mgnt ~~xxx~~ incentive from accumulated assets, or inframgnt income.
Accumulate assets from sources other than wages, & if wages fall, other sources A.

Effect of unearned inc.s; of govt bonds.

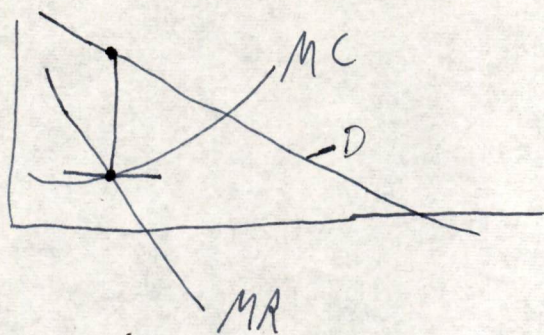
Effect of inventions on MP of labor

(Distinguish production & -ivity, are & mgnt)

Differences in wages - why?

Effect of ^{wage-}inc. tax? Same as lower'g general level of wages. All go for easiest jobs.

Effect of Mnpy on wages



Suppose employer owns all resources he uses except labor - only MC is labor.
(just to make analysis simple)

Labor exploited, thus.

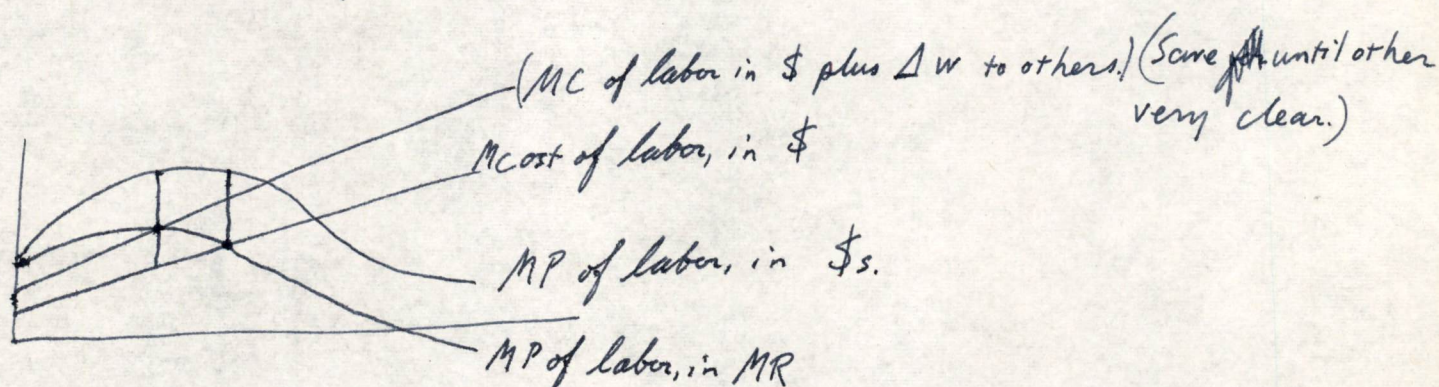
(also other things mnpst buys)

Resources mnpst owns also stay idle.

Mnpst pays labor by MR. But where he limits production, value of

MP is much greater.

Break mnpy, get higher wages, lower prices. - no nec. wage-price spiral.



Thurs.

No class Mon.

What det's your MP?

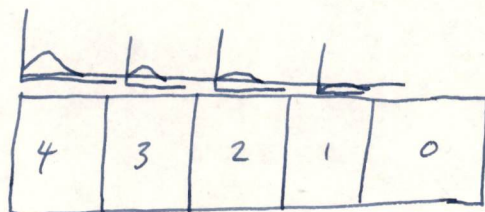
Σ MP curves is demand for labor

So over this, teach S&D (Supply, curve means as of a moment in time, i.e. w/o income effects, which require time. So has + slope)

Am't of land available.

Note MP same, all grades of land

Just started this, Th., 9. They were confused.



Draw 3 principles:

1. When wage $>$ AP, land not used. "Mgnt" land. (Shain's point.)
2. = mgnt princ. ... free mkt, best allocation
3. AP differs, place to place; MP same.

New frontiers lower rents ... lower p, higher wage. (Note fallacy of wage-price spiral)
Slavery's value, & Texas
Proclamation line.



Σ MP det's wages ... show w. several curves

Gradualism — don't say "Can't Δ wages a penny, must pass it on"
May simul lower p, Δ wage. Is nice cushion. But means less empl.
Union vs more opp.

Sem., Ch. 29. Int. & Cap.

Diff.s between i.r.

Cap-n: gives long graph



But makes line look straight

i.r. det. by S & D for cap. Demanded by bus., supplied by households (b.s.)

At lower i.r., new projects become feasible, exist'g assets become worth more

Cap. accum. $\rightarrow$ lower i.r. (ass. dim. ret. to cap. as whole, I doubt)

Reconciles liq.-pref. & earn.-asset approaches — students not responsible.

Cheap M policy $\rightarrow$ lower i.r., Δ cap. funtn.

B&C, Lect. 6.

Ass. App. III

Finish det. of productivity

What det. your productivity? Hence yr. opps. ~~It~~

Not are. -- obviously can't pay that.

But what you add (what wd I lose if you leave me) Mgnl. product.

Intro:

Wages	~~4~~	~~3~~	~~2~~	~~1~~
	4	3	2	1

The numbers refer to output per man.

Rent

Wages det. by what man produces at margin.

Will see that above is ~~a~~ too simple. No account of more intensive use --- or poor account.

But points up complementarity. Yr. product at mgnl. det. by what you have to work with — even if you don't get income from land.

M.P. ... dim ret., no. of men hired. (Relations to calculus — simple)

Note community of interest among all people — Δ opps., raise whole level of wages. Comp'n among all, mobility.

Esp. among young. ~~Seems to be certain clash between landholders & wage-earners. But really none, unless some try to~~
Potential wage earners, or salary. Even if inherit, or stand to,

wd. rather stand on own feet, w. others of yr grntr, not feel
beholden to old man, ashamed of own dependence.

— MP cap, same analysis. Hi ^{inv. opp.} ~~is~~ makes land more accessible, &
cap. no less so.

—

Sat.

Relations to calc.

Review principles: Ask class.

1. = mgnd
2. What det's wages?
3. " " inv. opp.?
4. " " rent?

Note cushion. Can simul. $-\Delta P$ & Δw .

Effect of various things - next p.

Effect of more pop - Malthus.

(Relations to calculus)
Summarize Principles:

1. = mgnl (~~AAA as violation~~)
2. What det.s wages ... S & D for labor, & demand is ΣMP curves
Community of interest
3. What det.s inv. opp? ... same thing (cheap labor doesn't help so much,
substitutes)
4. What det.s rent?

Note, is cushion, so higher wages needn't mean higher P , nor going broke.

Note, when land goes out of use.

Effect of frontier: hi wages, lo rents, social equality. Efforts to

Effect of urban development ... colossal absorptive capacity.

Effect of AAA ... take land from use

Effect of mpy: USS, U.F., ~~SP~~ ^{Preclusive buying}

Effect of urban policies, re tax-delinquent land

Close frontiers...
Proclamation Line;
Eur. reserves in Africa;
Wakefield plan in
Australia;
Opposition to atomic
power
arabs vs Jews
Wente vs C.V.P.
Villar, S.A. -- ?

Effect of more pop.? Dim. ret.s lim. by more sp.n: Div-n of labor lim. by
extent of mkt.

Specializ-n.
Div-n of labor
lim. by extent of
mkt.

B&C, Appendix,

Part III, The Pricing of Productive Factors.

(This looks like what I need on M.P., how to Δ productivity of eng-ns: & what productivity to Δ)

Demand for factors is derived.

Main interest here is in distrib-n. (No, productivity, too)

A. Influence of Scarcity on price

Abundant factors shd be cheap, to encourage use. S & D makes them so.

B. Differential factor payments

But factors differ in quality, hence are "differential factor payments".

(Cluskey approach) (Purpose is to make land seem same as anything else) (avoided, p. 651)

Some land is better than other. The better ones yield more "profit" —

total revenue minus total costs other than rent. ~~see below~~. Landlord takes this extra profit in form of extra rent. But even his worst piece yields some rent — he doesn't take this down to no-rent land. And then drops it!

C. Neg. Slope's Supply Curves

Income effect & substitution effect. If inc. effect outweighs subst-n.

So higher taxes may make people work harder

$\Delta N.T. \rightarrow$ more leisure, even tho is more expensive. (But maybe it is the inc. tax that makes people take more leisure. Who knows? They have grown together)

Some may save less at higher i.r.

D. Conclusions

2. Mgmt productivity theory

Given factor P, how much will firm hire? (But this section is supposed to explain what det's price of factors. That they never do.)

Define MP

Hire until $MP = \text{wage}$. Employer gets resid.

Is it ethical? Beclouds issue w. irrelevancies & as usual, comes to no conclusion, but casts doubt on MP distrib. I say it's just fine, as a start.

He says, but shd landholder get MP of land? --- I cd. move on off that. I, mipy withholds resources, lowers MP labor. 2 good springboards.

3. The 4-way classif-n of factors.

Land	Rent
Entrepreneurship	Profit
Cap.	Int.
Labor	Wage

Now proceeds to how ea. payment determined

4. Rent of Land

Won't have much to say. Not a big issue today.

A. Classic thry.

S & D set p of goods, this det's poorest land need to resort to. Rents of better land then det. by productivity. ~~Do, &~~ Earn differential revenues to them, over poorest. Refers back to 1, B (which has poorest land yield's rent)

B. Inelast. of land supply, & tax shifting

Vert. S curve.

Hence tax can't be shifted, some say. But B & C say land tax may keep land off mkt (they don't say how it is to be levied)

C. Land Taxes, Incentives, & Resource Allocation

Land tax may make landlords keep land wild or for hunting, rather than use.

Or, by taking income, may have inc. effect, force land into use, & that is bad too, bcs "affects" allocation.

5. The Profits of Entrepreneurship.

Sources: 1) Riskbearing ... of changes in values of cap. while held.

2) Innovation

3) Mngy (this is a factor of production? B.S. 1 & 2 are useful services, 1 is part of supply's cap. ^(b. firm's land & titles) 2 is fr. of labor & cap.)

Profit is residual to firm, after pay's other factors (vague — what if firm owns some other factors — it always does.)

Small shopkeeper may earn no 'profits' — hi o.c. of labor.
(How about large corps., hi o.c. of land?)

6. Interest on Cap.

A. Money i.r. tends to = return on real cap.

B. Is det., along w. N.I., by S & D in goods & M Mkts.

Inv. opp. affect i.r. --- mutual det. by S & D.

C. Plurality of i.r.

But they rise & fall together. (I wonder. In depression, good risks pay less, bad pay more. Banks, e.g., pay much less; but change some or more.

7. Wages.

Unions etc disrupt.

But union sets wage, employer then goes by MP

Unions may ask less, to Δ employment. Graph, p. 672, probably skip.

Wages might Δ w/o unions.

Ass.

p. 561, ⁶³ fairly good on single tax

(Students question ass. of fixed supply. And truly, what do we mean by "supply"? E.g. of labor - wdn't say it was no. of men $\times$ 24 hrs a day, no matter how much they offer selves for work. So why say land supply is fixed? Tax Δ s supply, for unused land is certainly "at rest".

Important point is: price det. by s & d; to know ~~how~~ effect of tax, figure how it will affect S & D)

How prove that rent, as residual, = MP of land? Proofs we have prove it for all the land we're using. How about a small part of it?

On distribution, he stinks. So give a clear class lecture on how all earn MP; & how can Δ MP of labor by
a, Δ cap. fmtr, b, Δ nat. resources availability

Read ahead, all of part 5: Skip Pt 4 completely.

Read appendices, too

re ch. 5 | Ask how they did on finding fallacies)
~~next p.~~ bottom, fallacy #1.

Full of fallacies - ask class what's wrong.

1. Includes income from 'prop' & from ~~state~~ 'agric.' together. Bring out ag. is labor-intensive - lower output per capita
2. p. 85, attributes aid to 'the farmer' to public's hating landlords!
 - a. Fixed factor
 - b. Crops supported
3. Almost equates 'prop inc' w. bond interest.

~~Basically, are incs from nat. res.; & from human products, capital.~~

Prop inc. may come in ~~many ways~~ ^{several} 2 genl ways
~~Non-compete~~

a. Direct inc, from own's asset directly.

1. Implicit

2. Explicit

3. Corporate stock

~~b. Stocks~~

b. Int. on loans, w/o risk (of income up & down, i.e.)

1. Loans to put indiv., secured by specific assets

~~It Corp.~~

2. Loans to corps.

~~a. Equity~~

3. Loans to gov't.

~~b. Bonds~~

'Prop.' not simple concept. Many ways of 'owning'.

E.g. stock very diff from direct title.

Land very diff from ~~the~~ cap. Cap, title goes back to producer. Land, to state. Holder has bundle of rts only. Subject to tax, em. domain.

Bible, Levites, no land, but 10% ... form of prop. ^{church of Eng.} In return

Students: apologize for ass. ch. 5 - ~~except as e.g. of how~~ But worthwhile as
exercise in observing fallacies.
~~poor a chap. can get~~ Explain, Sam-n an experimenter, ~~or~~
thrashing around tryj to be diff. for sake of being diff. Some
good comes of it, but not ch. 5.

Fallacy #1: He leaves impression that non-labor inc. has declined
bes i.r. has fallen. B. s. It has fallen little or none.
→ still c. $\frac{1}{3}$. He is confused c. i.r., cap.-n. shown in

Acem., ch. 5, p. 2

class. Illustrate w. AT&T, need higher rates to get more cap

Whom do low i.r. hurts?

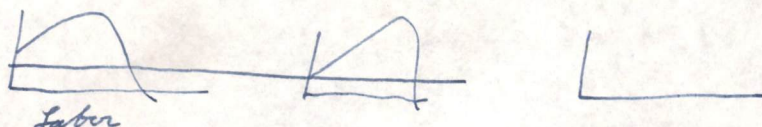
- a. New saver
- b. One whose assets depreciate, gradually, as reinvests.

Whom do they help?
Land holders.

Acem. misses this vital pt. thru out book, is one of its weak pts

Distribution Theory:

They need this:



New opps for labor & wages, not just for those who go, but those who stay behind.

What blocks off labor opps? Will give some e.g.s.

1. Unused land.

- a. Spec-n in cities
- b. Gov't reserves... muni., army
- c. Monop - preclusive buying
- d. AAA

See why you shd be so suspicious of proposals to restrict output to maintain price? Take land from use, send men packing off to earn living elsewhere.

2. Failure to create cap - esp. labor-complementing capital

Discouragements to saving & inv.

Wage tax

Bldg taxes, codes, ~~etc~~ bldg trade unions.