Economic Notes

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cf "The Brimstone Gate" margin notes
In boom, people abandon some land, move into more previously abandoned. Probly they move into what was previously withheld by spec., leave what they were forced out to. ??

Organization of article on Wages, unemployment, diminishing returns.
Imperfect, but organized so imperfections are obvious.

1. To prevent unemployment: what every economist wants to do, without socialism or army. By keeping free economy.

2. It can be done by raising wages above subsistence level, in free market, i.e. without labor unions. Because then whoever is unemployed can lower his demands and find employment at lower m.p., or at margin of production. But when wages are at subsistence this is impossible, and pressures to lower wages are met by unemployment. unions cause unemp, too.

   In this section the subsistence level of wages must be defined to mean for the lowest laborers. And no matter how high wages go, some morons will be found who can just manage to enter the labor market at that level and subsist, and who will be unemployed if wages fall. But this is not a mass problem. When great masses are unemployed, then wages are lower than we want them. Just where to draw the line is another social problem. It is the wages of a significant number of people whom society wants to leave at liberty, considers competent to continue living, that are the base line.

3. How, then, are wages determined?
   By the supply-demand relationship revealed in the law of diminishing returns. The interaction between people, as supply, and land productivity as demand, arrives at a market wage equal to a marginal productivity and margin of production arrived at in the same supply-demand relationship.

   Not the direct ratio of people to land is significant, but of people to productivity; and productivity varies with the number of people, (among other things). But in general the productivity that accompanies increased pop. does not make up for the pop.-- that is why wages are so dangerously low.

   A. Supply. — At this point, analyze the "2 market" confusions, as in supplement.

   As people increase, productivity will increase. At any one time, for any one small piece of land, returns are diminishing. But for an economic unit as a whole, increased pop. tends to increase productivity enough to offset the lowered natural opportunities that must be resorted to. Hence the outlook for one piece of land cannot be extrapolated to the whole econ. unit. But even so, the margin stays low enough so unemployment is possible.

   Some say that an increase of labor, or supply, will completely offset itself by increasing the demand for labor products. This is the "spiral" confusion, which is important enough to require discussion two or three times, in two or three different separate outlines, each approaching from different angles. See supplements.

   Conclusion: supply is very roughly pictured as the number of laborers, but this picture must be refined by considering the effects of numbers of laborers on productivity, and by considering the effects of numbers of laborers on demand for labor products. But both of these effects suffers from "leakage", so wages go down. (We consider the effect of supply on demand as significant to a discussion of supply here, because we are thinking of the effects on wages of changes in supply)

   B. Demand.

   It comes from all land whose marginal profitability subjective equals or exceeds current wages. That is all land above the intensive and extensive margins of production, or at them.

   The extensive margin is that land to be had virtually free of rent. It is an ever-available demand for labor, and wages cannot fall below it.

By wages here is meant the net return to the laborer on that land, which is decreased by taxes on production, monopolies in other products, etc.

The intensive margin, which the fluidity of labor makes equal to the extensive margin and to wages, is the lower limit of the other demand for labor in a free economy. This has often been called "marginal product" by economists, and said to determine wages. Actually it is determined by the same supply and demand forces that determine wages. And, most important, it is not the product marginal in simple terms, but the net profitability to the landowner of employing another laborer that is the marginal demand. --likewise for the entire demand of course. Productivity is one important source of this demand, but only as it affects profitability. Social rules also affect profitability, and thereby the demand for labor. First, the landowner must consider the possibility of an increment in his land value and, when he rents it to producers on long terms he takes that into consideration and the productivity of labor after that is taken into account is his marginal profit from the laborer, hence determines his demand for labor. Second, taxes on production decrease the profitability of producing, lessen the demand for labor. Income taxes lessen the profitability of profit, etc. It is this marginal profitability that will be equal to on all land, and equal to wages. Otherwise, how explain land that is idle and partly used only? (– because it is held for rise, & cannot be used without permanent improvements

A third source of demand is seen by many in the wages of labor. – purch. power This is the circular spiral confusion again, and should be tackled here as well as under supply. See supplement.

Conclusion: demand is from marginal land, and from positions on supermarginal land when subjective profitability to landowner exceeds wages. The circular reasoning that demand comes from supply is fruitless.

4. How, then, can wages be raised?

A. By restricting supply.

This might do it, altho it might just fool us and lower productivity even more than it increased natural opportunities available.

Again, the circular reasoning might confuse us: it says that the decrease of demand for labor products will just balance the decreased supply of labor. But of course the decrease in absolute numbers will make the entire circular process occur on less land, with more free land available, and higher m.p.

But this is impracticable and undesirable. We don't want to kill ourselves; we want to make nature adjust to us.

B. By increasing demand

This can be done by raising the margin of production, and subjective profitability.

Subjective profitability can be raised by increasing productivity. But experience shows that this is not enough. Always enough laborers fill in the newly available land and push wages down again. (Also, productivity operates to decrease the demand for labor, if high wages make the demand in that direction)

Subjective profitability can be raised by decreasing taxes on producers, making the incentive to use land intensively.

It can also be increased by making it impossible to secure an increment from speculating in land. This increment, it was shown, must be discounted by landowners when they allow land to be committed for long enough to produce. (However, perhaps I should differentiate this from the other by speaking of area, for this does not discourage the full use of land, once it is in use. It just encourages complete idleness, or non-committal uses. Well, it's alright here)

(All this means subjective profitability in production, net)

Carrying this still further, it would force still more intensive land use to not only make increments impossible, but to make it inevitable that it would cost money to hold land idle.

~~The margin of production can~~

As land now idle was forced into full use, wages would rise and some land which now employs too many laborers because ~~it's~~ wages are so low would discharge some, which would slightly damp the movement.--that is, from such land would come the supply to meet the new demand.

The margin of production is the other source of demand, should be raised. As ~~it equals~~ net subjective profitability in production on the margin equals marginal ditto elsewhere, the same things that raise one will raise the other. Removing taxes on production and forcing idle land into use will do it, too.

The circular theory suggests that to increase demand, one has but to increase the wages of supply. The usual objections hold. (Note that in this outline I'm discussing the circular theory in four different spots. That is, I find it so pernicious that I want to hit it four different times. 5, in fact. Now by putting it in the four different places the ease of comprehensibility of the rest of the material is lessened. Unless this serves to elucidate the other material, it should not be introduced all these extra four times. It does perform a valuable function in elucidation. Keynesian minds are apt to wander off on the circular confusion in each place where it is interposed. ~~To~~ To show the error of so doing each time not only strengthens the refutation of circularism, but increases the assurance that the method I am using is valid. However, whether to do it or not depends on the audience for which writing. If for a simple audience, do not; if for sophisticated, do.) This is the better way to increase wages, by following the advance of human culture by using land more intensively, making nature adjust to us.

5. To raise wages ~~2~~ by increasing demand is a matter of using land most intensively.

2 acts will do it: stop taxing production, to raise profitability by increasing rewards for producing; and start taxing land, to make it unprofitable to hold land idle, thus preventing that subtraction from profitability net in production.

This will, by increasing demand, raise marginal productivity, margin of production, and wages. (also prevent labor saving devices from letting land owners dispense with labor.

Then, if something should tend to lower wages, the reaction will not be unemployment, but just lower wages.

Supplement on confusions arising in exchange economy

1. No exchange, clear what det. wages

2. A) With " , no change, for factors just put products on a big market & trade. etc.

B) The process of wage determination with xchange shows how xchange has no effect, tho it is worked thru. An increment of labor increases product. This product goes on the market, but not to decrease values of products (or even money prices) (even if they gave stuff free to the market, no change in real values - figure on that), for they demand in exchange the equivalent of their products. Hence they do not affect what can be had in exchange for products. Their effect is (to increase the labor which marginal labor must do to produce the product, or) decrease what the same marginal labor can produce, hence lowering wages. Thus they have no effect on market, but only on bargaining power of labor relative to land, just as tho no exchange were involved. (& perhaps an effect on money prices)

see bottom

3. Above is the complete picture. Thought is plagued by half-truths that see part of picture. The most common:

A) Increment of labor increases product, lowers its value.

1) This is inconceivable. It is considering all products as tho they were one. The value of all products in terms of all products has no meaning. Thought must be in terms of the distribution among factors. & market does not affect them.

2) Even if it were, it would not happen, because they demand the same products they put on market,

B) following (A 2): demand of incremental labor keeps product prices up, this keeps wages up, so increments have no effect.

1) This fails to distinguish product market from labor market, assumes that demand for product is 1/1 demand for labor.

2) Because demand for products is the same, demand for labor is not increased to meet the increased supply of labor. But demand for land is increased.

End of showing market has no effect.

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2 B Important: When a product goes on the market it only competes with identical products; it raises the value of all others. Confused thought pictures the entire market as like the market for one product, so more production lowers value. But for all products increased production can only lower value in terms of wages, rent & interest & money, hence increasing the rewards of factors. / It is as tho the increments were not in the market at all, traded just with each other. / The idea that they demand their own products in (over)

exchange need not be related to their wages & rent, that is irrelevant complication. It is just that the product which goes on the market ~~goes~~ does not affect profitability of producing by changing values, for all products are increased simultaneously. Any increment of products increases demand & supply equally.

(Money adds complication that demand & supply are separated. But if one doesn't demand he gives to others by raising value of their money.



A Increase one product, lower its price

B Increase all products price unaffected.



They increment demands what it produces (outer circle) but even if it did not, ratios of product values would be unaffected. (Important thing is ratio of wage to rent

Might have a further supplement on confusions arising from use of money, or bisecting exchanges, in exchange economy.

1. While no exchange occurs, the land-labor relation is patent

2. When " ", a "product market" is born, different from labor market — i.e., a different s&d determining prices of different articles. (The 2 markets have some ~~feat~~ factors in common, but not all, & the differences are not to be ignored)

It really doesn't change wage determination, but modern thought ~~terms~~ things in the market else is ~~obscure~~ the true picture.

for difference between value of product & wages is all the difference in dist. of wealth.

3. ~~Confusedly identifying as one the 2 markets leads~~ contributes ? to (2) fallacies:

a) That an increment of labor must ~~not~~ produce for the market that preceded it, thereby lowering wages. That the product market is unaffected by this demand, & is the sole determinant of wages. But neither is true. This is really saying that all products will exchange for less, obviously impossible.

b) That increment — will ~~demand all~~ increase demand as much as supply, have no net effect on wages. But it does this only in product market, not in labor market.

4. The true picture then is that increments of labor increase the volume of the product market, but do not assign ~~the~~ affect general ratios of exchange. The product market is not ~~involved in the~~ a determinant. (But the picture can be expressed in product market terms to a small extent) But as marginal laborer now produces less, he will be paid less for labor

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1. No exchange, all clear. just what the s-d of labor market is. We should very briefly assume that free exchange does not alter this; but modern confusions make it advisable to do more. discuss it.

2. Exchange adds simple complication. In addition to s&d for labor A now is also the product market. But if the 2 are kept separate, no trouble.

The possible confusion is seeing the demand for products as identical with the demand for labor.

But the proximate demand for labor is from land positions above margin, demand for products only significant as it affects that.

(following this approach, go on to show that exchange does not alter the land-labor relation, it may be ignored) (Then, after showing true picture, analyze fallacies)

Product market is simply exchange of products. (A "change in prices" means nothing, except as it changes a ratio of exchange of something real)

A product going on the market (without recompense) has more tendency to increase other values by exchanging for them than to decrease them by competing with them. If it is recompensed, it reverses both the preceding & has no net effect.

3B ⇒ (Modern analysis has even gone so far astray that it ignores the real s-d relation completely & thinks solely in product market terms, of spiral accelerations. But I'm not going to directly refute. I'll stick to my analysis)

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1. The relation is clear with no exchange.

2. Exchange does not alter it. Just because ~~people~~ the factors trade their products instead of consuming them personally changes nothing.

~~End of syllogism~~, simple.

2. ~~3.~~ Since ~~today~~ we think in market terms, it is wise to make the analysis in such ~~terms~~, too.

4. The ~~demand for~~ opportunity for labor is still the land above mp, but now the product's value is considered as what it will bring in exchange, rather than how much the producers want it. This means a slightly different idea of land productivity, or demand: what the product will bring. (The fluidity of labor means this is no different from what it ~~will~~ is bring anyway.)

2B → The factors ~~Labor~~ produces now for the market & get their product's equivalent in exchange. This does not affect, of itself, the relations between the factors.

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3. Wrong analysis has ~~not~~ been confused by exchange into missing the above.

A.) A wrong view pictures labor as bargaining for wages vs. the demand of a fixed product market. It says that increments of labor will increase the numbers ~~working~~ competing ~~for a fixed~~ to meet a fixed demand for labor product, hence lowers wages.

If someone says the increments increase profitability of producing, ask 3B why? By increasing demand. But they demand no more than they themselves produce. They do not therefore raise prices in the produce market. They might just as well be considered an entirely different economic unit, independent of the general market.

They do not therefore increase profitability by raising prices, and therefore do not increase what can be paid to themselves.

However, their increase in the supply of labor is not totally uncompensated. They increase the demand for labor to just the extent that they increase the supply of it. No: they increase the supply and 3B → demand of products equally, but it is not correct that this is the s-d that determines wages. ~~This~~ That s-d is the one whose demand is all positions above marginal profitability equals wages. The supply of new labor does not affect marginal profitability, but it does increase the number of laborers. Hence wages fall, and a lower m.p. is resorted to. This does not affect the profitability curve, but is just resorting to a lower point on it.

We are finding the mean of truth between two wrong extremes. If we considered an increment of labor as having to produce for the same market that existed before, then "prices" (money) in the product market would fall, ~~marginal profitability curve would fall~~, and the increment would increase the supply of labor ~~yet~~ at the same time it decreased the demand for laborer(and the new laborers would get nothing for their work) ; To correct this, we realize that the new laborers are not working for nothing, that they are not just "throwing their produce onto the market", that exchange is bilateral, that they are getting as well as giving, that their purchasing power is the goods which they put on the market: that they are not decreasing the demand for ~~labor~~ products. They do not affect that demand one way or the other. They increase the supply of labor without affecting demand. The other wrong extreme is the view which considers the product market the same as the labor market: which says that just because the product market is not affected, neither is the labor market; that the fact 3B → that prices have not changed means that wages cannot go down; that says wages are determined by demand alone; that says the increased demand for products resulting from the new laborers will keep their wages as high as before, despite the fact that they must produce on 3B → less productive land; which views economics as a circular dilemma in which all changes react upon themselves in perpetual motion, with no compensation's being brought forth; that does not realize that the demand for labor expressed in the demand for products is filtered thru profitability before it reaches labor, so that the demand for labor is not the demand for products, but for positions in which productivity is greater than wages.

- but all other values remain =, if marg. increments were proportional

Good ↑ But needs organizing

The only way they can demand is by supplying; they can conceivably supply without demanding, raising real wages of all others.

Note. "M" means the numbers refer to Main organization, rather than supplement.

Supplementary thoughts on article on Wages, unemployment, and diminishing returns.

Spiral theory is a false picture of the supply-demand relationship that really exists.

3B → It pictures a force with no balance, that, once started, calls forth not checks, but reinforcements. Perpetual motion. If such existed, it would certainly have run away with this by this time.

But it requires an outside force to start it--independent changes in demand for labor.

Having shown how this spiral theory, in some of its refinements, ends up by depending on marginal productivity, a concept outside itself, then return and show how a simple approach does the same thing without requiring going thru the spiral gyrations each time, save trouble.

1 → How shall we start speaking of landowners where they would like us to be speaking of entrepreneurs?

4B M Productivity can be increased not only by inventions of the right kind, but also by destroying the organizations of unprivileged to secure privilege by restricting production.

4B M Productive improvements may have significantly different effects. They may raise the marginal land's value more, or the high rent land. They may increase the demand for labor or decrease it.

2B If the supply curve for labor were drawn on the assumption that the # of laborers would affect the demand for labor, it would be almost flat.

3B M We are forced to think of profitability instead of productivity because, among other reasons, marginal productivity is obviously not equal on various land, as theory demands it be. But subjective marginal profitability doubtless is, roughly.

Prices rise until they have called forth the necessary marginal producer to meet them. This is an aspect of rent peeking thru the spiral approach. The marginal producer called forth is the very one whose previous position was made untenable by rising prices.

2B Prices rising are not just wages going down, however. They are just inflation. --everything going down, except the rent of the land on which prices are rising. But if all prices are rising, no particular effect.

When wages rise, at once the number of laborers hired decreases, production decreases--these must be taken into account in spiral theorys. But perhaps more land will be used somewhere in this process, ~~wages~~ production increase.

2B When demand increases the price of products, the reaction is to bring both more labor and more land into use, increasing the price of each. One effect is to increase the marginal profitability of labor; and to bring formerly submarginal land into use, using new labor, until wages in that field equal the general level, and rents in that field have increased, and the price is driven down some, but not to its original level.

2B The higher prices are not just lower real wages, but also lower real rent and interest in other fields. So the analysis of one productive field tells the whole story.

If the supply of labor is such that, after the increase in demand, wages decline to their previous level after a while, the increased product ~~price~~ is entirely a rent increase. This can be accomplished only by

2B hiring so many laborers that the marginal profitability is the same as before. Then the laborer will do the same work as before, but produce less, and sell it for a higher price. The increase is rent.

But his wages mustn't go quite as low as originally to make them the same, as he must now pay more for what he produces himself.

Since labor is reproduceable, and land is not, the tendency is for the

2B rent to rise most.

Interesting but irrelevant. Concerns market value as cause & effect of wages, et

Just because labor's m.p. in product terms is now smaller, it does not follow that labor's wages are also smaller in product terms. That is, this is not true of the individual example, tho is probably is true, and importantly so, of all labor. But as to the individual laborer, the value of his m.p., not its absolute magnitude, determines his wages. And if he gets more by producing less, his wages still are the same.

However the fact that his product is now more expensive, due to an increased rent, lessens the real value of products from other fields, including rent. But if, simultaneously, the same sort of thing is occurring in the other fields, then the ratio of rent to wages has risen everywhere, expressed in prices which rise faster than wages in general. When, in all fields, the increased demand has caused labor to get the same price for producing less but working the same, then labor's wages will not buy as much. The value of the marginal product of labor is labor's wages, but increasing pop/prod ratio tends to make that wage buy less and less.

Need real rent have risen?

Is real product the determinant of wages?

The lowered wages need not mean an increased rent, for product is less, per capita. But that is irrelevant. On land originally marginal, rent must now be paid. On land originally supermarginal, laborers will produce the same amount for smaller real wages. Rent will have risen, real rent. The labor will perhaps get the same money wage, and money rent will purchase less than before per dollar, but the rent increase will outrun the price increase--it must.

Note here: we've said that taxes on production decrease rent, and so in a sense do no harm, merely replace one robber with another. But in so doing they prevent the employment of many people on that land, thus lowering wages.

Considering the ratio of one product value to another, real product is not the determinant of real wages. But considering the ratio of all product values to all wage values, it is. That is, an individual productive field that is too small to affect the general price level might have its land intensively exploited, and the real product marginal halved, ~~but~~ in response to increased demand, but the real wages of labor would not decline because their product would exchange for the same amount of other products as before. But this is only a particular demand. A general demand has different cause, and different effect. If this field were the only one, were all production, increased demand would not be from a market whim, but from more people; and labor's marginal product declining would not exchange for more of other goods, as these are all goods, and their prices are all rising together. In general, then, real marginal product equals real wages. Particular "real marginal products" have little individual significance, as their ratio changes for causes irrelevant to the big wage picture: shifts in the ratio of value of one product to another.

When wages rise, the increased demand that made them rise will increase the total production and ability to purchase products; the rise itself will lessen the demand for labor and possibly lower the total amount that is paid in wages. But that is irrelevant in determining the price of products. It doesn't matter if the money goes for rent or wages, but just if it goes, and it goes when production occurs. Production creates both supply and demand for products; no explanation of price changes can be based on that alone.

Increases in number of people does not increase what you can get in exchange for a product; but it decreases the price that labor can get, and thereby increases rent.

Why, then, is the process of lowering wages accomplished by higher prices? Because of the psychological resistance of laborers to wage cuts, for one thing. To inflation, even more. Besides, higher prices do not mean lower wages/rent ratio, just lower everything. Higher prices are just inflation, from monetary causes. Still, they might arise from rising rents.

Still, if money rents increased while money wages stood still, that would be both inflationary and increasing rent. That is perhaps what happens. But no pressure raises prices. Or is there a pressure? We say the increased pop. demands what it produces, true. But it doesn't itself demand all of it; only the last marginal increment does that. The others give a bit of their product to the landlord. The increase that both laborers and landlords get in purchasing power just equals the increased product. And what of land above the previous margin? It now gets more rent, lower wages, and produces more. Does it perhaps create more new purchasing power than new product? No--the increased rent is from decreased wages. But it is also from more intensive use, tho in a sense the more intensive use is already considered previously. But that part of the marginal land which is added by increasing the intensity of use of old used land---that is, that part of the rent which is because more laborers are now used---that, too, is increased purchasing power resulting from increased production, hence not inflationary. Land can, indeed, only command more rent for two reasons: it produces more, or other factors get less. The land's rent comes from the products it sells, no other source.

So without government pump-priming, productivity would be continually lowering ~~prices~~ production costs, thereby producing two effects: increasing production, and rent--the two being incompatible, and as one happens the other does not. And wages would be driven down continually as productivity faile d to keep pace with supply of labor.-if it did. But when a general concert of unions prevents wages going down, production slacks off until prices rise, to give rent the share which the realities of production entitle it to.

Thought on this subject today does not realize that changes in price operate thru the marginal producers, and products. It reasons that increased wages mean increased prices because of increased costs. That is false. The increased costs come out of rent. The increased price is because the supply is less, because marginal producers have ceased to produce. The displaced laborers cease to produce, and also to demand, no total effect. The increased wages of those left mean decreased rent, so the total purchasing power from this source is unchanged.

With this exception, that rent incomes are commonly those of the richer, are spent more for surpluses than consumer goods, sometimes are spent for land titles. Which is another story.

In order to be successful, new products must produce more value from the same land than old. Hence every new product increases the value that can be produced from given land, as well as the value of the products of other land which may now get the new products in exchange. In this sense,

increased productivity increases wages. --it increases the value of labor's marginal product. But those productive improvements which produce the same thing with less labor, tho they also make the same labor produce more value, sharply lessen the demand for labor. By so doing they make labor available to produce other things at lower wages. The labor displacing devices will do strange things to marginal product: it will be very high for laborers up to a certain point, then decline swiftly. The marginal product of the laborers used before the displacement would be almost zero, as all the necessary work would be done by previous increments. Labor would leave that work until m.p. and wages there equalled those elsewhere. Average product would have greatly increased, in product terms, and if supply was increased at all, price would decrease. This would increase real rent and wages in all other lines, the increase in real wages making it possible to absorb the displaced workers with no lowering of real wages.--but the increase and the decreasing forces need not be equal, so real wages might be lowered, or they might be raised, depending on whether the displacing device served more to increase supply by bringing new land into use, or just increase rent on supermarginal land.

The nature of new inventions will tend to satisfy the demand. If wages are high, those which displace labor will be used more. Also those that create new desires will be more used if wages are high, for then it is particularly desirous to be able to raise rent by using land more intensively, and also usually this means a wider distribution of purchasing power, tho not necessarily.

Those inventions which simply displace labor tend to have a total effect of zero, if the marginal land they bring into use compensates for the displaced labor by 1, employing a small part of it and, 2, lowering prices, raising real wages in other occupations. Those which create new desires cause land to be used more intensively, that is produce more value from the same area, probably using more labor, increasing thus the price of both land and labor, the increase coming from new production.

Considering speculative rent in this connection is a good take-off for business cycle study. Is it speculative rent? Or does speculating in land values take land out of use, legitimately increasing the rent of the rest of it? Or is it that the boom psychology raises the rents and that would do no harm is they would decrease at the appropriate time???

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1. If we consider dim returns situation with no ~~rent~~ exchange, it is clear
2. With exchange, & money adds more (the 1000 fallacies of econ. analysis plagues.) it appears to some that additional laborers increase demand for labor by equal amount, hence no more dim. returns
3. True, they ~~create~~ do create demand for their own products.

3B — But this simply keeps the probability curve constant. M.P. has still declined, & wages.

Demand ~~did decrease~~ for labor did not increase to meet supply, as

3B — demand for products rose to meet that supply.

1. ~~What determines~~ S-D relation determines wages, as dim. forms illustrates.

a. Supply. – people – they are also a demand, which brings spiral confusion, which clears up here.

b. Demand – subjective profitability margin.

The only general increased demand is from increased productivity. Then all products exchange – – – ? No matter

The below is imperfect. The analysis that differentiates product & labor markets is good. It clears up everything.

2. How to raise wages

a) Restrict supply

b) Increase demand.

Circular

One additional laborer: he increases supply, lowers all wages an iota. He is paid his marginal product. With his pay he buys his marginal product. Therefore incremental laborers do not reduce wages by changing the bargaining power of labor with respect to demand for labor products, but by changing the position with respect to land. Incremental laborers demand their own products back. As far as this circular reasoning goes, they have no effect whatsoever (assuming they spend all they get, and do not borrow. Even if they belie this assumption, they have thereby effects not significant as marginal labor, but as borrowers and lenders, no different from other ones. That is another line of reasoning entirely). They simply consume their own product. They neitherincrease the demand more than the supply, nor vice versa. If this spiral effect were all that was to be considered, incremental laborers would have no effect. They fit into the big market picture by first raising the supply of labor and therefore lowering wages, then increasing the demand for labor products and thereby raising wages. The catch is that a demand for labor products is a demand for both land and labor. So they don't increase demand as much as supply. 2 This is a second ~~way of looking at it: the~~ Points said whole picture. The first, 1 that they simply consume their own product, is another. A third is 3 that their increased demand increases profitability and hence their wages; but if it increased their wages to the previous level, then it would mean that consumers were paying ~~more~~ the same for less product, and if it didn't raise them to that level then wages have declined. So in either event wages have declined, and the measure of the declination is marginal product, which obviously is lower with more people, assuming truly diminishing returns.

Earlier

This analysis useful in discussing credit expansion. Maybe

In a given situation, the present marginal profitability is assuming increasing product without increasing demand. However, if product

were increased, that would mean more laborers at work, and more demand. Marginal producers always can be assumed to consume their own product. Hence, for society as a whole, the marginal productivity is the potential profitability. That is, if hordes of new laborers came in, they would not just bid against present laborers to sate the present demand. They would themselves demand all the products they produced. But they would lower marginal productivity, and thereby the important marginal profitability.

Whatever increases profitability of production without increasing productivity means more return for less product. This might be split between land and labor, not all go to land. That is, what increases the exchange value of the ~~same~~ land's products, ~~(reduces non-labor costs)~~.

Circular Theory is a confused picture of real s-d relation. It slips in & pretends to explain.

? I Will a) Meet it on its own grounds

b) ~~develop~~ Justify a terminology which awards it completely

A process occurs - exchange - which has been mistaken as an original element in the supply-demand relation that determines wages.

? Only as it affects productivity (profitability) is exchange relevant

But when we consider wages as det by supply & d, we must consider this as part of the picture. (All we can say of its triviality is that in general demand & supply from this source cancel. (Bull.)

The key question: if increments of labor did not increase general productivity, would they ~~increase profitability~~ tend to increase wages by increasing profitability of producing, or would that increased profitability all go to increase rent? Their demand cannot possibly be greater than what they produce, so they cannot increase prices; that is, they cannot increase the demand for labor more than they increase the supply of labor. They increase the supply of labor, and the demand for land and labor--if your going to use the supply and demand view, that is the reasoning. (Why do these people increase the profitability of producing? By their demand. But what is their demand but a supply of their products? Hence no net effect?) But if, in a s-d view, we separate the demand and supply angles---viewing their contribution to supply as one action, and their demand as another---then that is part of a different syllogism which must be gone thru. Then they may be considered as increasing demand.

~~to~~ prices would not rise

✓ x using s-d now, say they do not affect price, up or down, they do ~~increase~~ wages not affect demand for labor by affecting profitability. Therefore that influence on demand may be ignored & only the labor - opportunity rate considered

The increments put their goods on the market, and take off their equivalent. No net effect. The produce market may be considered to have no effect thereby on the labor market. But as they are producing from land whose return is not enough to afford them wages the equal of those current, they bid down the wages of current labor. This will not affect the market except as rent is hoarded, etc. They will have no effect on the produce market. They will produce goods, and demand them in exchange, just as tho they worked on better land. The significant difference will be that they will have to do more work to produce those goods, and the fluidity of labor will make every one's wages decline accordingly.

Socialists assert that land values are so small relative to other values they cannot be significant. This sheet commences a search for statistical evidence of the relative magnitudes of values (& annuities) of land vs other items of value.

Consider, in this regard: 1) Removing taxes from other things would act to increase land value. Taxes on production are very high, so a person's or corporation's net income after taxes is small, tho they deal in very large sums. Comparing the sums they deal with to the value of land they use, the latter will appear small: but the taxes operate to reduce its value & increase not the value of products. (by increasing cost of production) Taxes might be considered part of the rent. But in this inquiry I only ask what are the relative values given present situation.

→ 2) The value of products is rent in large part &

3) That part of product value which is "interest" --- ?

4) Labor unions & other landless monopolies should be figured out also, some other time.

5) The figures must be correlated so that one group gives a basis of comparison. Possibilities: 1) Census of all values at one time, excluding those which include each other. But labor's value must be computed by the products it is in, as labor is not bought & sold.

Ratio of lot to improvement varies greatly with age of imp. New building, $\frac{10}{3}$ · slums in city center, ?. Ratio must change to almost 0 on land where improvements are about to be destroyed.

5 In any one year the product of the year is distributed into the following (useful, arbitrary) categories: rent, wages, interest, & special monopolies associated with each item. My task is to discover how much of a years produce goes to each category. Interest might arbitrarily be assigned as wages or rent depending on the source of the surplus being loaned, but that is difficult & unnecessary. We may assume it is mostly rent, originally, because the bulk of wages must be spent for subsistence, of rent not.

Men	Products	Nature
Wages	"Rentals" prices " interest	Rent
~~Rentes~~		
(monopoly returns)	(monopa returns)	(monopa returns)

We can measure a man's annuity price, or wages, but not his price. ∴ the comparison must be rent vs wages

But we are also interested in the products of past years. (Products produced currently will go thru many xactions, involving a change of credits = many times the product value. Surplutes are used to guarantee the xactions) But we will be content to know disposition of current production.

In any one year

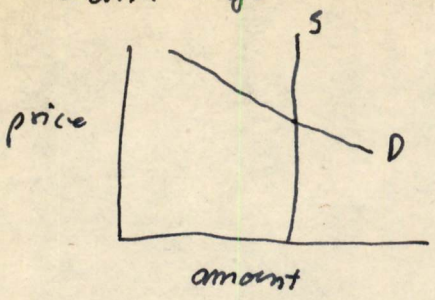
While double counting must be avoided, it would be wise to accumulate duplicating figures in different sets, to check against each other. e.g., the value of industrial property & of stocks & equity must be associated.
& inventions, etc.

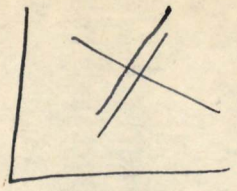
The total national product should also be known, to see if sum of parts = whole.

The ratio of land values to product values is not significant in this research. The "price" of ~~use~~ perishable products is comparable to the rent of land for such a period as the perishable will last

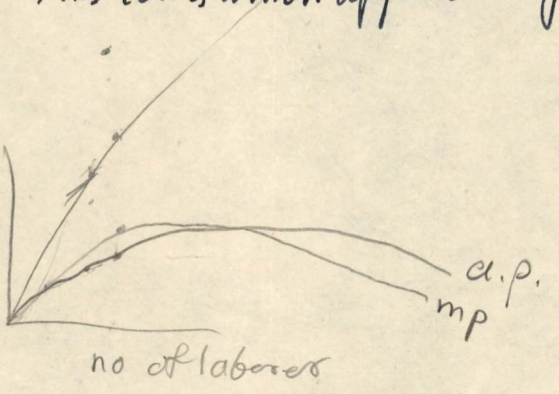
Land values must not be expected to have a size comparable to their importance; their very importance keeps them small, for they rise & destroy the very things that create them. Watch producers do not put themselves out to produce much more than they are going to get anyway. This shows up in a number of ways.

Land in general





Tax does not reduce supply. How express that it reduces net rent?
Not expressible on this curve, which applies to gross rent.



F 29 Bogart

ABOUT L855 SLAVERY WAS BECOMING UNPROFITABLE, THEY SAY, BECAUSE THE SOUTHERN FRONTIER WAS CLOSING AND SO WHITE LABOR WAS APPLYING FOR JOBS. AT THE SAME TIME THE PRICE OF A SLAVE WAS INCREASING NOTABLY, GOING UP TO 1400$. NOW HOW COULD THIS BE?

AS SOON AS IMPORTATION OF SLAVES WAS FORBIDDEN THEIR OWNERSHIP BECAME A PARTIAL MONOPOLY. I DARESAY SLAVE BREEDING WAS A MOST PROFITABLE BUSINESS, SO THE SUPPLY WAS NOT ABSOLUTELY INELASTIC, LIKE LAND. STILL SLAVES

DID IN SOME DEGREE BECOME A RESERVOIR OF VALUE LIKE LAND, AND THE INCREASE OF VALUE WAS ALL UNEARNED, BEING DUE TO A CHANGE IN GOV'T POLICY CREATING A LIMITED SUPPLY. CREDITS GIVEN FOR SLAVES DO NOT CALL FORTH PRODUCTION, JUST AS THOSE GIVEN FOR LAND.----EXCEPT FOR THE LABOR CALLED FORTH TO CARE FOR THE SLAVES. ANY "PARASITIC " VALUE HAS THIS CHARACTERISTIC, THAT WHEN IT CHANGES HANDS NO DEMAND FOR PRODUCTION HAS BEEN SATISFIED. NOW WHEN MUCH CREDITS ARE USED THIS WAY, LITTLE ARE LEFT OVER TO CALL FORTH PRODUCTION. THIS IS TRUE WHETHER CREDITS ARE CONCENTRATED BY A FEW, OR SPREAD OVER MANY. BUT WHEN THEY ARE CONCENTRATED THEN THE TENDENCY TO SPEND THEM FOR PARASITICS IS GREATER, SINCE THERE IS NO NEED FOR THE OWNERS TO CALL FORTH FURTHER PRODUCTION, AND ALSO BECAUSE WHATEVER CAUSED THE INEQUALITY WAS PROBABLY SOME PARASITIC IN WHICH IT IS EASY TO REINVEST THE PROCEEDS. IF THERE WERE NO PARASITIC VALUES INEQUALITY WOULD NOT CAUSE THE OVERSAVING PROBLEMS OF TODAY, FOR THERE WOULD BE ONLY TWO THINGS TO DO WITH MONEY: SPEND IT FOR PRODUCTION, OR STERILIZE IT, BURN IT. THE FORMER WOULD"PUT PEOPLE TO WORK", ALLOW THEM TO GAIN CREDITS WITH WHICH TO BUY YOUR COLOSSAL PRODUCTIONS(WHICH MUST BE COLOSSAL IN VALUE OR YOU WOULD NOT HAVE GOTTEN SO MUCH MONEY). THE LATTER WOULD LOWER PRICES, WHICH AMOUNTS TO GIVING EVERYONE A PORTION OF YOUR CREDITS. IF THERE WERE NO PARASTICS, INEQUALITY COULD ONLY MEAN THAT THE RICH ONE WAS EQUIVALENT TO A LARGE GROUP OF POOR ONES: HE WOULD PRODUCE A LOT, AND SPEND IT ALL. INVESTMENT IS SPENDING, UNLESS THE INVESTMENT IS IN PARASITICS.

SO THE SLAVES OF THE WOUTH ACTED LIKE LAND VALUES. THE SOUTHERNERS SOLD THEIR COTTON AND INVESTED THE PROCEEDS IN PARASITICS: SLAVES AND LAND. THIS WAS A GIFT TO OTHERS, BY LOWERING WORLD PRICES FOR GOODS, BUT KEPT RASING THE PRICE OF SOUTHERN LAND AND SLAVES, THEREBY COTTON, THEREBY DRIVING OUT OF BUSINESS ALL BUT THE RICHEST.

INVESTING IN PARASITICS IS JUST THE SAME AS BURNING THE MONEY, AS FAR AS THE OVERSAYING VIEWPOINT IS CONCERNED, EXCEPT: IT RAISES THE DEMAND FOR PARASITICS AND THEREFORE THEIR VALUES AND THEREFORE THE VALUES OF WHAT IS RAISED ON THEM

Over

very important

POINTS OF INTEREST

IN OMAHA

Because of the war, many of Omaha's "show places" are now closed to visitors. Omaha's four radio stations, for example, cannot entertain visiting groups because of a War Department ruling. Many of the manufacturing plants, which have always welcomed sightseers, now have war contracts and are closed to the public.

However, Omaha can still offer a wealth of recreational, scenic and educational attractions. The following points of interest are suggested:

Within walking distance of downtown Omaha:

Joslyn Memorial, 22nd and Dodge Streets.
The marble halls of Omaha's beautiful Joslyn Memorial house a fine permanent collection of paintings and curios, as well as distinguished loan exhibits from America's leading art galleries. The Memorial offers free lecture and concert programs every Sunday. Hours: 10 a.m. to 5 p.m. daily, week-days; 2-9 p.m. Sundays. Conducted tour: 2 p.m. daily.

Union Pacific Historical Museum, located in Union Pacific Headquarters Bldg., 15th and Dodge Streets.
In the Museum, authentic relics of the past tell the story of the settling of the West. One of the most complete exhibits of its kind in this part of the country. Hours: 9-12 a.m., 1-5 p.m. (except Sunday).

Fire Department Headquarters, 19th and Harney Streets.
Here visitors can inspect Omaha's up-to-date fire-fighting equipment. Prefer to take visitors after 12:30 noon, but will take them in the morning before 11:30, if necessary.

Omaha Chamber of Commerce, W. O. W. Bldg., 14th and Farnam Sts.
From the 17th and 18th floors of the city's tallest building visitors can view the panorama of Omaha. A trained staff is on duty at the Chamber to provide literature, maps, and information and help plan sight-seeing tours.

Within limits of a 15 to 45-minute ride by street car or bus or automobile:

Boys Town, 11 miles west of Omaha on West Dodge Street.
Father Flanagan's famous home for boys is a thriving, self-governing community with its own farm and workshops, school, chapel and post office. It has been the subject of two motion pictures--"Boys Town" and "The City of Little Men". Guide on duty from 8 to 11 a.m., and 12-4 p.m. daily. Interstate and Burlington buses take guests from 16th and Jackson to Boys Town and back for $.65.

3) "Interest" on a loan, which the borrower uses to subsist. Payment can only come from increased industry or luck or other income by the borrower. Often, in our ½ free market, payment is in political favor.

4) — ?

Now the man who owns wealth & lends it to people. He has a surplus, & is the same as a man who lends money to people which they use to directly satisfy desires, rather than use as capital.

Jack Xian insisted this wealth was the man's "capital." Not by our definition. It is his surplus, which he has chosen to be wealth, not capital. His reward, that for loan of a surplus might well be called "interest". That would be a better definition of "interest" - return for use of a surplus ~~cap or wealth~~ MP

$MP_C \equiv$ Man's Products $\equiv$ "wealth in the larger sense".

MP~~D~~ ~~SHD~~ = "~~—~~ conserved directly " " " " smaller " "

MP ~~HTPMP~~ = "capital"

AL aiding labor

Capital is always a surplus MP, but surplus MP (surplus to an individual) is not necessarily capital. [The baker sells his "surplus" bread — that is not surplus in some sense. ~~Baker~~ Surplus bread is not, to him, surplus wealth until he has sold it all for what he needs. Then he may have surplus MP~~D~~] Surplus MP may be MPCD "rented" out. This is a rather touchy matter of definitions. Let us attempt a system of definitions both ways - a) With capital $\equiv MP_{AL}$ ~~HTPMP~~ b) With capital $\equiv$ surplus MP and see which works out better.

Creighton University, 25th and California Streets.
Among its principal educational assets, Omaha lists Creighton University, a Jesuit institution founded in 1878. Creighton ranks high among the nations universities and excels in medicine and law. At present, it is also training hundreds of air cadets.

University of Omaha, 60th and Dodge Streets.
Housed in a modern, air-conditioned building, the municipally owned University of Omaha offers adult education courses and defense training classes, in addition to regular undergraduate work.

Nebraska School for the Deaf, 3223 North 45 St.
Here handicapped boys and girls are taught lip-reading and speech and given vocational training in gardening, barbering, farming, cooking, sewing, shoe repairing, laundry work, etc. Visitors' hours: 9-12:15 a.m.; 1:30-3:30 week days.

Municipal Airport, East Omaha
With one of the finest and best-equipped airports in the country, Omaha is an important center for air traffic. Though visitors are no longer taken on inspection trips through the buildings, they can watch airliners and training planes take off and land on the field. Best hours to visit: 9:30-12:30 a.m.; 5:30 p.m.

Levi Carter Park, East Omaha.
This lakeside park---Omaha's summer playground--has facilities for boating, swimming, fishing and picnicking.

Elmwood Park, 60th and Dodge to Leavenworth Streets.
A popular gathering place for community sings during the summer, Elmwood is also a favorite picnic spot and playground, with three softball diamonds, an 18-hole golf course, foot trails and bridle path.

Riverview Park, 10th Street and Deer Park Boulevard.
Lake, tennis courts, picnic areas and baseball diamond.

Hanscom Park, Woolworth and Park Avenues.
Lagoon, tennis courts, picnic areas and greenhouses.

Fontenelle Park, 42nd and Ames Avenue.
Baseball diamond, picnic ground, 9 hole golf course, lake skating and toboggan slides.

Mount Vernon Gardens, South 13th Street.
One of the most beautiful spots along the Missouri River. The drive and garden are patterned after George Washington's home at Mount Vernon.

Interest:

There is nothing paid to the producer of machines fundamentally different from that paid to the producer of wealth. It is all rent & wages. (a bit more risk) Capital is produced by land, & labor, ~~& capital~~ just like eggs. If the wealth is produced for exchange & not use. George would call this capital, but I say it is surplus, not capital.

But to buy capital, one must have a surplus. This involves production without consumption, clearly an economic virtue, rewarded by payment of "interest" If one has a surplus & loans it to another, he will receive a payment

If he uses the surplus himself, he will receive a "payment" These 2 payments are related. They must be equal. So interest on loans will equal (or >) the increase the man could get for himself. Or at least will be no lower than what the most desperate loaner could get for himself — & market interest must be determined by intersection of supply & demand curves.

To the producer of capital, only rent & wages is due. (& some interest, for the time he kept the no good stuff)

To lend someone a surplus so he may use capital is much the same as using the surplus yourself.

But some people want to borrow surpluses just to exist. Their bidding will affect the market

There is a reward, economic, for producing (& using) a surplus. This may take many forms as 1) Increased production in your own enterprise 2) "Interest" paid on a loan, coming from increased production in someone else's enterprise.

Fontenelle Forest Reserve, South on Bellevue Blvd.
The largest tract of unbroken native forest in Nebraska. Popular with picnickers and hikers.

Mormon Cemetery, 36th and State Streets.
"Winter Quarters," the heroic bronze monument by Avard Fairbanks, is a memorial and tribute to the courageous band of Mormons who spent the winter of 1846 in North Omaha before continuing their trek to Utah. Six hundred of the pioneers lie buried in this little Mormon cemetery.

Among the business houses and industrial plants still open to the public are the following:

Omaha Grain Exchange, 19th and Harney Streets.
Omaha is a leading grain market, and the Exchange is a focal point for shippers, farmers and commission men. Visitors' hours: 10-11 a.m. (except Sundays). Report to Room 728.
Note: this is an educational tour and should not be included in the itinerary unless visitors are seriously interested.

Merchants Biscuit Company, 30th and Taylor Streets. One of Omaha's principal factories, this plant is an outstanding example of a modern, well-equipped manufacturing plant.

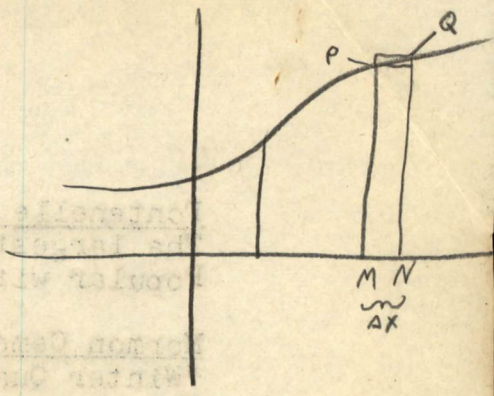
Mutual Benefit Health and Accident Ass'n, 33rd and Farnam Sts.
Headquarters of a great insurance company, the Mutual Benefit building is one of the finest and newest business establishments in Omaha. Guides available during business hours on week-days.

Several other firms are still able to take care of visitors by special appointment. Arrangements can be made through the Omaha Chamber of Commerce.

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A) $MP + \Delta y = NQ$

$y = f(x)$



$MP < \frac{\Delta u}{\Delta x} < MP + \Delta y$

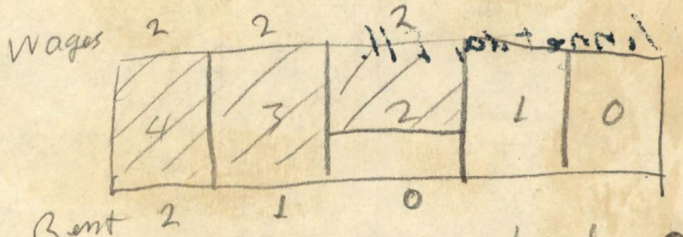
$\frac{du}{dx} = y$ / Integration is multiplication. Above we have $u = xy$, $\int y\,dx = u$

B) In rates, $s = vt$ $\quad \frac{ds}{dt} = v$ $\quad \int v\,dt = s$ $\quad (\& v = f(t))$

$u = f(x,y) = f(x)$

$y = f(x)$ is a rate. A rate is the derivative of change of y with respect to x. A ~~variable~~ function with respect to its control. The ~~variable~~ function is area, the control is x $(\& y = f(x))$. So the integral of the rate of change will be the amount of change between 2 values of the control. (Conversely, ~~the derivative of a f~~ given the amount of change between 2 points, we differentiate with respect to the control & discover the rate...

Now in the "law of rent: & wages.



Additional 2 land is ~~operated~~ resorted to. This will infinitesimally lower the margin, decrease no. of laborers for hire. (latter not so important) Thus infinitesimally increase rent. But this is silly to worry about. Calculus not needed.

P&P, ~~Ch~~ Book III, ch. 3, of Interest & the Cause of Interest.

Having proven law of rent, & from it deducing that of wages & interest, we'll now prove them independently. Interest first.

Interest "includes all returns for the use of capital" - not risk.

Once in Calif., 24% per annum not unusual, "now" 8%.
(was not this risk?) Higher in U.S. than Eng., in new states than old. (is this because surpluses are more rare in new states? Or because you can do more with a surplus? Both?
Can it be because wages are higher in new countries?
No, because at the same time rent is lower. It is because costs of production are higher in new countries. Surpluses are in great demand, because there is opportunity to use them on free land, & hard to get, because of sparse, new population with consequent inefficient production)

Evidently someone said that interest depended on productivity of labor & capital, which George denies. Above in ( ) indicates interest is inversely proportional to productivity - but that is not only factor. Opportunity to use surpluses in production, i.e. free good land, is directly proportional to interest. Since this opportunity is also directly ∝ to wages, we may have something here.

Interest commonly called reward of abstinence.
Abstinence not sufficient explanation (but it is certainly a big item, & must not be altogether rejected as I fear George is going to) Lender does borrower a service, but this is nullified by reciprocal service of safekeeping
(Very poor - the ∝ services are not of = value)
(But George may not believe this - I hope he is just expressing the common confusion here)

Bastiat & the plane:

James, 10 days labor makes plane, which will last 290 days in use. (300 days = 1 year)
Lends it to William, who wears it out in one year,

new duplicate
returns ~~the~~ to James, + one plank interest. This then goes on year after year. The end.

Nothing wrong here. William has the advantage of that 10 days labor every year, & pays for it every year. That this advantage may continue to exist 100 years after James worked 10 days more than William, it would be allright. William could put in 10 days himself, sometime, & end the disadvantage. As easily after 100 years as after 1 year. And he's had much more opportunity to do so.

James made the plane, not by extra work, but less consumption.

(George now ignores one year's interest.) If Wm. Borrowed the plane with no interest, their positions after a year would be the same as if no borrowing had occurred. (True, but Wm. would have enjoyed 10 days of James' work. & George ignores this.)

Now, with interest, as in Bastiat, if Wm. borrows, the 2nd year, the plane & also that extra plank, he will then have more interest to pay (& more to pay it with, if he has used this surplus wisely) By continuing this process, says George, won't Wm. become James' slave? (Not unless he is a drunkard or fool, who gets himself in debt by wasting others' surpluses which he borrows. But George is implying, I suspect, that Bastiat failed to realize the loan increased the borrower's productivity. I doubt if B. was so stupid. This may be a chapter of good ideas, poorly written.)

Now George catches Bastiat, & it's more subtle than I thought. It is not the increased productivity of the labor using tool which is the cause of interest (payments for that one wages going to the owner labor who invent the

tools.) ~~It is rather~~ Because, as George showed, Wm. could have built himself a plane, & the situation after a year would have been just the same as if he borrowed the plane without interest. So you cannot say the increased production due to the plane was the cause of interest. (What, then, was it? - time. Hope George thinks so, too) This would imply that James could build the plane & Wm. could not. George carefully points out that no such presumption is made.

What Wm. got was the concrete result of 10 days labor.

So - increased productivity of labor due to using capital is not the cause of interest. (He bases this on the fact that the borrower could take 10 days himself to

~~p. 180. now he's getting into the hairy bees.~~

~~Tagalog, largest of myriad dialects, designated national language by U.S.~~

produce the plane. ~~However,~~ The time is, of course, a factor in interest. But ~~just because~~ although the increased productivity is not the only ~~cause~~ reason that interest is paid, still it certainly is a reason. If there were no increase in production from the use of capital, no one would use it. And the only advantage in saving would be so you could at some future time live off the MPCD you had saved. & remember, in the illustration where Wm. built his own plane, there was interest, from Wm to Wm.)

(If labor saving devices were never invented, would there be interest? Yes, a very little bit. I might still pay a man extra to let me have some food when I especially needed or wanted it, etc.)

If there were no live, biological wealth, interest could not exist. (This is dead wrong. Time advantage is not just because of what life will do in that time. It is what labor can do in that time with that advantage, until it is repaid.

George thinks that when borrowing a plane, there is no advantage to borrowing 10 days labor for a year.

There would be saving, even without gain thru capital.

Advantage of time is that, with time, an accumulation of biologic organisms, properly tended, will, due to force of life, increase in value. (& this is no doubt a cause of interest. with growing things, the sooner you own them, the better. Better, for example, to plant an entire orchard now with borrowed $ than plant it tree by tree as you gradually accumulate a surplus thru your own efforts. But it is also an advantage to have a complete pruning, spraying & cultivating rig around from the start, rather than build it up as you go. You would pay interest for that. & not just because it is exchangeable for living wealth - were it not just as valuable, it would not be exchangeable - but because it is in itself an advantage.

Getting away from agriculture, we can say the same for the tools of an iron mine.

Of course, the ~~[illegible]~~ cause behind all this hurry is that your own life is passing. So George had something there. Interest & life's brevity are related. & to take early advantage of nature's reproductive forces is a big cause. But we cannot discount, as HG does, that non-living capital is good to have around early.)

No one will grind wheat into flour commercially unless he can get more or as much by so doing as by planting it. (so we see that agriculture, as one form of capital utilization, sets, as does every form of capital utilization, a minimum

interest below which the general rate cannot fall. Putting it the other way, no one would plant a crop if he could get more for his capital by housebuilding. But, as agriculture is the most fundamental occupation, the rate of increase there is truly the "most fundamental" – tho that really won't make much difference in a secure economy.

& Since the rate of increase depends on the land in use, both in agriculture & other forms of production, we can see where interest rate depends on the margin.

One must not get any mystic ideas about interest & biology. Robinson Crusoe will save up a surplus so he may have time to build a house for his comfort & safety & make clothing. Or must one? First off Rob. Crusoe saved seed, & this is the most important form of capital. Then he built tools. They gave him more satisfactions than saving more seeds would have (assuming he had to choose), tho not, of course, at valuing the original seeds chosen.

But you cannot say, as George does, there would be no interest without life & growth & reproduction. One ~~wants~~ desires an item now, & is willing to spend even a lifetime paying. As we bought a house (& lot) 11 years ago, & still are paying for it, or repaying the bank loan & interest. But for that interest we've gotten to live in the house 11 years. This is a surplus not involving capital – i.e., we borrowed ~~real~~ MPC0, not MPAL.

But the same is true of wanting MPAL now & not later. It is well worth the interest, often.)

~~Ex~~ MP set aside for exchange will bring an increase. (George calls this analogous to the increase due to nature's vital forces, and attributes it to "utilization of variations of powers of nature".

3.

)

Labor is required in exchange, but the increase is above & beyond that attributable to labor, due to surpluses involved — (true, but the more time it takes the more the value deteriorates, no?)

Nature's forces work while man sheeps, but in mining, you accomplish nothing while you sheep.

(George ~~did~~ likens exchange to agriculture in this respect, referring to winds & currents which carry traffic. (Clearly this is wrong)

Reverting to James & Wm. Time causes interest, not the power of the tool. (A general power of tools to increase production greater than the vital force would raise interest) He sticks to his little fallacy of the plane & life. (He is definitely wrong in this minor point. Time is an advantage for many reasons besides the 2 he enumerates) These 2 are 1) vital forces 2) exchange. (another error he seems to make — he does not have the dynamic concept of market price. & he fudges up the determinants of price a bit.)

If there were no interest, a person would not mind lending a surplus for no interest. (So what?) "Interest is not a payment for the use of capital, but a return accruing from the increase of capital." (Rather poorly worded but I see what he means.)

3 modes of production: Adapting, growing, exchanging. Capital is absolutely necessary only to the last 2 modes.

In growing & exchangeing, that which is called capital at first grows into wealth of greater value. But capital for adapting is never consumed itself, & is valuable for what it does to other things.

"Mostly the benefits from adapting go to labor, those from "increase" (growing & exchangeing) to capital." (?!!? ——)

But interchangeability of MP averages benefits. (He sees the interchangeability of everything, all right, but assumes that for everything exchangeable there is somewhere a first use more fundamental than the others. Then he reasons from there, with no justification for the starting points that I can see)

"Laws of the universe which underlie society".

"It is, ∴, just".

Interest is often collected by one from himself. (Altho George made mistakes here, Seitz was not correct that he was not the logician Smith & Mill were. They, too, made errors. Perhaps they did write more. End They lacked his force & fearlessness.)

Chap. IV of Spurious Capital & of Profits often mistaken for interest.

Gov. bond does not even represent capital (provided the proceeds were wasted as George assumes) It is really a part ownership in the gov.'s taxing power. However, the individual loaner can choose from gov. bond or private interest. Gov. is competing with private borrowers, making it hard to borrow, raising interest (yet interest is rather low today, n'est-ce pas? Why?)

He implies, ~~in a careless moment~~, that taxes on production lower wages - which they do, by lowering what labor can get on the margin.

If the bonds' proceeds were used productively, then, as the gov. is paying for itself, the share in gov.'s power to tax may be said to pay interest — (tho in the absence of free market this is rather dubious) Unproductive bonds & watered stock are analogous. (in away, but not as to speculative nature of water)

"Interest" paid on watered stock obviously is not real interest, for there is nothing to produce it — (it must then be monopoly profit, squeezings from gov., etc.)

Power of great accumulations of capital (he does not sufficiently emphasize the role of gov., force & fraud in this) He speaks of Western Union in particular, just a paragraph, but reflecting his own experience. This concentration of capital is mostly due to the general cause of concentration of power & wealth, he says. He believes Warren Hastings sold Brit. soldiers as mercenaries to Indians. Was it ever proved?

Risk a big factor. Where most lose all, & a few gain everything - as old New England merchants.

Chap. V - The law of interest.

(a) Top limit — increase capital brings. (increase in satisfaction) (to one individual)

(a) Bottom limit — ~~replacement~~ maintenance cost

(I should think interest will be determined, like other prices, by intersection of supply & demand curves - this of course, dodges issue, what determines supply & demand? Supply will be greater as production is accumulated in surpluses. Demand will depend on ability of labor to use capital - i.e., access to land) (also on people's desire for wealth now rather than later) (A surplus accumulated as money has a maintenance cost of 0) (other bottom limits — satisfaction person himself can get from own ~~capital~~ surplus, ~~use~~ demand on margin)

And this top limit is not the increase in any one form of capital, but of all averaged. (if immobility due to private prop. in land hinders free movement & prevents this averaging, then return paid to owner of extra good capital is partly rent)

(But as a top limit I should think the increase in any special form would be it – well, this is the top limit of payment, but not all that payment would be interest. Interest in general could never be forced higher than production in general is aided by surpluses – well, conceivably it could, by those who pay for wealth. But in our economy it is unlikely that interest would approach the point mentioned.)

And of course labor produces surpluses, (from land) so interest will be balanced with labor (& rent)

(Balanced with labor & rent both, means it will be little affected by changes in either, ∴ will not be affected by margin. What's wrong?)

Interest depends on the vital forces, & the extent to which they are engaged in production. As society progresses, there is more manufacturing & less agriculture, but this is balanced by fact of more exchange (?!) (incidentally, there is not less agriculture, just more manufacturing)

Equilibria will play their part.

(He observes capital is stored up labor, neglects that it is also stored up land)

Interest must fall if wages do, ~~or else~~ for labor will start producing capital. (But surpluses may decrease – there are many factors) (Now I've gotten to the dilemma of the economist who cannot make up his mind because "if there are so many factors", But I must straighten them out) (& this is done by ceasing to read & just organizing everything. & this is done by getting some good fresh air first) (& perhaps sleep – tho perhaps not)

(George suffers by failing to distinguish between surplus & capital)

Off subject - Life Mag says inflation in U.S. over-balanced the trade agreements & caused trade stoppage.
?

He never actually says what relates interest & wages, but just that they must rise & fall together.

While you're about it, figure out if a tariff causes everyone who handles stuff to take an extra profit. He would take no more wages, as his work is the same, but he must give more of his surplus for the goods, hence need more interest.

~~Marginal~~ Return to cap. on margin determines return everywhere.

If capital produced without labor, opposition of rent & interest seem clearly (but capital would ~~st~~ then be just land, requiring no maintenance, — the analogy has some tricky implications)

a) Land (MU) ≡ all the material universe outside man and his products. (radio waves may not be "material", but that which carries them is)

Labor (HE) ≡ all human exertion directed toward the ~~production~~ satisfaction of human desires. (and not actually expended in ~~satisfy~~ the act of being satisfied)

Products ≡ ~~Material universe as modified by product of land & labor, having exchange value.~~ Land as modified by labor (This means what one meant to produce, not any incidental wastes)

may be unnecessary. That some products at some times are desired only by one person is not important

Wealth ≡ products having exchange value ★ (not necessarily by maker)

Goods ≡ ~~products consumed directly~~ Products

Surplus ≡ ~~Wealth~~ which owner will not consume directly himself. (2 ideas)

("Consume" construed to mean use to satisfy directly, not "use as aid to production")

Capital (vulta) (helpers) ≡ products used to aid production.

Goods (Desiderata) (Satisfiers) (MS, material satisfiers) - products intended (at the time it is called "goods") to ~~directly~~ directly satisfy human desires. (What if it is only partly produced - like ~~corn in field~~, wood in store. It is still goods. When, then, do seeds cease to be capital & become goods? When they stop growing - because right then the vital force ceases to aid production.

There is a return to Rob. Crusoe for his capital, which is really only the wages of skilled labor. He ~~never~~ also collects a time reward - he sacrificed satisfactions last year, & this year can use capital. With him, one cannot separate the advantage due to time, & that due to advantage of tools.

In society, this separation is possible. If I want a simple time advantage, I borrow money. The "interest" I pay is for time

★ If maker keeps goods around for sale, they are not capital, but surplus ~~wealth~~ goods. But shall we say these goods are not surplus until owner has gotten in exchange for them his goods for old year? No. That is the increment to his surplus.

advantage. What that advantage is depends on 1) The boost to be given my production by capital on the best land I can get.

2) My desire for present satisfaction

Payment for the advantage given to production by a tool, (as well as for the labor producing the tool) (this surplus) is made to a patent monopolist.

★ Also note this: anyone producing for exchange exists on a surplus ("exist" construed to include existence of all laborers to whom he pays wages) & must have a surplus from which to produce for exchange. ( ) He will expect a return for this surplus (he might have borrowed it)

The man producing for exchange:
his entire stock is to him a surplus. (If he produces capital, it can ~~never~~ sometimes not be converted to satisfiers, & if he produces satisfiers he can use them himself if necessary. But not exist on them (as he would like to, even if a farmer) for he is a specialist, & wants satisfiers from other specialists. So difference is slight between producer of satisfiers & of capital in this respect.

In economy of specialization & exchange, we are always at work with surpluses, for which a payment must be made.

Since we invariably detect a payment made for a surplus, always ~~a function of~~ time, & no different for a surplus of helpers or satisfiers, clearly this payment is of great interest in economics, & should have a name.

Defining capital as "wealth used to produce more wealth", we cannot say "interest" is "payment for use of capital". George's attempt to call "wealth in the course of exchange" "capital" is a follow-up of this clumsy definition system. But he has not included all surpluses (No?)

★ Here is the grain of truth in wages fund theory.

His idea that wealth in the course of exchange is somehow analogous to living wealth has something to it: it is having value added to itself.* (But the essential thing is not that it is being exchanged, but that it is not yet fully produced.) We said seed was capital ~~in~~ then is growth & finally until it was cut down, when vital forces cease aiding ~~man~~ nature. What shall we say of other unproduced wealth? Or of this very living wealth when cut down, but not yet fully produced? If it is called "capital", it is certainly a different kind from what it was before. It is not "capital"— it does not aid production. It is simply desiderata not yet in final form, (or place, relationship, etc) The storekeepers stock of desiderata ~~is~~ no more aids production than the craftsman's unfinished violin can be said to aid production of the rest of the violin. Each is a surplus, for which one may expect interest. But neither aids production. George says the storekeeper's labor brings more than it otherwise would because of the power of increase inherent in the desiderata he handles. This is a clumsy way of viewing the fact he handles big surpluses, gathers interest from them, & they furnish a large field for his talents as a laborer.

* The living thing adds value to itself. The partly produced thing is having value added to it by labor

So that vast item in economics, partially produced goods, is not "helpers". It is "surplus" (hence part of George's confusion in calling it "capital")

Land, once plowed, is modified by labor. That is, land <u>as material</u> is modified. But land <u>as area</u> remains constant. The material in any old agricultural land has been, & is being, much modified by labor. That material is capital But it is certainly immovable capital, and is intimately associated with the area on which it lies. Its value is largely a function of the natural qualities of the soil there. In short, a large part of its value is originally rent. ~~If a~~ If labor on gold producing land makes a gold bracelet, & labor on other land makes ~~an~~ a copper one, we do not ~~attribute~~ admit that the gold bracelet should be all the property of the maker. — he has not been paying society for his advantages. So with the capital on the land of the farmer.

If a LVT system had been running for years, a farmer would pay the gov. for the natural fertility of his land (+ its advantageous position) He would pay the former owner when he originally got the title whatever the latter could get. ~~above~~ This would be for improvements - i.e., for capital.

The system where all bid each year for land will not do. If a man made improvements someone would then bid more for the land, & he gets no advantage from improving. - even a disadvantage. One might have him evaluate his

improvements when he made them. But this is bad - involving inspectors, & flat ideas of what is a good improvement.

The difficulty: in a dynamic society, with constant new ideas, new methods, etc., population will be continually shifting, and land values constantly changing (with different demands for different products) Therefore the value of agric. land as area will shift. This must be distinguished from the change in value due to capital on the area.

Here is one possibility. Changes affecting value as area will also affect land next door - &, depending on the magnitude of the value-shifting force, all land in a surrounding area of some size. Capital improvements, however, will affect all land differently. A wise assessor will be able to differentiate the 2 effects, most of the time. If he errs somewhat - well, equity. At least we have no factor here acting to discourage production. This makes assessing a very skilled job. In LVT society we would have to train them, & pay them very high salaries.

The final problem: what determines rate of interest?

MALLOW MEAT MARKET

GROCERIES
FRESH AND SALTED MEATS
FISH, OYSTERS AND POULTRY

628 Main St.

Rapid City, S. Dak., autumn 1944

Sold to

No.

Phone 871 THANK YOU

Shortening			43
Flour			39
Pepper			09
Lettuce			08
Carrots			07
Cabbage			06
Apples			34
Oleo			39
Raisins 1#			17
		222	
		4	
		218	

30

>> 153777 NEBRASKA SALESBOOK CO., LINCOLN, NEBR.

Tomatoes 7 for 39¢

Olive oil ½ pt., 59¢

A dish 10¢

Cabbage 06¢ a head

Lettuce 08¢ a smaller head

Apples 34¢ for 10

Pepper – more next time 1 for 9¢

Carrots 4 for 07

Peanut butter quart for 43¢

Preserves ?

Other fruit

Bread

Butter

Radishes

Raisins 1 package, 17¢

Spinach

Turnips

Brewer's yeast

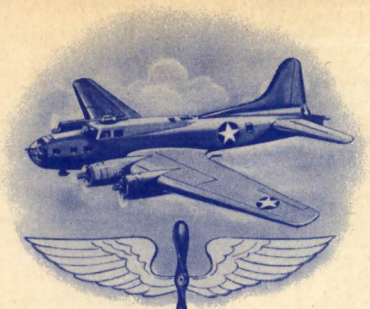
Parsley

IN THE CAUSATION OF UNEMPLOYMENT AND DEPRESSION PARASITICS' EFFECT ON PURCHASING POWER IS NOT, IN ITSELF, OF ANY SIGNIFICANCE AT ALL. IT MAY BE CONSIDERED AS EXACTLY THE SAME, IN THIS REGARD, AS A PRODUCER'S NOT SPENDING ALL HE MADE; IN THE LATTER INSTANCE THE PRODUCER CONTRIBUTES TO THE SOCIAL FUND SO MUCH VALUE, RECEIVES CREDITS WHICH HE DOES NOT USE TO COMMAND LABOR IN RETURN, THEREBY INCREASES THE VALUE OF OTHER PERSONS' CREDITS. THE PARASITE TAKES CREDITS WITHOUT GIVING VALUE IN RETURN; HOWEVER, IF HE DOES NOT SPEND THEM IT MAY BE CONSIDERED THE SAME AS THE EXPLOITED PRODUCER'S (WHO DID CONTRIBUTE VALUE TO THE COMMON FUND) NOT SPENDING THE MONEY; THE EXPLOITED PRODUCER IS SIMPLY TURNING IT OVER TO SOMEONE ELSE WHO DOES NOT SPEND IT, WHICH, IN ITS EFFECT ON GENERAL PURCHASING POWER, IS QUITE THE SAME. IT INCREASES THE VALUE OF OTHER PERSONS' MONEY.

KEYNES SCHOOL HAS MADE MORE OF THIS THAN IT WARRANTS. "IDLE MONEY" DOES
2B NOT OF ITSELF MAKE TROUBLE. IT LOWERS PRICES, BUT NOT PURCHASING POWER, THE PERSONS HOLDING MONEY IDLE SIMPLY CONTRIBUTING THEIR PRODUCTION TO THE GENERAL FUND WITHOUT DEMANDING A RETURN, WHICH MEANS MORE RETURNS FOR OTHER PERSONS. THE LOWER PRICES WHICH LABOR RECEIVES WILL NOT OF THEMSELVES CAUSE TROUBLE IN THIS SITUATION, AS THEY ARE EXACTLY BALANCED BY THE LOWER PRICES OF GOODS.

WHAT DOES CAUSE TROUBLE IS THAT THE MONEY IS NOT IDLE, BUT IS USED TO "INVEST" IN LAND, WHICH INCREASES THE COSTS OF PRODUCTION. WHEN THIS HAPPENS PRODUCERS ARE CONFRONTED WITH RISING COSTS AND NOT RISING PRICES, AND ARE FORCED TO DISCONTINUE PRODUCTION UNTIL COSTS DECLINE. THIS IDLE MONEY CANNOT, NOTE, INCREASE THE PRICE OF PRODUCERS GOODS INSOFAR AS IT IS INVESTED IN PRODUCTIVE EFFORTS TO PRODUCE PRODUCERS GOODS. THE DIFFICULTY DOES NOT LIE, AS SOME HAVE INTIMATED, IN AN OVERPRODUCTION OF CAPITAL GOODS, TOO MUCH PRODUCTION FOR THE MARKET. THIS IS AN ASPECT OF THE LOWERED PRICES, BUT THE LOWERED PRICES OF THEMSELVES DON'T HURT ANYTHING, ARE SIMPLY A CHANGE IN THE VALUE OF MONEY(WHICH INJURES DEBTORS TO SOME DEGREE). THE CRUX OF THE SITUATION, ONE MISSED IN MODERN DISCUSSIONS OF DEPRESSION AND UNEMPLOYMENT, IS THAT THE MONEY UNUSED BY THE VERY RICH TO STIMULATE PRODUCTION IS NOT SIMPLY IDLE, BUT <u>IS</u> USED TO RAISE COSTS, BY "INVESTING" IN PARASTTIC VALUES. IF IT WERE NOT USED AT ALL, NO HARM WOULD RESULT.

DEPRESSION IS SIMPLY AN EXTREME MANIFESTATION OF UNEMPLOYMENT, WITH ITS CONCOMITANT IDLE PRODUCTIVE FACILITIES. THE "CAUSE" OF UNEMPLOYMENT IS NOW SEEN TO BE NOT IN A LACK OF DEMAND FOR LABOR PRODUCTS CAUSED BY PARASITIC DRAINS OF PURCHASING POWER, BUT RATHER IN THE USE OF SUCH DRAINS TO RAISE COSTS BY SPECULATING IN LAND VALUES.



U.S. ARMY AIR FORCES

SEYMOUR JOHNSON FIELD
NORTH CAROLINA

Robinson Crusoe - economic principles well illustrated.

He saves barley seeds instead of eating, grows big crop. Here is "capital", where there is no exchange. - clearly different from that which is loaned. The latter gets ~~its value~~ interest from the time A enjoys the benefits of B's labor & land. The former is wealth used to produce more wealth. So are all of Crusoe's tools. But Crusoe might lend a companion food to eat, which is not wealth used to produce more wealth; but still he would collect "interest."

He makes a boat, & then cannot move it to the sea. Which shows that transportation is an essential part of production.

He has more grapes, turtles, barley & rice than he can use, but oh how he needs a few sheets of paper & some ink.

He had much money which was no use to him.

He went from goat hunter to keeper, without intermediate shepherd stage.

Issei on West Coast - They often made whole new communities, with little outside trade. Georgist sign, treasure, answers Barton. The new production wouldn't hurt on a new discovery of land.

Midwest seems less prejudiced than coasts. So?

Put in node ~~Short~~ - 1) Cardinal O'Connell, Boston Globe, youngest, schools close
2) Anderson, Riverside, river pollution, Stickney plant; 3) Conners, heart trouble, C.D.D.

BERTRAND RUSSELL, Proposed Roads to Freedom

Three essential Marxian doctrines.
1.) Materialistic interpretation of history. Laws, religions, philosophies are simply expressions of the econoic regime.(This is the truth only from one point of observation. The economic regime, in the mechanics of causation, is on the same level of abstraction ( ) as those items which Marx claims it causes and determines. The economic regime is as much a result of the religion and philosophy of the people as vice versa. It is true that wealthy men become powerful. It is also true that powerful men become wealthy. Riches do not control politics any more than politics control riches. Nor does the economic and social system control thought any more than thought controls the system. I am inclined to believe, in fact, that thought is ~~on a~~ prior to systems in order of determination. Because if systems determined thought, i.e. were prior to it, there could never be any change. --except as the system might offer more freedom when affected by a new frontier, and this would react on thought----but if thought is prior to systems, then change is possible. And change is so slow because for the mass of people who do not think, systems determine states of mind--but they do not determine thought, for with such people there is no thought. Now supposing the third possibility, that thought and systems are on the same level of causation. Then change is possibile but difficult. This seems to me nearer the truth than the other two possibilities.)
Marx believes in preordination, determinism in that sense, too. Inevitably he says, such and such must be, because people are compelled to do so and so followwing their economic desires.(This is rather an overstepping of the limits of economic law. Granted that with infinite knowledge one can predict like that, not granted that Marx or anyone has infinite knowledge. Economic necessity may take very different courses. For example in the Spanish and English colonizations in the new world.The ideas people carry with them make a lot of difference. Marx's particular attempt at determinism prediction is utterly wrong. Because people are more and more ground under tyrrany does not mean they are going to successfu ly revolt from it. Not by any stretch of the imagination. It has never been so in the history of the world, which features tyrranies. There will be revolts, yes, by the thousand, but they will be of personnel, not ideas. If there is determinism in history it is that which dictates civilization will become corrupt, oppressive, inequalitarian, until it becomes too rotten to stand in the vigorous world.(Thank god for a vigorous world, even the Fascists) The lesson of history seems to be that no promulgation of the truth, by whomsoever, has been able to thwart this progression. Marx's proposed revolt of the proletariat is ridiculous. As long as they only set up more strong state systems they, being human beings like the "capitalists", will soon have a similar record of corruption. Diocletian tried it)

2)The law of the concentration of capital. Trusts to replace free competition, in all lines of production. Personnel of the exploiting classes to become fewer and fewer, of the exploited more and more, culmination to be a revolution.(He missed the boat. In primo, the ruinatin of free competition by monopolies was the result of strong goverment. Proposed socialist measures to prevent this have only aggravated the situation. And instead of, as he predicted, the parasites becoming fewer and fewer, they have, in the name of socialism, become more and more. The possibility of a revolution led by trade unions is over the minute they are admitted to privilege, as they have been. Only in Russia, which had a revolution because it lost a war, was the revolution in the name of communism. And the difference between the Russian revolutin and the German, which was also somewhat in the name of socialism, is to be found, I belie e, in the nature of Russians and Germans rather than in the writings of Marx or Hitler. If the Russians are isolationist in the good sense that they mind their own business and try to solve their problems without going to war it is perhaps ~~pec~~ partly due to the benign influence of some centuries of frontier ~~inf~~ and plenty of room, and many tongues in one country--these causatives are prior to those previously mentioned--, while German character is pehaps the result of centuries of waffare plus Rhineland civilization.)

3) The class war.Marx hated. Russell implies that the 1848 revolutions were the direct result of the Manifesto. So? Even Russell cannot swallow the "theory" in Das Kapital, but is much impressed by Marx's stories of little kids working 21 hours a day.

Write Flynn's

Mason Gaffney

2,

68

(9)

Test on Competition, Monopoly, and Prices.

I. **In theory, prices are determined by the laws of supply and demand. Explain briefly.** The greater the competition among buyers, the higher the price, & among sellers, the lower the price. Any variation from the just price thus arrived at will immediately start the natural mechanisms working and prices will return to normal. If the price is high, new producers enter the field, old ones speed up production & consumers stop buying till it returns to normal. If the (now)

II. **Prices are usually determined:** 3 (1) Gov. control or competition (ICC., T.V.A.)
I guess this means artificially. +1/4 (2) Custom - (5¢ fares)
(3) Monopoly (Aluminum)

(8)

III. **High prices do not necessarily mean more profits. Explain.**
Consumers will be able to buy less of the product. Furthermore if there are more profits, producers of raw materials will demand more.

(6)

IV. **Fair prices should provide for:**

(1) Fair returns to labor
(2) Fair returns to capital
(3) " " for risk
(4) " " for wages of superintendence, or business administration
(5) So that consumers can buy most of product at lowest cost
(6) Minimum necessity of gov. control, or monopoly.

(10)

V. **Control of price today is exercised at times by: (Name 10 to 18 methods.)**
1. Control of natural resources. 2. Holding Companies 3. Interlocking Directorates. 4 Chinese bandit system 5. Labor unions 6. Influence to receive favors from banks ~~7. RR. rebates~~ 7 Pools 8. Bottleneck control 9 Mergers 10. Stock control

(10)

VI. **Laws that aim to eliminate or reduce the opportunities for more efficient distribution of goods reduce our standard of living. Explain.**
Just at it would reduce our living standard to abolish all labor saving devices, so would it lower it slightly to abolish some of them. And chain stores, etc., are undeniably labor saving devices. To abolish them would be to raise prices and the consumer would suffer

(9)

VII. **Distribution costs have increased greatly as production costs have increased very little in this country. How do you account for this fact?**
Everything is now delivered to the door now, & it never used to be, whereas we can produce the same goods for infinitely less than before. Increase in volume of production accounts for production costs not absolutely decreasing

(10)

VIII. **Give 4 abuses of installment selling.**

(1) People buy beyond their means, get hopelessly in debt
(2) Stores give too much credit, fall (1) Not conducive to habits of thrift & foresight among people
(3) Interest is charged on what has already been paid

(8)

June 2 - Deadline for make-up work

June 6 - Final Classes

" 7 - Senior Hop

" 11 - 224 at 9:30

" 12 - 224 at 9:30

" 12 - P.M, 7:30 — Field House

Rogers Path class

took over Reuters.

R & H had Gy surrounded with a news blockade. Belgium, with King Leopold, tried to break away, couldn't. Havas controlled Stefani, so of course Muss. took it over. Hguas abuse a big reason. Those who previously tried to break Stefani ~~had~~ lost advertising, Havas controlled. Hitler destroyed Havas.

U.P., not in the cartel, ~~beat A.P. to foreign news~~ first exported news. Roy Howard its president. A.P. had long had own staff to import it, then followed U.P. in export. Rivals now, (?), both honest. With this honesty, serving European papers, they broke the cartel, c. 1934.

In present war, Eng's free press got Reuters. Chris Chancellor, present ~~head~~ gen. manager, says it is following Americans in freedom.

The French underground blossomed into new Agence Francaise de Presse, free principles.

German papers stereotyped now.

Havas-Reuters replaced by DNB - Stefani - Domei. What will be next?

Russians show some encouragement.

Physical fact of cables makes monopoly likely.

Just a little approach to Argentines ended some of their censorship.

China recently lifted censorship, despite war.

S. Am. follows Europe.

Britain has to keep India because other avenues of trade are closed — U.S., e.g. Some dilemma as Jap., Gy. Only Russia & U.S. can thrive under protection.

Eng's foreign investments one shot, her production slow; their trade loans must be kept open.

We have failed, (now as always) to satisfy the world.

Russian executive is 14 hr a day worker. — not for = wages, I'm sure.

Mass. state laws prevent estates being lost by family spendthrifts. Entail?

Boston's independent suburbs prevent its expansion. (bull. They are its expansion)

Big men have time; little men are 'too busy.' - Wich. Falls Chamber

Be more than you seem - Rundstedt

"Prussians" of many "races", unique among aristocracy in their refusal to marry subjects. (Constant warfare no doubt the cause of their vigor, integrity, austerity)

Prussia is so barren, there is nothing but military or farming for career

Bonds & taxes

Freedom of information - Kent Cooper, exec. director of A P
Life, Nov. 13, '44

Wolff, the German news agency, was Rothschild's. Roth.. had central hq in Berlin. Wilhelm II's private banker was a member. Kaiser controlled Wolff. DNB succeeded Wolff under Hitler.

Stefani of Italy. Domei of Japan. Dictators always grab news control before war.

Freedom of information in international news.

In U.S., agencies grew naturally, openly. (? - is present state so delightful?) As no paper could have ubiquitous reporters, A.P. formed in 1848. U.P., 1907, for profit. A.P. not-for-profit.

Reuters, etc., did not originate in newspapers but in governments. Reuters sent "gov. messages" & market data between Eur. capitals. When cable & telegraph came, Reuters convinced group of London papers he should gather their foreign news for them. Just for Reuter's private profit. Reuter's expert news was super-pro-British, so he was baroned. Havas & Wolff grew the same, telling it the government's way.

1870, the 3 pooled, a cartel. Had semi official gov. backing at home. In small countries often dealt with governments. With their profits they attracted Rothschilds. They divided the world, these 3, a cartel. News is a commodity (system of dist.?) (Army idea in a book is the same)

British domestic press was free, foreign not so.

A.P. got into this cartel (cartel is just an international pool) But they discovered Reuters, Havas, & Wolff would import & export only selected news. (A.P. - example of a "natural monopoly" worked out well - maybe?)

A.P. (live wire) placed American newsmen in Reuters offices abroad. The news cartel is responsible for foreigners' misunderstanding of us. Reuters refused to report Jap atrocities in ~~Philippines~~ Korea, 1942, because of Jap gov. Cartel understated U.S. contribution to war, ~~1918~~ 1918. War I restricted Wolff to Germany, Reuters & Havas took the rest. Roderick Jones, British director of propaganda,

$R = n.r. + tax = sp \times ir + sp \times tr = sp(ir + tr)$

$s.p. = \frac{k}{t.r.}$; $k = tax$

$s.p. = \frac{tax}{t.r.}$ $\quad t.r. = k = \frac{tax}{s.p.}$

$\therefore \frac{n.r.}{i.r} = \frac{tax}{t.r}$, $\frac{n.r}{tax} = \frac{i.r.}{t.r.}$

& $n.r \times t.r = tax \times i.r.$; $n.r = \frac{tax \times i.r.}{t.r.}$

$R = s.p.\left(\frac{n.r}{s.p} + \frac{tax}{s.p.}\right) = n.r. + tax$

utterly dependent? No. ∴ This equation is untrue? no, its dependence on tax being shown thru n.r.

$s.p. = \frac{n.r}{i.r}$ none constant

$s.p. = \frac{R - tax}{i.r.} = \frac{R - s.p. \times t.r.}{i.r.}$

$x = \frac{R - xy}{m}$

$mx = R - xy$

$mx + xy = R$

$x(m+y) = R$

$x = \frac{R}{m+y} =$

$s.p. = \frac{R}{i.r. + t.r.}$

Conclusion #1.

T.R. shouldnot be based on s.p. as that will vary with i.r

3 x 5 Files

Present

(These could might serve refers to entire book, generally)

I) P. & P. (add all Georgeist ideas, aspects)

Natural Law, Herb Spencer supporting names & statements

II)

~~Conservation~~

~~Competition~~

~~Enigmas (add agenda, Hbrenda)~~

~~Unions~~

~~How reform? (Education)~~

~~Human nature~~

~~Institutions~~

~~War (1 card, poor)~~

~~Appeal to the State~~

~~Georgist ideas~~

Patents (add r.i.s, copyright

~~Authority wrong~~

~~New Deal~~

~~Comptron~~

~~Socialism~~

~~Courts~~

~~Privilege~~

III) ~~People~~

~~Geography~~

~~Flax (add other specialprojects)~~ subjects

~~Agenda~~

~~Dewey vs Hutchins~~

Double expanse

~~A Symphony & Harmonious Response~~

Bring Back Book

2. Closed shop ("open shop" is closed to union)

David again

Syndicalists - general strike
Amalgamated clothing workers houses in N. Y. good.

50 % English workers in unions. Industrial peace there.
Tom Girdler - Republic Steel
State Courts can injunct, but Fed. can't.
Yellow dog contracts.
He says - Ford pays lowest wages.

The N. L. R. A. (Wagner - Connery Act) '35
"Employees shall have right to organize" taken from NRA
Company unions barred.
Can investigate, call hearings, sub-poena witnesses, run elections.
Supreme court upholds 7 to 2
Prevents strikes.

Bring Corbett & Herschkowitz ~~Mason~~ ~~Gaffney~~

Quiz tommorrow & Fri.

Changing starch to sagaca

Adam Smith's

1. Agreeableness of work
2. Education
3. Regularity
4. Responsibility
5. Risk
6. Chances for success
7. Geographical differences

Profit-sharing, (700 in country), paid by time, welfare work, labor wald rather be free than clean, (Gompers) scientific management (speed-up). Labor at mercy of employers

Unions - kinds.

I (1. Trade Union - single trade, single community.
(2. National trade union - 1860

II. Labor Union (Knights) (I. W. W.) - anyone, anywhere
peaceful warful

III. Industrial Union - all labor in one industry.

IV. Company Union

Weapons.

1. Sabotage

'23 - '37 there was loss to labors tho hourly wages increased.

apart in panic. Wave-like, but free land made unnecessary.

'81 - AFL

'69 - Knights of Labor - Powderly - 700,000 members. unskilled labor, immigrants, farmers. '77 railroad strike. '85 beat Jay Gould. '86 - Harvester strike, Haymarket riot. Knights fell.

'81 - AFL - Clayton act their work - '94 beat at socialists, '22 beat immigration, Pullman strike Chicago.

1904 I.W.W. - 100,000 members. Western. Wrecked after war. (world)

'99 - coal strike

'02 - Roosevelt intervened.

After war the labor board, 1919 strikes in coal & steel, gov. put down.

'34 - Ga. textile strike, gov. Talbridge militia.

'37 - Committee to Congress I.O.

Now unionism is matured.

Fonda - insecurity of labor

'37 - 2,400,000 + 700,000 + 3,400,000 + 3,000,000 total - unemployment census.

Unemployment greater in '38 than '37

Crop insurance premiums paid in kind.

Brookings Evaluation

1. Farmers better off
2. 2,000,000,000 gain to farmers
3. Greatest gain to tobacco farmers. cotton, wheat, corn next
4. Co-operating farmers made bigger gains.
5. Only a few abuses in landowners paying tenants
6. Benefits greatest to neediest.
7. Bad weather controlled more crops than A.A.A.
8. $1,700,000,000 cost in first 3 years.

1. Production control effective as temporary measure
2. Dumping of surplus goods in export markets undesirable.
3. Purchase of surpluses desirable.
4. A.A.A. makes consumer lose.
5. Processing taxes, like sales tax, bad.

Alan David's report- Labor

Productivity since '33 up 50%, real wages up 8%

Better wages paid for nice clean work than dirty work.

Corporations treated like persons, but labor treated like a commodity.

History - At first skilled labor still (1789) charged exorbitant wages. 1790-1827 · skilled workers banded against unskilled '27-? unions worked for great social reforms. '37 · national unions wrecked by fanatics, fell

income per person not living on farms which prevailed 5 years before World War. (They try to increase farm prices)

'39, farm expend. 8% fed. budget
Unemployment 9%, war 12%

Progress of AAA.

1. Nearly doubled cash farm income
2. Tried to save soil
3. Established ever-normal granary
4. 6,000,000 farmers, 80% land under AAA
5. $8,500,000,000 '39, 4,000,000,000 in '32
6. Mortgage debt down 23%
7. Bankruptcies down 72%

Stamp plan

Those on relief can use stamps, get surplus foods, merchants make profit. Cotton now on plan

Before New Deal gov.

Encouraged co-ops.
Low int. loans
The Farm Board (AAA is new deal name for it)
they wanted to control production, but Congress said no, so

McNaughton-

A.A.A. - 1. Conserve soil 2. raise income 3. stabilize supply of farm products, protect consumer.

Corn, cotton, wheat replaced by legumes, ~~hay~~ grasses.

May 12, '33 - first organized

Adjusted production of wheat corn cotton hogs rice tobacco, dairy. Benefit taxes to co-operaters.

Objection- was to increase farm supplies, buying power by reducing surpluses.

Jan. '36 - acreage control & processing tax invalidated by S. Court.

Processing tax is tax on processors,- packers, refiners, etc.

So they passed ~~shifting acreage f~~ conservation practises act, voluntary basis.

~~Sept. '37~~ - Sugar act

'38 - strengthened conservation act - by paying -

Marketing control by 3/4 vote of surpluses.

Fed. insurance on crops.

County Agr. cons. ass. - local administrative unit of A.A.A. - do detective work, elected by neighbor farmers.

A.A.A is for farmers, by farmers. Largest dem. economic experiment ever in U.S.

Parity income is that net income from farming operations for farmers which bears same relation to

Fossberg - Revenues got from & given to

1. City - personal property, real estate
   Great difficulty in assessing personal property
   Assessment & rate & debt limit relationships.
   Fed $10¢ state $2¢, local $240.
   but just at present the Fed. gov. takes most
   In Cook canties there are about 127 Boards
   (like school, park, sanitary district, lib. boards) who can
   levy & collect taxes.
2. State - general prop. tax, "rent tax", sales tax (80,000,000)
   grand total $225,000,000. gas tax plenty.
   sales tax gets lower classes.
   15 gals liquor per person
   Illinois Central gets out of most taxation.
   Cook County cracked down on back real estate taxes recently.
   Get into local politics first to wield influence
   Control 15% votes in precinct to control it.
   Does Winnetka tax vacant land.
3. U.S. Income, liquor, tobacco, customs,

10 hidden taxes in a loaf of bread
Taxes much higher in Britain
175,000 tax collecting & using bodies in U.S.
no reason why they should be separate
'29 - 75% taxes for war

Federal

Taxes

"The power to tax is the power to destroy"

Constitution authorizes taxes.

Customs, I.P., Income tax division, alcohol

states by state consti, & 10th amendment to U.S.

County ~~local~~ by state const.

Local by " "

1863 - state bank notes

"Tax is a compulsory contrib. from person to gov. to defray expense incurred in common interest of all without reference to special benefits conferred"

Gasoline

1. Easy to collect
2. Just tax
3. Ability - to - pay
4. Yields adequate income
5. Must be certain
6. Cannot be avoided -
7. Convenient to pay.

He didn't mention these —

8. Benefits received.
9. Cannot be shifted.
10. Won't discourage production

T.N.E.C. '38 - '39 taxes

under	$500. -	21.9 %	paid in taxes
"	1,000.	18. %	" " "
	1,500.	17.3 %	
	2,000.	17.8 %	
	3,000	17.5	
	5,000	17.6	

$10000. -	17.9
15,000 -	25.5
20,000 -	31.7
over 23000 -	37.8

Underconsumption. Money monkeying. - none of these are the real cause. Overspeculation in "something or other" (T.) Money gets rare.

— Read Slichter

B. Technological - studies show that those misplaced mostly (92%) got new jobs, but only 19% got as good jobs.
So machines really do unemploy.

Mary's report.

$400,000,000 spent on work relief. '33

Lots of public (& private) projects achieved.

1. '32 - RFC allotted funds for relief.
   '33 - Fed. emerg. relief (FERA) - $250,000,000 to states.
   - C.W.A. (Civil Works Administration) abandonded '34 (raised margin)
   '35 - W.P.A. - '37, reduced to 1,450,000.
   '35 - Old age pensions
   '37 - recession in fall.
   5,000,000 unemployed now.

$2,000,000,000 on relief '34 - '37

The ~~formula~~ amount for work relief is according to a formula, based on no. of unemployed & standard of living.

T. -

1. After '29, few who got relief had ever had it before.
2. Social Security Act has not solved problem, but big improvement.
3. It would cut relief expense 1/3 to sub. dole for work relief.
4. Only 18 mo.s tenure of W.P.A jobs

Life, ~~Winn. Talk~~

5. Wages lower than prevailing, tho to start they were equal.
6. Little politics connected with W.P.A.
7. Food stamp plan.
"2 people can't keep a secret".
8. We need an integrated national system of relief. No local stuff. Work, not dole. No politics. Not the ideal solution.

– Mase's report. On insurance.

I. Calculable & non-calculable risk. $50% of nation covered.
1. Stock organization - to make money
2. Mutual ins. - profits go to policy holders.

II They charge more than they expect to lose.
Invest money in solid stuff, no spec.
They make money when somebody doesn't die.

III But today ins. money not invested

IV Life insurance
Agreement to pay fixed amount at death
2 types. 1. Pay fixed amount whenever you start
2. Pay progressively as you grow older
'29-'34 ins. equal.
ins. a steady investment.
No delay in collecting
Last to go down, first to come up in depression.

VI Co-op. (2) vs. corporations (1/2)

1. Minority control, vote by proxy
2. Fixed int., speculation abolished, 1. not so
2. Patronage dividends 1. Dividends to share owners
2. No natural competition. 1. Comp.

Co-ops useful as natural means to combat monopolies in capital. Such cases rare.

Our Committee

Bugs. I.

I Extent of Unemployment

1. " Worker" includes all "Labor"
2. 49 of 120, in '30, were gainfully employed
3. 55 of 130 " '37 " " "

A. Depressions, accentvations of general problem

1. '29, ~~crash~~ unemployment. '33 - worst. 13,000,000 out of work.
   '39, 10,000,000; 1/4 in urban, 1/5 rural
2. '29 - $83,000,000,000 - nat. income
   '32 - 40,000,000,000 - " "
3. Types of unemployment
   a. b. seasonal c. depression d. machines
4. 1/5 out, +00 ; 1/4 out '29 ;

1. More consumption, more investment, more employment.
   a. recovery - as above
   b. Cycle due to "confidence" & lack of "confidence"

Reasons → Overproduction. Underproduction. Too much for capital.

1. The effect of machines is
   a. To enable the same wealth to be produced with less labor on same land
   b. Sometimes to enable the same wealth to be produced with less land. (fertilizers, more efficient use of coal, etc. getting more of the deposit, intensive farming with contours etc.) with same labor
   c. To enable more wealth to be produced on more land with same labor.

As human desires are unlimited, to produce more wealth on more land (c) will be predominant trend

But land is limited, so same wealth with less labor (a) will be produced.

(cont.) If land were ~~unlimited~~ available to all, all could use machines, reap the advantages thereof

Write for Barnett, Look up Munn-Bush, etc.

Thurman Arnold concludes.

1. Complete monopoly rare
2. Is dom. of one ind. by a few co.s, which holdup prices.
3. Is cont. of distribution by networks "Trade Ass."
4. Chinese Bandit System of restraint in unorganized industry.
5. Comp. shouldn't extend to point where child labor, etc.
6. Patents restrict comp. in 2 ways, 1. restrict comp., 2. Coldstorage

Installment selling - $\frac{1}{8}$ retail sales.

Interest rates & credit charges found for charges.

Credit unions best for small loans

Western Electric Bank. Credit Union gone commercial

3½ % mensō limit for Personal Finance Corp.

~~Pay~~ Int. reduced as payment made ↑

$9,000,000,000 consumer credit in '37

Abuses of installment selling

1. Personal stupidity
2. Business failure (esp. true in wealthy suburbs)
3. Excessive Int.
4. Prefer installment to cash
5. Commission rather than set law should set int.

Oscar Olsen's committee on Co-ops. - All have credit unions.

1. Do co-ops raise standard of living?
2. Are policies changing?

J. 1. Eliminates competition,

2. Helps whole community.

1843 - Rochdale. Dr. William King - "The Co-operator"

no credit.

I. Consumer Co-op.

II. Producer Co-op. - Wisc. Dairy Farms
Eliminate middlemen. Don't like inter-state tariffs.
Calif. fruit growers, southern cotton planters

III European development - Farmers mostly benefited.

IV ~~In U.S.~~ Evanston Co-op. "North Shore Co-op."
1. Meat-market, gas station, etc., use cards
? If N.P.A. raises prices, cuts chain store eff.
? Like labor-saving machine

Limitations
1. Require character, energy & intelligence in management.
2. Management rewards low, inefficient management.
3. Throws people out of work.
4. Chains already do it.
5. People don't care to save - ~~Baste!~~
6. Insufficient capital, lack of interest.
7. Co-ops strongest with farmers

V List ~~in no.~~ 1. first has most prod. cost, least distr. cost, & down.
Meat, lumber, hardware, furniture, auto accessory, plumbing,
Refrigerators, Electric App., Jewelry, Drugs
— Figure out technological business

VI Co-ops have wholesale system, run fairly well.

T. says that free market price, is it just?

Reasons why normal price doesn't occur.

1. Stationery capital, specialization. So there can be greater variation in price before changes come.
2. Associations, monopoly, advertising abolish free market.
3. Cost of production changes, increases in extractive industries. Dodds says it's an example of "diminishing returns law".

IV Monopoly price - if price is high demand goes down, of course.

A. Limitations. 1. Conditions of demand 2. Artificial "ersatz" competition.
3. W for Mb 4. Gov. control

B. Fair price - Completely artificial. Under freedom all these things would happen anyway
1. Price that will result in maximum use of product & cover cost.
2. Provide fair returns to business
3. Pay for materials, rent
4. Adequate wage for workmen

(said our prices are higher!)

C. Price control

1. Gov. (because of a. Labor. b. other lobbies)

a. means - 1. Gov. competition (T.V.A.) 2. Direct fixing by commission
3. Federal Trade Commission, 4 Socialism

— Dowd - T. "wonders" if natural laws of just price are right.

I. Chain Store - 1910 became common

1. Cuts out unnecessary middlemen.
2. All advantages connoted with association.
3. Little 'Market t' selling.
4. Wages higher in chain store. (but this figure also counts executives).

Disadvantages
1. Non-local 2. Individuals not considered. 3. Small merchants wrecked.

'28-'32 -- great growth of chains

Patman - Robinson from same town, Texarkana

A&P, 11,000 stores, largest chain - ~~[illegible]~~ Patman bill would tax out of existence

Legislation against chains.

1. State or municipal ($\frac{1}{2}$ states)
   a. Tax according to no. of stores in chain.
      A. $\frac{1}{2}$ cent stores all over union, 2 stores in state.
      B. courts have upheld
   b. Tax gross receipts according to no. of stores.
      A. but method "b" ~~[illegible]~~ held by courts.
2. Patman bill (Anti-chain store law) (in effect)(national)
   a. Same as state.

III - "Voluntary Chains", series of small stores banded together.

IV In types of stores. 1. Variety, 2. Drugs 3. Food 4. Hardware 5 Saloons. petit minuscule

V Cause of failure in small stores.

1. 37% lack of capital, 31%, incompetence, 2% unwise credits, 4% inexperience, 1% frivolity.
2. 15% accidents, 3.9% competition from chains.

III again 110,000 individual "vol. chains", 50% more outlets than chains have. Most hardwares "voluntary chains". "Locust Farm" "Grocer's Alliance" are examples.

2. All retailers (include vol. chains) 1,~~[illegible]~~0,000 to 140,000 chain outlets.

On the whole chains have lowered prices

Dowd's concl. - 1. Chains have reached their peak.

Boom in chains, as in co-ops, during depression. 2. Plenty of legislation, maybe too much.
3. Not a menace to small independents.
4. Prices all lowered.
5. No danger of monopoly.

Essay for Barnett Prize - 1500 - 2000 words

1. Consumer more important
2. Where family incomes go.
3. Who buys & what.
4. ~~I. Why people buy~~ (Christian, Wiltberger, Olson)

A. Do people buy wisely.

1. $\frac{1}{3}$ food, $\frac{1}{5}$ shelter, $\frac{1}{10}$ clothing
2. Today's desires are tomorrow's needs.
3. Thoreau at Walden - lived on less than many today.

B. Wants - styles

1. Style changes cause greater want for the "à la mode"
   a. Fashion is the prevailing style - mode. (fad - small fashion) craze is fashion + rush, crowding, excitement.
2. Fashion cycles.
3. Reasons for buying. (needs & wants)
   a. preservation of life
   b. sense of power
   c. pride
   d. self-glorification.
   e. sense-of-duty
   f. feeling of pleasure & pride.
   g. ? personal motives ?
4. Advertising

~~a. To acquaint consumer with product, & make him like it.~~

~~b. ? Advertising raises standard of living because it helps distribution of labor along.)~~

1. $15.00 ('29) for advertising on every person.
   60% for periodical advertising.

2. T. - Advertising is correlative to mass production.
3. But it is sometimes used harmfully
4. Testimonials no good

X absent 3 days

C. Better Business Bureaus. etc.
1. Organized by ethical merchants.
Am. Home Economics Ass.

D. Gov. Agencies
1. Bureau of Home Economics
2. Federal Trade Commission
a. Have to use Federal Courts.
3. Consumers Counsel of ~~A.A.A.~~ Dept of Agriculture.
a. education, mostly.
b. It's possible to spray apples enough & yet not poison consumer.
c. Pure Food & Drug Act, 1913, 38 amendments
d. New Food, Drug & Cosmetic Act
1. outlaws cosmetics injurious to health
2. " foods " " "
3. Requires artificial coloring notice.
4. "Reasonable" quality & fullness of container.
5. Therapeutic devices
6. New drugs must be tested before they can be sold.
4. Wheeler-Lea Bill
1. Misbranding & fake advertising (interstate)
5. Robinson-Patman act.
1. Anti-chain store Law.

Write essay for Barnett Civics prize

6. Nat. Bureau of Standards

Biggest & best testing bureau. Tests everything bought by gov.

E Educating consumer

1. Balancing the budget

Reasons for buying. 1. Need, 2. Availability 3. Ability to pay.

a. budgeting is planning, an individual problem.

1. Food, 2 Housing 3. Household expenses, 4. Clothes

F. Weights & Measures

G. In upper brackets, gyps are frequent.

H. Magazine- "The Consumer's Digest"
" Research"
"National " News "
but less multifarious "The " Guide" - more thorough

free, Dept. of Agriculture, send return trip stamp.

Use these.

PM's advertising is index, nothing paid. Give their opinion of them

Underwriter's Lab. is good for electric & related materials.

Co-ops test necessities - look for 2 Pine Trees

Am. Gas Ass. - good tests.

Municipal Market Service (Radio News) New York, Boston Buffalo

Grow Your own back-yard vegetables

Dowd's committee - Competition & Monopoly. Dodds

I. Dodds- Interrelation of prices

1. Does supply & demand change exactly.

2. The price of every unit sold is fixed by the willingness of the public to buy the last unit sold.

3. Demand varies directly with usefulness of product.

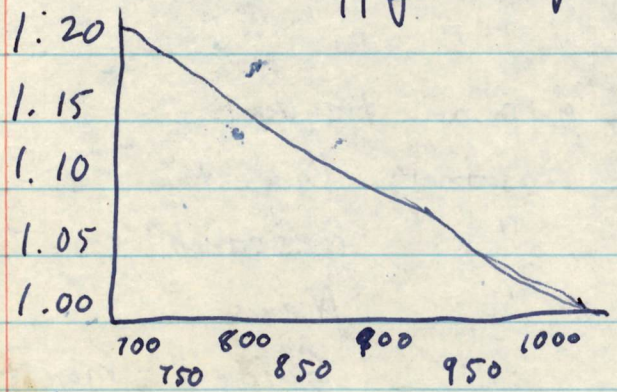
3 laws of demand

4. Effective Demand decreases as prices increase

5. " varies with purchasing power of consumer.

6. Elastic & inelastic demand (elasticity is the extent to which demand changes with change of price.
   a. luxuries elastic, necessities inelastic (only their minimum is inelastic)
   b. supply is only that supply on the market.

7. Elastic supply changes things, allows for incoming of mass production



8. Staple goods sold usually at market price (i.e. - no fluctuations no market + & market -)
   Advertisers sell at market, + (luxury) or - (mass production)
   Market + sells to snobs (drug store supplies)

9. Price range depends on . Ticker tapes afford information to make prices level.

10. Price discrimination. Same thing under different name, high price, low price.

II Artificial regulation of prices.
   A. Ga. - utilities
   B. Custom - 5¢ fares
   C. Monopoly - Dodds says free market requires free access to information. nuts

III "Board of Trade", with impartial rules and copies information is free market.

CONTEMPORARY ECONOMIC TOPICS

Major Economic Areas

Section I - Evaluating Sources of Information

1. The Nature of Propaganda
   In the press, on the radio. The lecture platform. Still and motion pictures. Charts, graphs, diagrams, etc.

2. The Scientific Approach
   The method of reasonableness. The scientific attitude. Scientific generalizations. The nature of economic facts, data, etc. Limitations on economic research.

Section II - The Consumer

1. The Importance of the Consumer

2. The Family Income
   The meaning of income. "America's Capacity to Consume" by the Brookings Institution (1934). "Consumer Incomes in the United States" by the National Resources Committee (1938).

3. How We Spend Our Money

4. The Bewildered Consumer
   The changed status of consumers. The consumer's dilemma, "Let the buyer beware". Advertising. Protecting the consumer: consumers' organizations, government protection, commercial and professional agencies.

5. The Nature of Modern Competition
   Chain stores. The Robinson-Patman Act. The Tydings-Miller Price Maintenance Act. The practice of scarcity: tariff, production limitations, monopoly, trade association agreements, labor unions, boycotts, inter-state "tariffs".

6. Installment Selling
   Wage assignment. Credit union. Credit charges.

7. Consumer Cooperatives.
   Origin and basic principles. European experience: Great Britain, Sweden, Denmark, etc. Nova Scotia experience. Effect on business. Criticism and rejoinder. Growth and success of the movement in the U. S.

8. Provisions Against Economic Insecurity
   Social provisions: public housing; social insurance: need, kinds, background and present status in Europe, in the several states, in the federal government; arguments for and against the social insurance program. Private insurance: the business of insurance; kinds - life, accident and health, property; the relation of government to privately organized insurance.

Section III - The American Business System

1. The Modern Capitalistic System (Berle and Means)
   Profits. The organization of corporations - benefits and powers. The social disadvantages of corporations. Rights and powers behind corporate securities.

2. Security Exchanges
   Function and practice. Manipulation of security values. Government regulations: Securities Act of 1933, Securities Exchange Act of 1934, the S. E. C. in action.

3. Investment Trusts
   Function and practice.

4. The Growth of Big Business
   Concentration of power and financial control. Trusts, holding companies, monopolies. Regulation trends: Sherman Anti-trust Act, Clayton Act, Federal Trade Commission, N.I.R.A. the U. S. Supreme Court.

5. Competition vs. Monopoly
   The nature and extent of monopoly and competition. Relation to price. Recent trends.

6. Business cycles
   Analysis of causes. Suggested solutions. Share in the profits of industry: Proctor & Gamble Company, Nunn-Busch Shoe Company, etc. Economic democracy in industry: Hormel Packing Co. plan. Obvious bias

7. Suggestions to Improve Our Capitalistic System
   Brookings Institution: America's Capacity to Produce, The Formation of Capital.

Section IV - Money, Credit and You

1. Money and Banking in the Past

2. Money Difficulties of Today

3. Banking Difficulties of Today

4. Trends Toward Stability
   Federal legislation. Unsolved problems.

Section V - The Problems of the Farmer

1. Saving Our Soil

2. The Post World War Agricultural Depression
   Economic insecurity: farm prices, tenancy, stranded populations.

3. A Federal Farm Policy
   The Farm Board. The Agricultural Adjustment Act of 1933. The Soil Conservation Act of 1935 and Amendments in 1936. How the farm program works. An evaluation of the program. The future of American agriculture.

Section VI - The Problems of Labor

1. The Insecurities of Labor
   The extent of unemployment. An analysis of technological unemployment since 1920. Wages and hours of work: income and occupation, hourly earnings, industrial and geographic differences in wages, wages related to age, sex and color, wages change since 1929, Wages and Hours Act of 1938.

2. Labor on New Fronts
   Organized labor. Collective bargaining. The decline of labor, 1934-35. The trade union movement, 1886-1938. The Wagner-Connery Act of 1935: How the labor board operates. Is the National Labor Board doing a good job? Does this act need amending?

3. The A. F. of L. vs. the C.I.O.
   Brief history of Labor. Nature of the family fight. The C.I.O. organize steel, automobiles and textiles. Strength of organized labor. The industrial unions vs. craft unions: University of Pittsburgh study. Labor trends.

Section VII - Government Regulation

1. The Need for Government Regulation

2. The Regulation of Transportation Systems
   The Inter-state Commerce Commission in action. Difficulties in railroad rate regulation. Needed: a coordinated federal transportation system - several plans.

3. Federal Regulation of Electric Power
   The need for federal regulation. The difficulties in rate regulation. The intricacies of the Public Utility Holding Companies. Further regulation: The Public Utility Holding Company Act of 1935.

4. Public Ownership of Electric Power Resources
   The origin and development of public ownership of utilities. The T.V.A. power policy: advantages and disadvantages.

5. The Trends of Government Regulation of Business

Section VIII - The Tax Policies of the State

1. The Need for Taxes
   Functional changes in governments after 1915.

2. The American Tax System Today
   Kinds of taxes: property, income, payroll, highway, liquor, tobacco, sales, death and gift, customs and miscellaneous.

3. What is a good tax?
   Placing the burden of taxation.

4. Balanced Budgets
   Arguments for and against a balanced federal budget. Budget facts.

5. The Need for Coordination of Federal, State and Local Tax Systems
   A look into the future.

6. How Taxes Can Aid in Social Control

Section IX - INTERNATIONAL ECONOMIC RELATIONS

1. The Importance of International Trade

2. Economic Self-Containment vs. Economic Interdependence Trends.
   World monetary difficulties today.

3. The Control of Raw Materials
   Inequalities of distribution today: the Haves and Have-nots. The importance of colonies. Restrictions on international trade: embargoes, quotas, cartels, devaluations of money, tariffs, wars.

4. A Study of Our Tariff Policies

5. Suggested Solutions false alternatives
   Self-containment vs. economic nationalism - Regionalism.
   Internationalism. A middle course: Reciprocal trade agreements.

Section X - Experimentation in Economic Security

1. The Soviet State
   Karl Marx basis. The economic structure. Planning. Evaluation.

2. The Italian Corporative State
   The rise of fascism. The economic structure. Evaluation.

3. National Socialism in Germany
   The rise of Hitler. The economic structure. Evaluation.

Section XI - The Prospects of Economic Planning

1. Laissez-faire in practice today
   Rugged individualism.

2. The Growth of Dependence on Government

3. The Possibilities of Planning.

On tests.
1. Look more carefully for what [illegible] wants.
2. Use more facts.

~~SUMMER DEMONSTRATION HIGH SCHOOL~~
~~Teachers College, Columbia University~~
~~1939~~
Keep reading reports on half-sheets.

~~Consumer Problems~~
A Few Practical Suggestions to Students

I. Try to have a scientific approach to our social economic problems. You can develop this attitude by following a few rules:

1. If you want to find the truth, never be interested in merely proving or defending your position or point of view.

2. Obviously it would be dangerous to truth to draw a conclusion in regard to chain stores, for example, if your conclusion was based on merely a few cases or experiences.

3. Guard against personal bias and the habit of self-interest, self-advancement, tradition, conservatism, radicalism, rapid change or slow change.

4. Get the facts. It is well to remember that facts do not often lie around in the open ready to be picked up; they must be discovered.

5. The first step is to understand your problem. Then begin to:

   1) Read, observe, collect and record the data.

      a) Observation is difficult. We are easily deceived; we seldom see the whole of anything; we are inclined to inject our own feelings and emotions into what we see and hear.

      b) Select only important evidence.

   2) Classify and organize the evidence or data.

   3) After getting the best picture of the problem, you are ready to make generalizations. This is a very hard job because:

      a) We are dealing with human beings whose actions change. Therefore, it is hard to measure the facts.

      b) It is frequently hard to obtain enough facts to draw conclusions.

      c) However, it is well to remember that no science, not even an exact science like astronomy, is absolutely exact.

   If you get sufficient facts so that a tendency can be established you are using the scientific approach to your problem. Economic laws, for example the so-called laws of supply and demand, are merely tendencies. Under certain conditions, all other things being equal, there is a tendency toward a certain result. It does not mean that this result will always follow certain causes.

II. Collecting data and taking notes. ~~unpleasant~~

1. You are expected to work a) quietly, b) efficiently, c) cooperatively, and ~~d)~~ with a smile.

2. All of you are expected to read and explore your problem. After you have read sufficiently on the problem concentrate on a few important questions. Divide the work among all members on your committee.

3. Read carefully. Take systematic notes. In general it is a good plan to:
   1) Take notes on half sheets.

   2) Each separate fact or idea or sub-topic should be entered on a separate half sheet.

   3) The source of each bit of information should be included, giving author, title, date of publication, volume if any, pages. (Indicate whether it was an interview, observation, lecture, moving picture, etc.)

   4) Evaluate all important sources of information.

It is really a good idea to adhere to a system of note-taking because it aids you in organizing your data. It will s ave time and energy because you can place all the half sheets on one sub-topic or idea together and study it as a whole without having to try to locate a note in the middle of a sheet having several different ideas.

III. After all the data is ready, the chairman of the committee will be responsible for carrying on a discussion (quietly as possible) wherein you will decide:

1. How the problem will be organized.
2. What to include.
3. How you will present the problem to the class (panel, illustrated by exhibit, charts, etc., acted, radio, etc.)
4. Who will carry on a discussion with the class after the presentation.
5. The writing of the committee report (typed or in ink) to be handed to the editor-in-chief.

IV. The Committee Report should have:
1. The title of your problem
2. Names of all committee members
3. Short bibliography (evaluated - reliability of information.)
4. Short introduction - you might tell us the importance of your topic and name the major questions you are investigating.
5. Write the body of your paper - (main part).
6. Finally, try to draw a few generalizations.

V. Making Interviews:

1. Introduce yourself and others to the interviewee. Explain your purpose. It is surprising how people will respond if they know you want accurate information.
2. Take along pencil and small notebook.
3. Prepare a few specific questions before the interview.
4. Try to learn the point of view of the person interviewed.
5. Learn their opportunities for knowing something about the problem. Is the person biased and inaccurate?
6. Usually it is necessary to take some notes. Take few notes during the interview - jot down catchwords or facts. Do not make note-taking conspicuous. If you need to take quite a few notes, ask the interviewee if he would mind if a few notes were taken.
7. In closing the interview you will thank the interviewee for his interest and time in helping you to understand the problem.
8. Return to class before the period ends.

Merrill. Am. & the World Crisis. (pamphlet)
$20,000,000,000 of gold in ground.
only 6,000,000,000 paper money needs backing
24% to 57% in 2 years. - our tariff.

what is equity?

Chap. 4 - How we attempt to solve.

I. By private enterprise, the "limited-dividend" corp. - $12. per room mensō.
Marshall Field Garden Appt. homes; Rosenwald Fund Mich. Blvd Garden Appt.s
With tax-exemption & 4% loans, still above the 20,000,000 slum dwellers,
who require $6. mensō rents.

II. Co-op. housing - tenants all own stock, thus actually the land & building.
Amalgamated Housing Corp. (clothing workers)
$500. down, 5 years to pay, doesn't solve problem (as usual)

III Philanthropic - Lavanburg Homes
Still at $9.00 - limited. But those transfered to good environment do become decent.
Low incomers pay about 20% rent. i.e. $1300. annō income means $6.00 mensō rent. per room.
Setting free enterprise would bring undreamed of economies.

The Government in Housing
1. In Europe, gov. housing has been encouraged since 1851.
didn't reduce private enterprise demand.
a, slum clearance. b. loans to builders c. public housing.
2. US - FHLBS, HOLC, ERCA, NHA, PWAHP, FHA, PA, TVA, USHA '37
a. NIRA had some encouragement of limited-dividend corps, failed.
b. '34, PWA EH Corporation, Housing Division
Worked with local co-operation. Localites like to tear down shacks, but not to rehouse.
Land spec., has-ed & will defeat even gov. housing &
Circuit ~~Supreme~~ Court refuses "eminent domain" condemnation.
c. George-Healey Act. '36

(over)

1. Housing division may pay 45% cost, fix int on rest.
2. Civil & criminal authority over projects by local authority
3. "Payments in lieu of taxes may be made to cities"
4. Only for needy

d. USHA

Administrator appted by Pres.

$500,000,000 appropriation, bonds raised by loans to local public housing projects.

Subsidy by annual contribution or down payment.

12
20
240
31.
240
720
744 01

and supervises everything in such cases.

Abuses like hidden expenses abolished.

To reduce initial expense, many expenses included in mortgage.

Loan is repayed by amortization, saving homeowner money.

'34 - '38, $828,000,000.

½ of which represents new construction.

~~~ These under $1500. (42%) can't get F.H.A help.

— Int. rate is 4½%, mortgage can't exceed 80% value

?— The cost of rent - p. 39

U.S.H.A subsidizes local public housing projects, for very low income groups. $450.

Doesn't begin to cover situation.

The cost of marketing

Speculator, borrows money, buys land, builds house, sells it to buyer on installment plan, sells deed at ~~toss~~ discount (?) to _____ (collecting agency?). That is all. Super?
~~~

The cost of land. - speculative advance.

It defeats purpose of U.S.H.A. (by not permitting gov. to condemn such land at its real value)

Real-estate taxes.

Average town gets 75% revenue from them.

Taxing renters' improvements causes foreclosure.

Plug for L.V.T. - p. 44.

Cost of Construction

Waste is 34% to 65%

Building trades don't try to be efficient

Architect (Frank Lloyd Wright, Le Corbusier), general contractor, subcontractor (plumber etc)

Labor - 62% cost for building materials, 38% for labor construction

65% waste.

Unions difficult - due 1. to nature of industry. 2. Its closer connection with elastic land values.

Inadequate planning - (lack of zoning laws)

Slums have high land values

Planning - regional, city, & sectional

Troelstrup's Housing

Introduction.

A 1. p. 4-5

2. $\frac{1}{3}$+ pop. badly housed. Nat. ave. - rentals under $20. monthly are no good.

3. 12 % of value of real estate considered fair rental.

4. 11,000,000 rental non-farm homes, 4,000,000 under $20. monthly
10,000,000 owned " " " 1,800,000 " $2000. value.
failure to separate land from improvement value makes figures less significant.

5. 30,000,000 families in U.S., '30, 6,500,000 farm

B. Incomes - ('29)
21 % under $1000, 42 % under $1500, 60 % under $2000,
71 % " $2500. Median $1700.
much worse in depression.

I. A New York - Multiple dwelling laws, tearing down houses,
B. Negros worse off than whites. Crowding, higher rents,
C. Rural housing
1. Tenant farmers, migratory workers
Houses worse, but outdoor life makes up for it.
D. Village Housing
Inadequate incomes, make this a long time problem

II. Effects a. Crowding, not bad housing causes delinquency.
b. Disease started there spreads - most tax money put there.
c. Inflated land values cause exodus, new slums.

III Why bad housing.
1. Financing - long term loans - lower rate than short. If general rates go down, long-term loans don't go down as fast as short.
25 % cost is "interest" on loans. (insurance against risk?)
50 % in 20s, says Hirsch
He says high int. rates most important reason for bad housing.
He apparently doesn't believe in free enterprise.
These high interest rates indicate that loans for home construction

6. Good housing abolishes crime.
7.

Fallacies often heard

1. Bad housing found only in big cities.
2. Overcrowding " " " " " "
3. Subsidized by gov. housing is in effect subsidizing employers who pay low wages.
   T. says not true because "so many other factors enter in" - Wages & hours law, etc.
   Actually, of course, it will increase resource land values
4. Enforcement of restrictive laws (like N.Y.) will eliminate slums.
5. Slums are made by the people who live in them. are frequently bad, that's all. ~~The store is [illegible] rent.~~

High interest practices - 1. High cost second mortgages 2. Charging excessive fees 3. Making long-term loans on a fictitious short-term basis.

Gov. Aid

1. Mortgage moratorium & anti-loan-shark laws scared people away from money lending.
2. '32 - Fed. Home Loan Bank System
3. '33 - HOLC
   a. Stop foreclosures -
   b. Aid lending institutions -
4. Federal policy - a. help private enterprise (recent law forbids in Ill.)
   b. aid to public housing

a. Help private enterprise
   (1) F.H.A. - lends no money.
   It insures loans of private co.s for repairs & mortgages.

HENRY GEORGE SCHOOL OF SOCIAL SCIENCE

Fundamental Economics and Social Philosophy

LESSON X

I have in this inquiry followed the course of my own thought. When, in mind, I set out on it I had no theory to support, no conclusions to prove. Only, when I first realized the squalid misery of a great city, it appalled and tormented me, and would not let me rest, for thinking of what caused it and how it could be cured. - Henry George.

Assignment

Book X. Pp. 475-552. Conclusion. Pp. 555-565.

Questions for Discussion

Numbers refer to pages in Progress and Poverty where subject is treated.

1. What one characteristic differentiates man from all other animals? (476)
2. How is man's power of improvement manifested? (477)
3. What is a common explanation for the progress of civilization? (478-480)
4. According to this theory does civilization advance because of any conscious effort of man? (480)
5. Is the march of civilization constant and continuous? (482-485)
6. What conditions in each arrested civilization seem to indicate the cause for its being overwhelmed by barbarians? (487)
7. Must there be a limit to national or race life, just as there is to an individual life? (487-488)
8. Where must we look for the causes which in every civilization have brought progress to a halt? (488)
9. Are differences in language, religion, habits of living and of thought transmitted at birth or acquired from environment? (489-490)
10. Are paupers and criminals born paupers and criminals? (492)
11. What determines national character? (494)
12. Are the differences between men in different states of society due to the influence of heredity or of environment? (489 and 495)
13. Is the advance of the present civilization over that of previous civilizations due to qualities inherent in man or to differences in society? (504-505)
14. What are the incentives to human progress? (506)

IR = Int. rate

TR = Tax rate

R = Rent

SP = Selling Price

net rent $= Sp \cdot \times IR$

$TR \times Sp = Tax$

$Net\ rent = R - TR \times Sp$

$Sp = \frac{net\ rent}{Ir} = \frac{R - Tr \times Sp}{IR}$

$IR \times Sp = R - Tr \times Sp$

$Tr \times Sp + Ir \times Sp = R$

$R = sp(Tr + Ir)$

$Sp = \frac{R}{IR + Tr}$

15. What is the motor of human progress? (507)

16. Is mental power a fixed quantity? (507)

17. What determines the amount of mental power devoted to improvement? (507)

18. What is the first essential of progress? (508)

19. What is the second essential of progress? (508)

20. What is the law of human progress? (508)

21. What is the force that tends to reverse progress? (508)

22. Is inequality the necessary result of social growth? (514)

23. Why do these social maladjustments persist? (516)

24. What is the great cause of inequality? (516-518)

25. As wealth and power concentrate in the hands of a few, how is progress halted? (518-519)

26. What has destroyed every previous civilization? (528)

27. Is this tendency observable in our civilization? (528)

28. What at first was the effect of the tendency to political equality? (530)

29. Why does political equality in itself fail to prevent the tendency to inequality, or even to assure the continuance of political equality? (530)

30. Is it necessary to change the form of government to bring about a condition of despotism? (530-533)

31. What is the conclusion as to the future of our civilization which is indicated by the tendency to inequality, by industrial depressions, by poverty, by the increasing struggle to live? (541)

32. Is there a remedy? (543)

The truth that I have tried to make clear will not find easy acceptance. If that could be, it would have been accepted long ago. If that could be, it would never have been obscured. But it will find friends - those who will toil for it; suffer for it; if need be, die for it. This is the power of Truth. - Henry George.

Continue your education in fundamentals - read THE FREEMAN - Monthly critical analysis of current affairs, news - Subscription - 50¢ a year

VALUE IN USE AND VALUE IN EXCHANGE

1. The term value is of the utmost importance in political economy.

2Original meaning of word is that of "worth",i.e. esteem or regard.

3. But we esteem some things for there own qualities and others for what they will bring in exchange. That is, steel has a certain usefulness which is always the same (not counting improvements in the arts) which increase the demand for steel) but when the Bessemer process came along, the supply of steel was infinitely increased and its value in exchange went down, though its use value was as great as ever.

4. An illustration by Adam Smith. "Diamonds have little value in use."

5. A refutation by John Stuart Mill. "Diamonds have a very great capacity to satisfy human desires.The idea that they don't is simply a moral" Mill is wrong. The great value of diamonds is in exchange, not use. The demand is limited, but the supply is even more limited. They don't have utility. They have desiredness.

Use, or value in use, is the absolute capacity to satisfy a desire. Value in exchange, however, is the value in use as affected by the laws of supply and demand.

In his footnote on "utility" and "desiredness", however, He seems to say that "value in exchange" "desiredness" mean frivolous values, the ability to satisfy a human desire which should not be a human

desire, such as torture machines, have. I do not believe that this is the true distinction.- He says not that it shouldn't be, but simply points to truth. Readon
6. The footnote.
"Utility" means the capability of being ~~desired~~ used.
"Desirability" means that something ought to be desired.
"Desiredness" means that something is desired.
7. He says, "Utility is the capability of use in satisfying the normal natural, and general desires of men." That is, he would have a distinction between the "needs" and the "desires" of men. Then would he say that value in exchange is the value of things which satisfy only desires and not needs? No, there must be something better coming. Wait a bit, value in in exchange is the only value with which Ploitical economy is concerned true, but value in use must mean the capacity to satisfy ~~desires~~ needs, not just wants, or else there could be no distinction between it and value in exchange, which is the capacity to satisfy desires.(wants)
8. The use value is the same whether the thing is cheap or expensive at the time.
9. Value in use is the absolute capacity to satisfy human needs.
Value in exchange is the value set upon something by people.
It is the value with which Political Economy is concerned.
Throughout this book we shall use the term "value" to mean "value in exchange".

right

CHAPTER XI-ECONOMIC VALUE-ITS REAL MEANING AND FINAL MEASURE

The idea that there is a certain amount of value and that all values are in proportion to other values leaves the idea of value swimming, but value is because of the human exertion necessary to get something with its attendant irksomeness or weariness. The value of labor never varies.(Don't take this the wrong way.) Adam Smith chose to say value in exchange rather than value in exertion or something of the kind because, 1. Value in exchange could be readily understood. and 2. ~~Ø~~(A bad reason) He could think of nothing by which to measure the toil and trouble of exertion (Though obviously value measures this.) Remember to think very broadly about "toil and trouble". A master craftsman might enjoy very much his work so that it would not be toil & trouble to him, but it took him years of work to become a master. One man might enjoy digging ditches and another hate it, but it is the average amount of toil and trouble necessary which will determine the value of ditches. The fact that land and men sometimes have value and to dispute this would be to endanger present social institutions has caused nobodys to write awful tomes on the subject, piling confusion on confusion.

Next chapter to prove that value in exchange does not lie in exchangeability but in something from which exchangeability springs-the toil and trouble attendant upon exertion.

XII-VALUE IN EXCHANGE REALLY RELATED TO LABOR

1. From the assumption that economic value is not merely what we have found it convenient to call value in exchange but in reality is exchangeability (A quality of power by which the owner of a valuable thing may, by surrendering his ownership to some one else, obtain from him by similar transfer the ownership of another valuable thing) value is thought of as proceeding from value, and exesting in a circle of which each part must have a relation of proportion or ratio to all other parts.

Proportions imply some whole.(?) It can't be found. in values.

The Austrian school seeks to show values come from "marginal utilities"- i.e., A mental estimate on the part of the consumer of what the product is worth to him, ignoring the axiom that men seek to gratify their desires with the least possible exertion.

The word "things" is of indefinite meaning.

To test the proposition that value is a relation of exchangeability between 2 valuable things we make a mental experiment with a few valuable things. We take gold & cotton goods. When the value of gold falls, that

of cotton rises in terms of gold, and vice-versa. (Gaffney-if everybody works harder, the sum of values rises) Such reasoning forgets to take into account labor.

These examinations also assume that the quantity of wealth existing at the time of the examination is a fixed one. And also that land values come from the same sourde as wealth values.

It is taught that there cannot be value in one person's hands without there being value in someone else's(with whom he will exchange, I guess.)

Illustration of "Island of Eden". To prove that "value in one person's hands does not involve the existence of value in the hands of others". But how could it possibly have anything to do with it, and what does the illustration have to do with it?

It is by labor that all the wealth of the world is now being purchased

The great mass of consumers are those who live prctically from hand to mouth.

There is a constant wearing out (consumption) and building up (production) of values. There is a growth of aggregate values in progressive countries.

In current theories of value labor is treated as a commodity, "the fallacy of the undistributed middle."i.e.-not using labor in any one but in many senses.

The power of laboring cannot be transfered from one body to another.

The ability to labor does not have value-when it is applied it does, in relation to exertion.

In relation to exertion avoided by the purchaser, not that expended by the seller.

When a thing becomes valuable, it <u>then</u> and because of the value, becomes exchangeable. (but aren't value and exchangeability practically the same.?)

Desire may be measured by the resistance it will overcome, which in turn is expressed in values.

Exchange is the mutual transfer of values.

Even with noone to exchange with there would be value in exchange-Robinson Crusoe would value things not according to their utility but according to how much exertion he must expend to get more.

Broadly there are two sources from which the quality of value originates. 1.The toil of producing. 2.Obligation to work for another.(land)

Hobbes, Buckle, Guizot
18th cent. 19th Cent.

LESSON II

Assignment: Pp. XXXI-57

Intr.

1. Define the science of political economy. (XXXI)

Nature & distribution of wealth ~~being not production~~? production &

2. What is the practical importance of this science today? (XXXI-XXXII)

3. What difficulty does the student of this science meet with? (XXXII)

4. This being so, upon what must the student rely in applying himself to the study of this science? (XXXIII)

5. To what influence may we ascribe the existing confusion in political economy? (XXXIII)

Deals with grasping for wealth

6. Why are colleges precluded from unbiased investigation in this field? (XXXIV-XXXV)

Rich man's hobby.

7. Why may the ordinary man easily acquire an understanding of political economy? (XXXV)

No special tools or labs required

8. What is the primary essential to the proper study of this science? (XXXVI-XXXIX)

~~Reason~~, defined terms.

I. 3 factors of the world

9. What are the three factors which constitute the universe? (9)

spirit, energy, matter

spirit? energy egg grows when conceived matter

10. From the standpoint of man which of these comes first in order of priority? (10)

II. Man, his place & powers

11. In what way does man differ from other animals? (15-16)

Reason, power of

12. What mental power enables man to produce? (16-17)

He experiments, adjusts etc. Beavers, by some hereditary process not reason, got to building dams

III. How man extends his powers.

13. How does man extend his individual power of gratifying desires? (19-21)

association, education

14. What does Hobbes mean by the "Leviathan"? (22)

the state, resembling the huge man

15. What does George mean by the "Greater Leviathan"? (22-23)

~~out~~ extra-political functions

16. Is the advance of civilization continuous? (23)

no.

IV Civilization - what it means

17. What is civilization? (24-27)

the body economic, association.

18. Is civilization subsequent to the state? (26)

no

19. Explain the difference between "body politic" and "body economic". (27-28)

the former an organ of the latter.

20. What is the essential quality of reason? (29)

tracing effect to cause (analysis), cause to effect (synthesis). This, not being unsatisfied, differentiates man from beasts. He says difference of kind. I say of degree.

21. How is this ability to reason the "germ of civilization"? (34) exchange

Profit-sharing obviously wouldn't happen under H.C. there would be nothing from which to pay it.

22. What is the highest test of civilization? (35) kindliness

23. When does civilization begin? (35-36) with exchange

24. When would civilization reach its highest peak? (37) when exchange is absolutely free.

25. Is there any fully civilized people? (37)

no

26. Does civilization consist merely of material progress, or is it defined by political or geographical boundaries? (38-39)

no.
no

27. Is it the gain in individual power of knowing, that characterizes civilization? (39)

no

28. What kind of knowledge is "skill"? (40)

incommunicable

29. Can skill be communicated? (41)

no

30. Is it in skill that the civilized man shows his superiority over the savage? (41-43)

no

31. What do we mean by "sequence"? (45)

What comes after, something

32. What do we mean by "consequence"? (45)

what is caused by something to come after it.

33. What is a "law of Nature"? (46 and 53-57)

invariable sequence

34. What is the fact of which each of us is most certain? (47-48)

I am

35. What is the simplest causal relationship we perceive? (48)

hit yourself. cause & effect known by consciousness

36. What is the point in causation at which we rest satisfied? (49)

the ultimate cause, which, with men is always desire

37. When we know how a thing was done, what is our next inquiry? (49-50)

Why? Doctrine of final causes (Aristotle) referred to desire. Teleological argument - justification of Creator thru final causes.

38. In analyzing phenomena which do not result from the will and desire of the individual animal or man, what sufficient cause are we compelled to assume? (52-54)

natural strife or natural evolution (he says creator)

39. When we observe in Nature certain invariable sequences, whose cause of being transcends the power of will testified to by our own consciousness, what do we call them? (55-57)

Laws of nature

These questions aren't put just right

V. Origin & Genesis of Civilization

VI. Knowledge & its growth.

VII. Of sequence, consequence, & Laws of Nature

1. desire 2. will 3. doing
to avoid dog to climb tree

Turgot-physiocrat, bars XVI

LESSON III

Assignment: Pp. 58-104

1. What is a science? (58)
   Explanation of phenomena by laws of nature.
2. Does science concern itself with the study of human laws? (59)
   Only as they are phenomena requiring explanation by natural law
3. How are human laws enforced? (60)
   no
4. Can natural laws by violated? (60)
   No
5. Have accredited economists always been careful to distinguish between human laws and natural laws? (61-64)
6. What is "an economy"? (65)
   A system, adaptation of parts to whole.
7. What is "political economy"? (66-67)
   Deals with ~~nature~~, production, distribution of wealth. Body economic, not politic concerned.
8. Do the laws of political economy deal with the human enactments of any state or nation? (68)
   no.
9. What is the unit of human life? (69)
   individual. But in pol. ec., the family.
10. When do the laws of political economy begin to appear? (70)
    with association
11. What is the scope of political economy? (71)
    Prod. & distr. of wealth
    ~~discussion what is as blood to body~~
12. What are the two ways in which individuals may obtain satisfactions not freely supplied by nature? (71)
    producing & stealing
13. Does political economy concern itself with stealing? (72)
    no, except when it alters nature
14. Does political economy concern itself with ethical science or the science of politics? (72-73)
    no, but it does, incidentally, point to what is right.
15. In attempting to interpret natural phenomena what is the assumption from which our investigation must start? (75)
    There is a purpose (with humans)
16. In the production and distribution of wealth what is (1) the originating motive, (2) the means employed, and (3) the end sought for? (76)
    1. To eat 2. work 3. to eat
    1. Desire 2. land 3. to eat

17. Is political economy concerned with the physical laws which man utilizes in harnessing the materials and forces of nature? (76-77)	no
18. What are the two original elements in the world from the standpoint of political economy? (77)	man & nature
19. Does man add to or subtract from the sum of matter or energy in the world? (78-79)	no
20. What prompts all conscious and voluntary human actions? (81)	will to satisfy desires.
21. What is the end and aim of all human actions? (82-83)	— " " "
22. Is there a limit to human desires? (83)	no
23. How does man seek to satisfy his desires? (86)	by action
24. How much effort does man exert to satisfy his desires? (87)	what seems to him the least possible
25. Why is this disposition of man the fundamental law of political economy? (87-88)	It's a natural law.
26. Does this law involve the moral concept of selfishness? (88-91)	no
27. What two methods does human reason employ in ascertaining truth? (95)	induction (particulars to principles) deduction (principles to particulars)
28. Is either method more valid in scientific investigation? (95-96)	no
29. In rejecting the deductive method of the classical economists, what error did the "inductionist" economists fall into? (97)	They decided there was no general principle, should make "studies" (T.) for each case.
30. In what two ways can we prove the primary postulate of political economy? (99)	subjectively & objectively
31. With the validity of this postulate proven, what is the proper method of political economy? (95, 98 and 100)	deduction, checking by induction
32. Is political economy a science or an art? (101-103)	science
33. If we should wish to speak of political economy as an art what would we mean? (103)	its practical application
34. Now that we have considered the nature and scope of political economy, into what three categories will our further investigation be divided? (104)	Nature, production & distribution of wealth.

LESSON IV

Assignment: Pp. 115-209

I. Confusions as to meaning

1. Since the science of political economy is the study of the production and distribution of wealth, what should be our first step? (117)

define wealth

2. In our ordinary use of the word, what kind of economy do we usually have in mind? (118)

personal, individual

3. In our individual economy what do we mean by wealth? (118-119)

whatever gives individual advantage

4. Is all that may be regarded as wealth to the individual properly wealth from the standpoint of society? Why? (119)

no. Obligations

5. What did the confusions among accredited economists as to the meaning of wealth lead to? (127 and 140)

death of science of pol. ec.

6. What is the character, therefore, of most treatises on political economy? (128-130)

science of exchanges

II. Causes of Confusion

7. How did the institution of chattel slavery tend to prevent the growth of any science of political economy? (131-133)

slaves must be defined as wealth, moral issues must be avoided

8. Is chattel slavery the only means by which individuals may become wealthy without an increase in the general wealth? (133)

no.

9. Why are special interests so easily able to make fallacies pass as truths? (134-135)

They control higher learning

10. What perpetuates an incongruity that has once been accepted? (138-139)

tendency to accept & adapt evidence to meet it, like bullet in system.

11. How can the power of a great pecuniary interest to affect thought be abolished? (141)

Abolish pecuniary interest

III What Adam Smith meant by wealth.

12. What concept of the term wealth did Adam Smith have in his book "The Wealth of Nations"? (144-145)

real wealth of nations, not individual debts, etc.

13. How does Adam Smith describe "real wealth"? (146)

produce of land & labor

14. What is the definition of wealth given by George? (147)

natural products that have been moved, secured, combined separated or in other ways modified by human exertion so as to fit them for the gratification of human desires.

15. How did the French Physiocrats use the term wealth? (149)

produce of land & labor

IV The French Physiocrats

16. What did they mean by "produit net," or net product? (150)

17. What did they mean by the "impot unique"? (150-151)

18. What economic misapprehension discredited the whole system developed by the Physiocrats? (151-152)

19. What did they mean by "laissez faire"? (152-153)

V. Smith & the Physiocrats

20. Must men draw from one another to see the same truths? (162)

21. On the nature of wealth, in what respect did Adam Smith, at times, differ from the Physiocrats? (165)

22. What did Adam Smith consider the source of wages? (167)

23. Did he see the full significance of the phenomenon of rent? (167)

VI. Adam Smith's influence.

24. What was Smith's attitude toward the landed interests and toward the mercantile interests? Why? (171-172)

25. What three theories, beginning with inconsistencies in Smith, and developed by Malthus and Ricardo, resulted in the acceptance of poverty as a natural condition of society? (174)

26. Why did the system of political economy based on these theories find favor? (174-175)

27. When the free trade ideas of Smith became a political issue in later years, why did the landed interests oppose them? (175-176)

28. As a matter of fact, are the manufacturing and mercantile interests the ultimate beneficiaries of the protective system? (176)

29. What was the effect on the economists of the defeat of protection in England? (176-181)

30. As a matter of fact, instead of the expected unanimity of principles in political economy more and more controversy developed. Why? (181)

rent

single tax

that commerce, manufactures, etc. were barren, sterile. They perhaps were seeing the cause of interest.

clear the way, let us go

no

he included personal qualities & obligations

The produce of labor

no

Friendly toward landowners, vicious toward tradesmen.

Law of rent, stress in wrong place. "Law of diminishing natural productiveness".
Wages - find theory
Malthusian theory.

It called poverty a natural thing

They lowered particular land values.

no

popularized pol. ec., ruined it, encouraged it.

Wealth never defined, inquiries proceeded along false bases.

VII Intellectual Gropings

31. Did the increasing number of professorships in political economy result in any change of attitude toward the science? (183)

no. The new ones only learned from the old.

32. As to what constitutes property was there any dispute? (184)

no

33. Name some writers who, prior to Henry George, perceived the difference between land and the products of labor. (185-194)

Spence, Chalmers, Ogilvie, Spencer, Dove, Bisset

34. What did Edward Gibbon Wakefield propose? (187-188)

To make land inaccessible to labor from the start, lowering wages.

35. What was the essential Marxist thought? (197)

To provide fair distribution by brute force.

36. Why is socialism outside the field of science? (198)

concerns not natural laws

VIII The Scholastic Breakdown

37. What has been the attitude of professional economists toward "Progress and Poverty"? (204)

Ignore it, but it caused change from "classic" to "Austrian" school of thought.

38. What is the attitude of modern economists toward the science of political economy as founded by Adam Smith? (207-209)

obsolete, but respected.

LESSON V

Assignment: 210-269

IX Wealth & value

1. Since economists, on the whole, agree that all wealth has value, why is there confusion as to the nature of wealth? (210)

X The two senses of value.

2. What is the original and widest meaning of the word "value"? (213)

3. What are the two senses in which we commonly use the word "value"? (213-214)

4. What, according to Henry George, must we mean in political economy by "value in use"? (220-221)

5. Are "value in use" and "value in exchange" necessarily identical? (221)

6. Does value in exchange arise from any intrinsic quality of a thing? (222)

7. Is there any common measure in the mind of man between usefulness and exchangeability? (222-223)

8. Why in political economy do we limit the word "value" to the one meaning of "value in exchange"? (224-225)

XI Ec, value- its real meaning & final measure

9. What, says George, is the concept of value taught by teachers of political economy generally? (226)

10. Does this concept of value provide a definite measuring stick for value? (227)

11. What is the real source and natural measure of all value? (228-230)

12. What is exchangeability? (235)

XII Value in exchange & labor.

13. What is the fundamental idea of proportion or ratio? (236)

14. If value be a proportion or ratio, what is the whole which it implies? (236)

15. What, according to George, is the "marginal utility" theory of value? (237)

~~Things~~ Things can satisfy human desires. Laws of supply & demand fix value. Of course value is only a general opinion. So-called "value in use" is not value but utility.

land, labor

something worthy

in use, in exchange

capability of use in satisfying the ~~desires~~ needs of men.

no (illustration of crossing Atlantic in 16 footer)

no (with qualification)

no

political ec. deals with human desires, not needs.

a relation between each exchangeable thing & all other exchangeable things.

no. Value has no meaning in it save as compared with other values.

Human exertion & attendant irksomeness.

A quality of power by which the owner of one valuable thing may, by surrendering his ownership to someone else obtain ownership from him of another valuable thing.

relation of part to whole.

can't be found

links value on utility rather than exertion avoided.

16. What fact of human nature does this theory overlook? (237)

axiom

17. If value is merely a relationship of proportion can there be any increase or decrease of values? (239; also 226-227)

meaning a section of a whole

52 price of wheat down, it buys less corn.

18. How does this concept arise? (239)

no. but professors said yes to back up their theory of value. Actually there is hand to mouth living.

19. Does value in one person's hands necessarily imply the existence of value in the hands of others? (240-241)

with whom he will trade.

20. Since the working class who have no store of valuable things are the users of most valuable things, how do they secure these things? (242)

by labor, producing values.

21. How is the constant destruction of values replaced, and how is the aggregate sum of values increased? (242-243)

labor

22. Is labor power a "valuable thing?" (243-244)

no

23. Since value does not exist in labor power, but appears only when labor takes tangible form through exertion, to what is value fundamentally related? (244-245)

exertion

24. Is it a relation to exertion positively or negatively? (245)

exertion avoided

25. Then, what is value? (245-246)

amount of exertion avoided

26. Does exchangeability give a thing value? (245)

vice versa

27. What is the measure of desire, which is the prompter to exertion? (246-247)

value

28. Why are value and exchangeability always associated and seemingly identical? (247)

they GO together

29. What is the value of a thing at any time and place? (249-250)

Most Trouble one will undergo to possess it.

XIII

30. What do we mean by "market value"? (250-251)

exchange value - determined by free competition

31. Has value any direct relation to any intrinsic quality of things? (251-252)

no - it's subjective, not objective.

The denominator of value.

32. What is the only mechanism for determining value? (252-253; 232)

market, free

33. In the case of labor products, does cost of past production determine the value of a thing? (253-254)

no - present cost

34. Why does the value of a labor product tend to equal the cost of present production? (254)

axiom.

35. Where there is a desire for (a) a particular thing - as a family heirloom (b) a thing which cannot be reproduced - as an old master painting, how is value determined? (254-255)

the greatest height to which vanity or ostentation will ~~---~~ carry desire.

36. Has land, as land, which also cannot be produced, value? (255)

no more than air as air.

37. What is the nature of the value of a particular piece of land? (256)

appropriation - like old masters - cannot be produced. - has no limit save desire.

XIV The Two Sources of Value

38. How are values created without the conversion of labor into services or wealth? (257-258)

land values - obligation to exert

39. In creating obligations to render service is there any increase of wealth? (258)

no

40. In individual economy is there any difference between values from production and values from obligation? (259)

no

41. What is the difference in political economy? (259)

redistribution - in obligation values there is no production of wealth - in wealth producing values there is.

42. How has the failure to distinguish between these two kinds of value affected the science of political economy? (260)

wealth undefined - only what has value to individuals ~~---~~ like land, is not wealth but they so termed it.

43. While making this distinction between these two kinds of value, as to origin, what must we keep in mind as to the essential character of value? (261)

what it is - exertion avoided.

44. Therefore, from what do all "values from obligation" arise? (262-264)

commanding the labor of others.

45. How is the value of land - a value from obligation - expressed? (263)

~~selling price~~ collecting the rent.

46. How may value be increased through the destruction of valuable things? (264-265)

kill pigs, increase value of remaining

47. Why is land value the most important of all values from obligation? (265)

size ~~$180,000,000~~ $180 billion = all wealth in U.S.

$16 billion annual rent.

8.88 90 interest rate?

18 | 1.60 .088 144 160

48. What is the one thing for which all things having value must directly or indirectly exchange? (266-267)

49. From what does money derive its power as a medium of exchange? (267)

50. When is a thing "dear" or "cheap"? (267-268; also 230)

51. What factors, forces or conditions (a) increase value (b) decrease value? (268-269)

Labor

Like all wealth, exchangeable for exertion

dear when it will command much labor

cheap " " " " little "

a. scarcity (wars, tariffs, pirates, nat. insecurity, monopolies, taxes, restrictions of all kinds)

b. Discoveries, inventions, improvements.

LESSON VI

Assignment: Pp. 270-314

XV Meaning of wealth in Pol. economy.

1. As to the common stock of wealth, what is the difference between values arising from production and values arising from obligation? (270-272)
   Those from obligation don't affect it.
2. Do articles of wealth always have value? (272)
   yes
3. How can we account for the disposition to include in the term wealth values from obligation as well as from production? (275)
   fear of offending landholders
4. Does wealth include anything that exists without man's agency, or anything that is included in man himself? (275)
   no
5. When we use the term money for the term wealth do we mean that the two are identical? (275-276)
   no
6. Why does not the increase in the value of bonds, mortgages, notes or bank-bills increase the wealth of the community? (276-277)
   value from obligation
7. Why does not increase in land values represent increase in the common wealth? (277)
   " " "
8. Why would not the cancellation of all debts affect the aggregate of wealth? (277-278)
   " " "
9. What then increases or decreases the aggregate of wealth? (278)
   production or destruction of wealth
10. What are the two necessary factors in the production of wealth, and what is its purpose? (279)
    land & labor, to satisfy desires

XVI The Genesis of Wealth

11. Does all human exertion result in wealth? (285-286)
    no
12. Would there be any production of wealth if all our efforts were exerted in the satisfaction of direct desires? (287)
    no
13. When then does exertion result in the production of wealth? (287-289)
    when time elapses between production & consumption.
14. Why is not direct service included in the term wealth? (289-291)
    wealth is service in tangible form (shoe-black for slave illust.) transmutation of labor into wealth
15. How is the exchange of direct services facilitated? (291)

16. Since the essential idea of wealth is service stored up on concrete form can there be any such thing as immaterial wealth? (292)

no.

17. What name do we give to that part of wealth which is devoted to the production of more wealth? (293-295)

The wealth that is called capital

18. Wealth may be utilized in three ways, in two of which it is capital. Explain. (294-295)

1. Satisfy desire 2. Exchange 3. Set out to grow.

XVII

19. Since capital is a form of wealth, can anything be capital that is not wealth? (295-296)

no

20. Are values arising from obligation real capital? (296-297)

no

21. Is power attaching to the private ownership of land capital? (297)

no

XVIII Why Pol. Ec. considers only wealth.

22. Why are the laws that govern the production and distribution of wealth essentially the same as those that govern the production and distribution of services? (301-303)

Services always exchanged for wealth anyway - labor flow equalizes things.

XIX

23. Is there anything sordid or mean in the desire for wealth? (304)

no

Moral confusions as to wealth

24. What is usually meant by "rich" and "poor"? (305)

("reciprocity" + rich
" − poor)

25. Since the essential idea embodied in the term "wealth" is service, what is the more accurate distinction between rich and poor? (306)

(one with more than the average amount of wealth.)

26. What, then, is the only way to abolish poverty? (307)

abolish reciprocity + immediate consumption by labor

27. For what purpose is most wealth produced? (308)

obligations (land) increase in value, wealth decreases.

28. How are material things of wealth kept in existence? (309)

Public debts change distribution of wealth in next generation. permanent.

29. Why are values arising from obligation more enduring, as a class, than those arising from production? (309-310)

land

30. What is the tendency, as to duration and value, of public debts and of franchises? (310)

31. To what privilege has the quality of value attached more constantly and for a longer length of time than to any other valuable thing? (311)

real estate.

32. Because of this fact, what name have the lawyers given to property in land? (311)

33. Why is it that the value of articles of wealth tends to decrease, while the value of privileges tends to increase with social advance? (311-312)	Improvements lower price of wealth, increase demand for land.
34. Do we live on stored wealth? (312)	No. only in part.

L E S S O N VII

Assignment: Pp. 323-370

1. What does production mean, in political economy? (323)

Moving adapting, combining, separating or in any way altering land to fit it or fit it better for satisfaction of human desires.

2. In what way does production differ from creation? (323)

God created, man produces,

3. What does man find in the world - the necessary factor of production? (324)

land

4. Is the production of wealth the only kind of production? (324-325)

no - but services don't count.

5. Why is the worker engaged in the distributive occupations a producer of wealth? (325-326)

Moving nat. products, etc.

6. In economic phraseology does "distributing wealth" refer to transportion and exchange? (326)

no

7. Name and describe the three modes of production. (327-332)

Adapting - like mining
Growing - like farming
Exchanging -

8. In what order do these modes appear in the development of human society? (332)

above order

9. What theory has been advanced as a natural law that limits man's power of production? (333-334)

Malthusian

10. What doctrine has been advanced to support the Malthusian theory? (335-337)

Diminishing returns

11. Have economic writers applied this doctrine to other forms of production? (337)

To extractive industries only.

12. What "reductio ad adsurdum" argument has been used to support this doctrine? (337)

If it weren't true, the whole world could be fed from 1 acre.

13. What is the misapprehension in this law which George points out? (338)

An application of universal spacial law

14. What concepts are involved in all material existence? (339-340)

space & time

15. Why does Henry George find it necessary in discussing the production of wealth to consider the meanings of space and time? (340)

Production requires both

16. Are space and time existences in themselves? (341-342)

17. When we think of space what must we necessarily think of? (342)

18. How do we think of time? (342)

19. If we try to think of space and time as absolutes, not as relationships, what mental difficulty do we encounter? (342-343)

20. When we try to think of relations that do not really exist, or exist only in the imagination, what are we really doing? (343-345)

21. What is the only kind of reason that men can have? (345-350)

22. What is the fundamental quality of land? (351-353)

23. In the mode of production called "adapting" what quality in land do we look for? (353)

24. In "growing"? (353-354)

25. In "exchanging"? (354)

26. What fallacy as to the nature of land has persisted among economic writers? (354-356)

27. Why must space be considered in relation to the production of wealth? (357)

28. What is the spatial law which applies to production? (357-359)

29. Does this apply only to agriculture? (359-363)

30. Where does man exist and move? (363-364)

31. What kind of a relation is time? (365)

32. Is our impression of time objective or subjective? (366)

33. What is the relation of time to production? (367-370)

34. Is there a law of diminishing returns in time as in space? (368-370)

no

two or more objects ~~or occurences~~

" " " occurences

they would then have to begin & end.

In space & time

takes up space

richness

~~fertility~~

central

an agricultural convenience

Production concerns matter, which takes up space.

the closer, the greater the production, up to a certain point at which production decreases

no - think of crowded hamburger stand on land

subjective - space, objective.

of sequence

necessary to it

yes

Exchange does infinitely increase productive power from same amount of land

Barsodi Barsodi

SCIENCE OF POLITICAL ECONOMY

LESSON VIII

Assignment: Pp. 371-415

1. What, in political economy, is the meaning of co-operation? (371-372)

combination or separation of effort

joining efforts & specialization

2. In what two ways may co-operation take place? (372)

several men rolled into 1

1 man divided into several

3. What is the essential nature of co-operation by combination of effort? (372-373)

greater results with same work

4. What is the nature of co-operation by the division of labor? (377)

Easier to make a simple machine, to do one thing than a complicated one, to do everything.

5. How does this tendency toward division of labor affect civilized society? (378-79)

1. Saving time & effort 2. Utilizing the greatest talents of each for all 3. Increasing skill 4. Accumulating knowledge 5. Large-scale advantages 6. Utilizing natural powers, & making machines.

6. How does the division of labor bring about the development of machinery? (379)

conscious & unconscious

7. Name the six ways in which the division of labor aids in production. (380-381)

working for boss

working for & by self

8. Considering how co-operation is brought about, what are its two kinds? (382-383)

no

9. Describe directed cooperation. (383-396)

desire-thinking

10. Describe spontaneous cooperation. (383-396)

no

11. Can directed co-operation correlate individual efforts as required for a high civilization? (391-396)

not used

12. What is the originating element in all production? (391-396)

by undirected, unconscious co-operation, that is (nest-ce pas?) division of labor?

13. Can this intelligence or thought power be combined or fused? (392-393)

The one mind is too limited.

14. In directed co-operation what happens to the intelligence of the individual units? (392-393)

15. How, then, can the full productive powers of man be utilized? (393)

16. Since directed cooperation is dependent upon the capacity of the directing mind, why cannot such co-operation function in a civilized community? (394-395)

17. Why is it the "primary province of political economy to ascertain" the nature and laws of spontaneous co-operation? (395-396)

This is the Greater Leviathan which is civilization.

18. What leads man to unite and correlate individual efforts? (397-398)

reason

19. What act of cooperation is characteristic only of man? (398-399)

exchange

20. Why does exchange stimulate production? (399-400)

allows for unconscious or spontaneous co-op.

21. If exchange were eliminated what kind of civilization would we have? (400)

none. Primitive wealth

22. Why does exchange belong to production rather than distribution? (400-401)

Part of moving, combining, separating etc.

23. What is the motive of exchange? (401)

satisfy desires with least possible exertion

24. In what is the origin of competition? (402-403)

natural factor in exchange of goods & services

25. Why is competition "the life of trade"? (403)

without it there is no just exchange.

26. What is the difference between demand and supply in production? (Progress and Poverty, 208-209,266-269. Social Problems, 118-121)

They go together - demand means the offering of labor products for labor products. To speak of supply & demand for labor generally is meaningless.

27. Why in listing the three factors of production are land, labor and capital given in that order? (405)

That's their order of appearance

28. What are the indispensable factors? (406)

land & labor

29. What kind of part does capital play in production? (406)

an aid

30. What is the cause of the confusion in socialistic thought, arising from the teachings of the scholastic economists? (406-407)

They consider capital as the originating factor

31. Functionally, how may we define land, as a factor in production? (408-409)

passive

32. Since land alone produces nothing, what part does the landowner, as such, take in production? (409-410)

none

33. What is labor? (411)

All human exertion directed towards production of wealth

34. Is labor mental or physical? (411-412)

both

35. Functionally, how may we define labor as a factor in production? (412)	active
36. How important is capital to production? (413-414)	essential to growing & exchanging
37. Can capital by itself produce anything? (414)	no
38. What does appropriation produce? (415)	nahthin'

39° or 32°?

LESSON IX

Assignment: Pp. 421-469

1. What is the "heart of all economic controversies"? (421)

Distribution of wealth

2. What is the meaning of distribution? (423-425)

apportionment of wealth among factors of its production.

3. In political economy does the distribution of wealth include transportation or exchange? (425)

no

4. Is taxation included in distribution? (426)

no

5. Does the science of political economy concern itself with consumption? (426)

no

6. In an individual economy - or uncivilized state - would political economy concern itself with distribution? (426)

no

7. Does political economy concern itself with what men do with wealth after it is distributed? (427)

no

8. What is the real meaning of distribution, in political economy? (428)

2

9. What, then, is the attitude of political economy toward human laws which prescribe how wealth is or shall be divided among men? (428-429)

not affected by them.

10. After production is completed, is the distribution of wealth among men determined by natural law? (433-435)

~~yes~~ no

11. When, however, producers see that what they produce might be taken away without their consent, what is the inevitable consequence? (436-437)

they cease to produce

12. Is this inevitable result of human interference with distribution the consequence of physical law? (437-438)

no

13. When does the checking of production, as a consequence of interference with distribution, begin? (437-439)

as soon as the possibility of it is seen i.e. - with things to be produced in future.

14. Is production a sporadic or continuing process? (438)

continuing

15. Is there any essential difference between production and distribution? (438-439)

They are two parts of one thing - the exertion of labor to satisfy human desires.

16. Why, then, is interference with distribution interference with production? (438-439)

Producers who don't get their produce quit producing

17. What is the effect on the social order, of interference with distribution? (439)

Kill it.

18. What is wrong with Mill's assertion that "human beings can control their own acts but not the consequences of their acts"? (440-442)

Sweden's prohibition
Denies laws of causation
That something else caused it

19. If we observe practical results of human action which we cannot relate to that human action as cause, what may we infer? (443)

20. What is the only way in which human will can affect external nature? (443-444)

Taking advantage of natural laws

21. Name the three laws of distribution. (444)

rent wages interest

22. How do human laws usually attempt to regulate distribution? (446-447)

by regulating production.

23. What recognition as to the laws of distribution does this imply? (446-447)

they are natural

24. In what statement does John Stuart Mill refute his own contention that the laws of distribution are not natural laws? (447)

says that wealth distributes itself

25. What is the real distinction between the laws of production and of distribution? (450-451)

Distribution ethical, production not.

26. What is the difference between these two kinds of laws? (450-453)

Ethical laws involve ought, the categorical imperative of Kant
Distribution is division into private property.

27. Why must the laws of property be determined by the laws of distribution? (454)

no

28. Are these different kinds of laws? (454)

29. Is the natural basis of property, human law or natural law? (456-457)

natural

30. What is the origin of human laws of property? (457-459)

expediency

31. What according to Mill is that natural law of property by which all human enactments are to be tested? (458)

that producer gets what he produces.

32. What is the cause of the confusion as to the basis of property? (460-461)

pre-assumption that land is property.

33. What is the real basis of property? (461)	production
34. What is the argument advanced by John Stuart Mill to justify private property in land? (462-465)	Same as Rustgard's - producer should own improvements ∴ should own land
35. What is land? (464)	nature untouched by man.
36. In political economy do we consider "made land" as land? (466-469)	no. wealth

LESSON X

Assignment: Pp. 477-528

1. What is money the common measure of? (481)
   value
2. What has caused confusion as to the nature and functions of money? (481)
   confusion as to nature of value.
3. Since economists do not agree what money is, where must we seek for an answer? (481)
   daily life
4. In our daily life, what do we use money for? (482-483)
   Buy things with
5. Is money used directly to satisfy desire? (484)
   no
6. What do we call an exchange in which money is not given or promised? (484-485)
   barter, trade,
7. Where money is one of the things exchanged what is the transaction called? (485)
   purchase, sale
8. Why are exchanges involving money usually preferred? (485)
   no first necessary
9. What, then, is the essential characteristic of money? (485-487)
   readily exchangeable
10. Is money the same substance in all places and times? (488)
    no
11. Can governmental statute prescribe what money shall be used? (488-489)
    no ? — with reservations
12. Does the exchange value of money depend upon its intrinsic value? (489-491)
    no
13. What gives money its circulating value? (491)
    disposition to receive it as medium of exchange.
14. Why cannot everything used in exchange to avoid barter be included in money? (491-492)
    credit isn't money
15. What quality in money clearly distinguishes it from all forms of credit? (491-493)
    Giving it closes a transaction.
16. Define money. (493-494)
    whatever in any time & place is used as the common medium of exchange in that time & place is money.
17. What, besides serving as a medium of exchange, is money used for? (495)
    measure of value
18. Is money, like other things, produced for consumption? (496)
    no
19. What is the true measure of value? (496-498)
    labor

20. Why is money used as the tangible measure of exertion? (498-502)

its the most widely comprehended value.

21. What is the "real price" of anything? (503)

the labor saved.

22. Before money was used how did men make exchanges? (504-511)

by trust

23. How does credit facilitate exchanges? (507-510)

two halves of exchange needn't occur at same time.

24. In what kind of exchanges is money indispensable? (510)

when exchangers are strangers & will never meet again.

25. Do men have to be taught to trust one another? (511)

no

26. What promotes distrust? (511)

gross inequality in distribution, having once been swindled.

27. With the extensive use of credit in exchanges what is the most important function of money? (511)

measure of value

28. To what law of human nature can we ascribe the use of money? (512-513)

the usual

29. What qualities in a commodity best fit it as a medium of exchange? (513)

compact, hard to get

30. What commodities, more than any others, contain these characteristics? (513-514)

metals, esp. precious

31. Is it the value of the commodity in a coin that determines its use as a medium of exchange? (515-516)

no - the difficulty of obtaining it.

32. As civilization advances is the tendency toward the greater use of commodity money or of credit money? (516-517)

credit

33. What are the two elements in the exchange value of metal coin? (517-519)

intrinsic v. & seignorage

34. What is the intrinsic value of paper money? (519-521)

nah thin'.

35. What does the value of coin sent abroad depend upon? (522)

commodity value of coin

36. What has been the result of attempts to debase coins? (523)

value gone down

37. Is this a necessary result of a coinage debasement? (523-525)

no - result of increasing supply

38. Since money is the measure of value, and since there are two kinds of value, what do we call the two kinds of money representing these kinds of value? (526)

39. Define these two kinds of money. (526-527)

40. Is there any commodity money? (528)

creditmoney & commodity money

commodity money - intrinsically worth its face.
creditmoney - intrinsically worthless than its face.

yes - gold ~~on~~ in H.G's time