

Notes on the following article

<https://www.astralcodexten.com/p/your-book-review-progress-and-poverty#economics> [[Lars Doucet]]

The Problem

Why do we still have suffering, inefficiency and waste. The implicit promise of industrialisation was that labour savings should create a utopia.

George says that this is due to progress itself. It's a very modern problem however, something, I believe science fiction tries to highlight.

Doucet then shows that things are generally becoming more expensive (rent being too high) as well as the graph showing that prices of nursery, medical care, hospital services and textbooks are consistently rising while electronics become more affordable.

Wealth is produced when nature's bounty is touched by human labour resulting in a tangible product that is the object **of human desire**.

The amount and type of labour doesn't matter according to George. It's value is *not* the labour required to produce it, but the labour someone is will to exchange for it.

It is never the amount of labor that has been exerted in bringing a thing into being that determines its value, but always the amount of labor that will be rendered in exchange for it.

Production is labour applied to the "production of wealth". Anything that labour produces under the above definition of wealth.

Value

The value of an object is the amount of labour that will be rendered in exchange for it.

Wages

Whatever is received as a result/reward of exertion is 'wages'.

Money is not wealth

Value and wealth are distinct, money is not wealth. Money is a *pointer* to wealth. IOUS's encode various claims on the ground truth that is wealth.

Interestingly, a meme is wealth. The (literal) pointers to it are not but the ultimate tangible product of nature that I desire or gives me value, is wealth.

If you thought of all the worlds wealth, food, housing all things produced that someone desired and you have all these IOU's that point to this underlying wealth. If you transported to another reality with just those IOU's their value would instantly evaporate.

All capital is wealth but not all wealth is capital

wealth devoted to procuring more wealth

It is the intention of the owner that transforms wealth to capital. It's a component of your wealth, **put aside**, to be devoted to producing more wealth.

Labor is not capital, and neither is labor by itself wealth, it produces wealth – and if it ain't wealth, it ain't capital.

It seems George wants to maintain distinctions between labour, capital and land.

Land (or more accurately, nature)

all natural materials, forces and opportunities.

It is that root nature, in the definition of wealth above. Nature gives us a bounty yes but we don't count this as production of wealth, the actual wealth is generated when we convert it (even by just taking it off a tree) to an object of desire.

Wages, instead of being drawn from capital, are in reality drawn from the product of the labour for which they are paid..During the time [the labourer] is earning the wages he is advancing capital to his employer, but at no time, unless wages are paid before work is done, is the employer advancing capital to him.

Wages are drawn from future wealth, not present wealth. It's not a further proportion of current wealth, set aside to pay labourers. Wages are some distribution of the wealth produced among the labourers? Value is constantly being created in wage labour. This value did not exist before the labour.

Labourers derive their maintenance wealth (shelter, food, clothing etc.) from their wages which is drawn from **production not capital**.

The functions of Capital

Increases the power of labour to produce wealth.

- Enabling labour to apply itself more effectively.
- Availing labour of the reproductive forces of nature (?).
- Making division and specialisation of labour possible (?)

It doesn't

- Supply labour with raw materials (thats nature).

- Provide maintenance for the workers.

Capital is not a limit to labour, it is a fuel that labour supplies to itself by investing a portion of its wages, not something external that causes us to do anything at all. This is linked to why poverty is not alleviated by more capital ?

Links to Malthusian argument.

Malthusian thinking is 'soothing' to those in power. Even if all the wealth could be divided up, not much would be gained, there is an upper limit according to nature. I think theres modern day degrowth of population thinking that also falls into this camp.

Irish Famine

[[research/ireland]] #ireland

Any improvement to productivity of the land would have raised rents which the Irish labourer already couldn't afford. They couldn't afford their production also, so it was sent abroad.

Would rent just automatically go up if productivity increased?

Distribution

There are three factors in production (classically): Land, Labour and Capital. Each must be compensated for its role in production.

- The reward for Land is Rent.
- For labour is Wages.
- For Capital is Interest.

George doesn't see capital as a relevant factor in production. It comes last in the factoring, not first.

Rent

Rent, in short, is the price of monopoly, arising from the reduction to individual ownership of natural elements which human exertion can neither produce nor increase.

George says that landowners oppress both labour and capital. Labour and capital have to share whatever is left after the landowner takes a cut.

If productivity of land increases, the landowner gobbles up the excess. Distribution of excess production is non-existent among the labourers or capital.

Why is capital allowed take a share of this increase?

Since capital is wealth that begets wealth if lended out, the person missing its productive capacity should be compensated.

Progressively exchanging things, increasing subjective value, interest 'springs' from the reproductive power of capital.??