

and measure of value. It is used to facilitate the exchange of goods and services. People do not go to the market as vendors or purchasers for money, but for goods and services. When one party to an exchange has parted with his goods or services and received money in exchange, the exchange for him is not yet complete. It is complete only when he has parted with the money and received goods or services in exchange from other parties in the market.

Definition of the Market: "The economic nerve-centre wherein multiplicities of diverse desires are unified in the one common desire to save effort, and wherein the desires of all for the products of labour (goods and services) are satisfied with the maximum efficiency" (Dr. H. G. Pearce, Sydney).

### CHAPTER 3

#### GOODS (WEALTH) AND SERVICES

35. *Goods*, also more correctly called wealth, do not include monopolies or privileges or political restrictions granted to some people at the expense of others. These are spurious wealth and are bought and sold on the stock exchange, or privately, or on the "black" market; they are not real wealth and are not economic but political.

Some company shares represent real wealth, which are also bought and sold on the stock exchange. But most of what is so eagerly sold on the stock exchange is spurious wealth, consisting of the legal or political right to extract wealth or services from others without giving wealth or services in exchange. They all arise from some kind of political favouritism or privilege created by misgovernment. A good example of this was the original B.H.P. which commenced with land only, though its modern companies are a combination of land (which is not wealth) and plant and machinery (real wealth) and political protection (spurious wealth).

36. Goods (wealth) are the material products of labour, e.g. bread, clothes, steel, vehicles, houses, machines, cars, computers. They are all produced, i.e. worked up, by labour into useful objects which satisfy desire. The material from which they are derived is *land* - the gifts of nature. This material is still clearly visible in the goods, but it has been changed, modified or transported by labour so as to make it fit to satisfy desires. Embodied in every form of wealth are (a) the land or material, and (b) the physical and mental effort (labour) which has conferred on

the material its fitness to satisfy desire. There are innumerable kinds and processes of labour, including building, repairing, carving, mixing, painting, printing, transporting, storing. When in process of time the fitness disappears or is destroyed the goods are no longer goods or wealth but have returned to the category of *land*.

37. **SERVICES** are non-material and intangible products of labour, benefits conferred personally by one person on another, e.g. medical, surgical, educational, cosmetic, entertaining. If the person rendering the service is thereby earning his living the services will be obtainable only in the market by exchange for wealth and services, because everybody desires the best return for his services.

Land is not a factor in services, except for the sites, and as the source of the capital used. Services are not materials derived from land.

As with goods, services are exchanged economically by the use of money.

38. The labour part of all wealth and services is essentially service, i.e. the satisfaction of desires by labour. Labour is never exchanged. That is physically impossible, as labour is not a commodity or a thing but is only the mental and physical exertion of human beings for the purpose of producing-exchanging. The Marxist phrase 'They have nothing to sell but their labour' is not economic but political metaphor only. It refers to the disinherited proletariat who are exploited by privilege granted to others and robbed of everything except their power to labour. Labour appears to be a commodity only because men are disinherited from land which is the field and the source of all wealth. If metaphors are mistaken for facts confusion must arise. See "Value, Normal and Morbid", by H.G. Pearce (1985), par.171-2.

#### CHAPTER 4

#### THE TERMS

39. Both accuracy and convenience demand special care with the meaning of our terms, especially in economics because the terms used are also used in everyday speech and the common use is often quite different from the use in economics. Every term in this book is carefully defined. Using our terms loosely or incorrectly in everyday speech is of little consequence, but not so when we engage in reasoned dialogue. Most of the confusion, and even chaos, among economic writers arises from using terms in more than one sense. Accurate, and therefore narrow,