

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,

definition is necessary for accurate thinking. In every science ambiguity in meanings would bring chaos. Imagine the effects of ambiguity in the operating theatre.

40. The basic terms in economics are:
1. **MAN.** Human beings are called MAN, and the economic exertion of man, mental and physical, is called LABOUR. (There are, of course, no sexist implications in this).
 2. **LABOUR** is economic exertion for the purpose of supplying goods and services to the market. See par.30. Hobbies, recreations, etc., are often work but usually not economic labour. The cost of production is labour, and labour is the only cost of production.
 3. **LAND.** The environment, including all natural forces and everything in the universe except man and his products, is called LAND. Land has and contains no cost. It is the free gift of the creator to the human race.
 4. **WEALTH.** The material products of labour out of land are called WEALTH, or goods. Land is the mother of wealth; labour is the father (Sir William Petty (1623-1687), "Treatise on Taxes", p.68).
 5. **SERVICES.** The non-material products of labour. Services not for the market, e.g. home-cooking, home-haircuts, are not within the scope of economics.
 6. **PRODUCTION** is all types of economic labour, i.e. for the market.
 7. **CAPITAL.** The portion of wealth not consumed for the satisfaction of the desires of the producer, but brought back into the labour-process and used by labour to assist production, is called CAPITAL. Strict adherence to the definition is vital, because there is rampant confusion in almost all circles about capital, which is commonly made to include almost everything, such as brains, labour, land, talents, relationships between employer and employee or exploitation (as in the "capitalist system"). As used by Marx and all socialists and politicians and most orthodox business-men, it is generally vague, confusing and almost meaningless. Much more follows. See Index.
 8. **WAGES.** In the distribution of wealth by natural law that part the wealth (produced by labour) which is distributed to individual labourers is termed WAGES, as contrasted with rent. It is the economic reward for the labour of the free individual. See par. 56.

9. RENT. The excess social production over wages is called RENT, or sometimes economic rent.

10. MONEY. Definition: Whatever in any time and place is used as the common medium of exchange is money in that time and place. Money is also the measure of value in the market, and also the language of value.

Just as there is no universal language there is no universal money. See "The Science of Political Economy" (1897) by Henry George, 1932 edn., p.361, and J.S Mill "Political Economy," Book III, Chapter VII.

11. SUPPLY. Supply is the products exported, sent or supplied to the market by producers, whose sole aim is to import from the market other products by way of profitable exchange, i.e. to obtain the products of other producers in any part of the world who export their products with the same aim. Supply and demand are the two sides of the same transactions.

Economic demand in the market is much more than a request or hope. It is the economic force (similar to 'purchase' or 'leverage' in engineering) of supply. A customer in a shop or a bank does not merely request or hope for the return for what he is offering, but demands it. The word 'purchase' in the market is derived from 'force' or 'leverage'.

No supply, no demand. No demand, no supply.

Otherwise no goods would come to the market and there would be no exchanges; imports and exports would never take place, there would be no market and no economy.

12. EXPORTS. The products of labour supplied to other producers in exchange.

13. IMPORTS. The products of labour demanded and received by producers in exchange for the products of their labour.

14. INDUSTRY. Labour. 'An industry' is organised labour producing particular products. Nobody who receives an unearned income is part of industry.

41. The terms cannot overlap. Every term in economics refers to only one category. The basic importance of this, taken for granted in every other science, cannot be over-emphasised. Nothing can be land which is labour. Nothing can be wealth which is not the product of land and

labour. Nothing can be capital which is not wealth. Neither land nor labour can ever be capital.

42. Strange as it may at first seem, many eminent economists, academics, businessmen and politicians have never mastered the terms, and the result is the chaos which we see everywhere. It is a recent trend among "economists" to "liberate" themselves by dispensing with terms and definitions. This has much the same results as removing the brakes from a car or dispensing with wheel-alignments. If there is any misunderstanding between a surgeon and his assistants as to the meaning of his words the result will almost certainly be disastrous or fatal.
43. The following will provide practice in distinguishing between Land, Labour, Wealth:
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|--------------------------------------|--|
| Air, sunlight, ocean, etc..... | Land |
| Allotment without improvements:..... | Land (or site) |
| A cottage: | Wealth |
| Allotment with cottage:..... | Both land and wealth |
| Ship:..... | Wealth |
| Slave:..... | Man (Not wealth. When producing, labour) |
| Skill, mental abilities:..... | Man (When exercised they are labour). |
44. Note the errors in the following definition of wealth by John Stuart Mill: "Wealth is all useful and agreeable things which possess exchangeable value". Note: Land and slaves, and in some countries children, and even hearts and kidneys, nowadays fall into Mill's definition, to be found in his "Political Economy", 7th edn., at 80-88.
45. Money, as such, is not wealth, although the metal, or paper, or other material, which form it, is wealth. Money is a labour-saving device, and a representative of wealth in the market. Goods and services in reality exchange for goods and services, not for money. See J.S.Mill, "Political Economy", Book III, chapter VII.

CHAPTER 5.

SOCIAL PRODUCTION

46. A good deal about this has already been said. Modern production never takes place except in and with reference to the market. There is no production other than by labour, but the whole economy is essentially