

CHAPTER 19

INVESTMENT

136. As the majority of people are so hazy about capital (though most have a good practical knowledge of it) they are naturally also hazy about investment. The word is popularly used to mean lending to receive interest, or purchasing shares in a company or in a productive or speculative project.
137. The true economic meaning of investment, however, is the use of capital by labour in production. By the use of capital the product (wealth) is increased abundantly, and the use of capital therefore yields high dividends. But it is labour, not capital, that produces. Modern production involves the use of vast quantities of sophisticated capital, but capital is still wealth produced by labour and used by labour. The dividends of true investment are therefore the earnings of labour (wages).
138. The labourer with hand and brain equips and surrounds himself with tools, machines, stocks of materials, industrial uniforms, labour-saving devices. He literally clothes himself with them. Every worker is recognisably clothed appropriately for the job. The miner, the farmer, the gardener, the engineer, the banker, the baker, are all in the appropriate environment and equipment - buildings, silos, engine-cabins, classrooms and libraries, bakeries and signal-boxes. All these are the capital with which the labourer is clothed or invested. Only the labourer while labouring is an investor and a capitalist. Investment therefore relates only to active production by labour.

CHAPTER 20

REPETITIONS AND COMMENTS ON VALUE

139. The basic work for a mastery of general economics (political economy) is "Progress & Poverty", and Henry George's other works are almost equally necessary. His special exposition of value is in "The Science of Political Economy". Another important and special work is "Value - Normal and Morbid" by H.G. Pearce (Sydney, 1985 edn.). The quotations in pars. 139-141 of this book are from the latter work.

The only kind of value which forms part of economics is exchange-value. Use-value (utility) does not enter into economics, although