

Henry George School of Social Science
Fundamental Economics – Pia Francesca DeSilva, Instructor
2002 revised (org. 1991)



LESSON I

Reminder: Money (medium of exchange) is no longer redeemable (“It’s not even worth the paper it’s printed upon.)

PRODUCTION & DISTRIBUTION

Make all terms specific & definite - each is a distinct entity!
Give reasons WHY - the terms have to be defined, and specific.

POLITICAL ECONOMY

A SCIENCE

A NATURAL LAW

- WEALTH** -
1. Material
 2. Labor is exerted
 3. Satisfies human desires
 4. Has exchange value

Main Points: “Men (people) seek to satisfy their desires with the least amount of exertion (work/labor).” “Why, in spite of the increase of productive power, wages fall to a bare minimum?”

Discuss current business/economic occurrences happening in the news...

Cost of P & P _____ (paperback) _____ (hardcover)

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LESSON II

Reminder: Main point: “Men (people) seek to satisfy their desires...”

Quick review of Lesson I

Money (as defined in Political Economy) ...is a ‘medium’ of exchange ... all other things thus being equal.

STOCK (certificates) - represent a controlling interest (ownership) in a company.

BONDS - are payments for government, or, business debt(s).
(It's :”...borrowing from Peter to pay Paul”).

Give examples of **WEALTH**: from shoelaces (in the store as inventory) to yachts

PRODUCTION & DISTRIBUTION end(s) when items reach: **The Ultimate Consumer**

<i>Production (factors)</i>	LAND	LABOR	CAPITAL
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<i>Distribution (factor payments)</i>	<i>rent</i>	<i>wages</i>	<i>interest</i>
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LESSON III

(A) Quick review of : Lesson II

Reinforce: Production & Distribution of WEALTH

<i>Land</i>	<i>rent</i>	<i>1. Material</i>
<i>Labor</i>	<i>wages</i>	<i>2. Labor utilized</i>
<i>Capital</i>	<i>interest**</i>	<i>3. Exchange value</i>
		<i>4. Satisfies human desires</i>

Malthusian Theory (population and subsistence)

Breakdown of Assignment Questions:

1. Population & Subsistence # 1 - 7
2. Laws of Distribution # 8 - 13
3. The Law of Rent # 14- 23**

**At question #20 Use the Rent/Wages Chart.

(Also, introduce the concept of *MoP*(Margin of Production (Cultivation))

MoP = the least productive land in use, as well as (and/or) the best available land which can be obtained for free.

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LESSON III (continued)

Formula

$$P - R = W(+ I^*)$$

Production minus Rent equals Wages (plus Interest*(sometimes Capital isn't used)).

The Law of Rent: The payment for the use of land by the excess of what is produced as well as the use of applying Labor & Capital which can be obtained from the least productive land in use.

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LESSONS I – IV

Reinforce this reoccurring point:

“Why is there poverty in the midst of plenty?”

Wealth

PROSPERITY

Poverty

Definitions in Political Economy clarify, and are mutually exclusive.

Additional materials (e.g. magazine, newspaper articles, etc.) should be used to stress points pertaining to the lessons.

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LESSON IV

Review: Margin of Production (MoP) & *The Law of Rent*

We are assuming "...all other things being equal..." (this concept includes the quality, (as well as the quantity) of land in use).

Present the Law of Rent Chart:

Example: R
 L 9 8 7 6 | MoP
 W

A reminder: Immigrants will usually move into communities where their fellow country persons reside...(Why? For a sense of security, familiarity, etc.)

Remember: We're dealing with general tendencies. The amount of rent changes, when the margin falls, and population increases.

Competition drives wages down

When capital is high: interest is low.

When capital is low: interest is high

Designate the difference between: Commercial interest and Political Economy's definition of interest***

***one is a return for risk, the other is the return payment for Capital