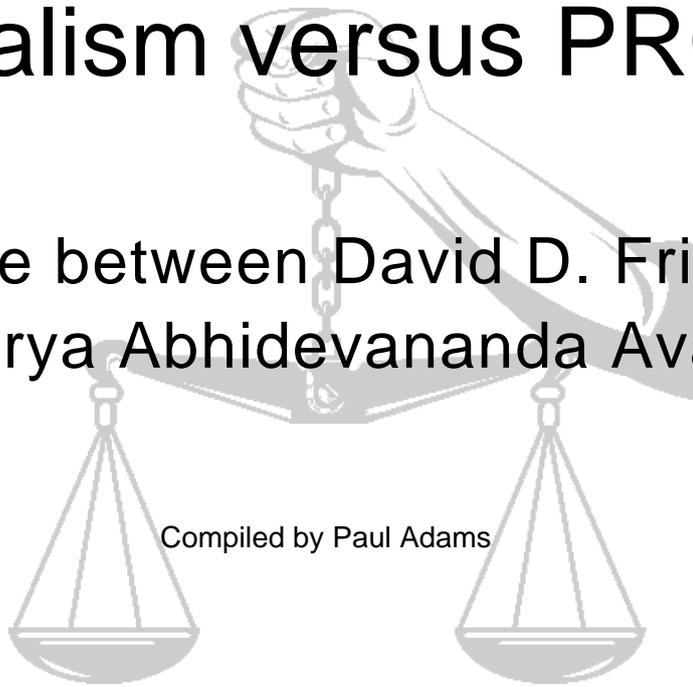


Capitalism versus PROUT

A Debate between David D. Friedman
and Acarya Abhidevananda Avadhuta

Compiled by Paul Adams



Capitalism versus PROUT

Compiled by Paul Adams

Copyright © 2011

If I am not for myself, then who will be for me?

And if I am only for myself, then what am I?

And if not now, when?

Hillel the Elder (Pirke Avot 1:14)

Contents

Preface.....	v
Law and Economics.....	1
2011 November 15.....	1
The Bait.....	1
The Challenge.....	1
2011 November 16.....	2
Challenge Accepted.....	2
Battle Joined.....	3
First Blood.....	6
2011 November 17.....	9
Parry and Thrust.....	9
Overextension.....	16
2011 November 18.....	25
Fortunes of War.....	25
Tactical Retreat.....	43
2011 November 19.....	53
The Olive Branch.....	53
Ceasefire.....	67
Amity.....	67
Appendix A Economic Progress.....	69
2011 November 16.....	69
Capitalism.....	69
PROUT.....	69
Capitalism.....	70
PROUT.....	70
2011 November 17.....	70
Capitalism.....	70
PROUT.....	71
Capitalism.....	72
PROUT.....	72
Capitalism.....	73
PROUT.....	74
Capitalism.....	74
PROUT.....	75

CAPITALISM VERSUS PROUT
Contents

Capitalism	76
PROUT	76
Capitalism	77
2011 November 18	78
PROUT	78
Capitalism	79
PROUT	80
Capitalism	83
PROUT	84
Capitalism	84
PROUT	85
Appendix B Social Justice	89
2011 November 23	89
Capitalism	89
PROUT	89
Capitalism	91
PROUT	93
2011 November 24	96
Capitalism	96
Capitalism	97
PROUT	97
PROUT	98
Capitalism	101
PROUT	102
Capitalism	106
PROUT	108
Capitalism	112
2011 November 25	114
PROUT	114

Preface

As I write this preface the present day 'accepted wisdom' of how a society and how an economy will work best is under fire in some countries considered the homes of capitalism, including the USA and Great Britain.

We see among those calling for change not only the 'outcasts' of society, but also those who have till now invested their lives in the present system.

We also see, around the world, war, famine, poverty and other social ills that suggest that something in our social system, in our very concept of society, needs to change.

In this book the debate on the best system rages between two respected writers. Where should our society head now?

To introduce the debaters:

David D. Friedman is an American economist, author, and a leading writer on anarcho-capitalism, a political theory that proposes that all goods and services including law itself can be produced by the free market. This is the subject of his best known book, *The Machinery of Freedom* (1973, revised 1989). David was born and bred in economics, being the son of economists Rose and Milton Friedman, the latter a Nobel Prize winner in economics.

David holds an A.B. from Harvard University and a Ph.D. in Physics from the University of Chicago and is currently a professor of law.

Acarya Abhidevananda Avadhuta has, for 40 years, been a serious student of a new social theory propounded by Shrii Prabhat Ranjan Sarkar. The theory is known as PROUT (Progressive Utilization Theory). Abhidevananda's intellectual journey has taken a different route than that of Mr. Friedman. Abhidevananda left graduate school in the USA to dedicate his life to service by taking up the monastic robes of a yogic monk in an order known as Ananda Marga. He has traveled much of the world, living and teaching in both rich and poor countries.

Abhidevananda is known and respected world-wide for his expertise on PROUT. He has written numerous articles and commentaries on the subject. Recently, he produced a short film about PROUT.

It's useful here to introduce a bit about the two economic theories being discussed.

The principles of capitalism are well known. In respect to law, capitalism asserts that private property is sacrosanct. In respect to economics, capitalism asserts that the economic welfare of society is best served by market forces, wherein individuals seek selfish profit unfettered by government intervention (*laissez faire*).

In contrast to capitalism, PROUT offers five fundamental principles, the last three extending into areas uncovered by capitalism (development, politics, and change). The five fundamental principles of PROUT are:

1. There should be no accumulation of wealth without the permission of society.
2. There should be maximum utilization and rational distribution of the crude, subtle, and causal resources.

CAPITALISM VERSUS PROUT
Preface

3. There should be maximum utilization of the physical, mental, and spiritual potentialities of the individual and collective beings.
4. There should be a well-balanced adjustment among the crude, subtle, and causal utilizations.
5. Utilizations vary in accordance with time, space, and form; the utilizations should be progressive.

The content of this short book is compiled from an informal and unplanned debate that took place on five Usenet newsgroups (uk.philosophy.humanism, soc.history.medieval, alt.psychology, alt.psychology.jung, and alt.politics.europe). The debate was reflected on the World Wide Web through Google Groups and other Web services reporting Usenet discussion. The discussion reproduced in this book took place under the threads *Propertarian Anarchism versus PROUT* and *The Age of "Enlightenment"*.

As far as possible, the writing style of both parties is maintained. For easier reading, indentation and italicization of text is used instead of chevrons to distinguish quoted context material from the current remarks of the author. No significant text of either party has been removed or modified. Where you see an ellipsis indicating missing text, the ellipsis was inserted by the party speaking, and the text was also removed by that same party. Where you see square brackets, those indicate insertions by the party speaking. Other than the correction of a few typos, all editorial changes appear in curly brackets. The sole purpose of those few editorial changes is only to avoid casting aspersion on an unrelated third party.

Let the debate begin!

Paul Adams
2011 November 29

Law and Economics

2011 November 15

The Bait

DDF: If it helps any, I am a right wing extremist, although not the kind of right-wing that I expect both of you are thinking of.

AAA: Well, I'll bite. What is your right-wing extremism, David?

DDF: Propertarian anarchism.

The Challenge

AAA: Now that is definitely intriguing... at least to me.

David, I don't know much about propertarian anarchism - just the little I learned a few minutes ago with the help of my trusty friend, Google. But it seems that we have significant differences of opinion about a lot of socioeconomic topics.

For example, in respect to law - which, in my opinion, boils down to property rights - my position is that accumulation of wealth is validated by the permission of society (which may or may not be well-represented by the State, much less a free market).

In respect to economics, my position is that an ideal economy requires maximum utilization of all resources and rational distribution of the resultant wealth. To enable that, I support a quadridimensional economics, consisting of (1) people's economy (provision of a base set of essential goods and services - depending on time, place, and person - to all) (2) psycho-economy (dealing with prevention of psychic exploitation and degradation as well as the production and distribution of intellectual property along a model that would be very different than that used for physical property, which is far less elastic) (3) commercial economy (which is no doubt the most developed area of economics at present, but in which I would favor production for consumption rather than production for profit) (4) general economy (in which I support a 3-tiered approach, in which cooperatives would be encouraged for large-scale and medium scale industries, and management of key industries would be reserved for local government due to the risk posed by privatization that a few individuals could hold an entire society to ransom).

In respect to development, I favor a social system that prioritizes and provides (as far as possible) to everyone - not just humans but even animals and plants - the opportunity for all-round development (physical, mental, and spiritual). Such a system might be financed by the State, but it would have to be largely self-managed. For example, curricula should be determined by a board of educators and not a political appointee. Similar would be the case with the determination and provision of medical services.

In respect to politics, I favor a well-balanced adjustment of all utilizations, typically based on the weighing up of two factors: rarity and subtlety but ultimately aimed at the achievement of dynamic equilibrium and equipoise. This would require economic democracy but not political democracy.

And in respect to social change, I favor an unending revolutionary and progressive approach. As I see it, violence is an essential aspect of life and is unavoidable. So, for the sake of all those suffering under the oppressive yoke of capitalism, I would not insist on a non-violent approach. Rather, I consider non-violence to be a bogus philosophy.

I could go on at length, but - in a nutshell - my position on all these topics is that of PROUT (Progressive Utilization Theory).

2011 November 16 Challenge Accepted

AAA: *Well, I'll bite. What is your right-wing extremism, David?*

DDF: *Propertarian anarchism.*

AAA: *Now that is definitely intriguing... at least to me.*

David, I don't know much about propertarian anarchism - just the little I learned a few minutes ago with the help of my trusty friend, Google. But it seems that we have significant differences of opinion about a lot of socioeconomic topics.

DDF: If you would like to know more, it's the subject of part III of my first book. The book is effectively out of print and available on Amazon only at very high prices, but I have a pdf that you can download for free on my web site. The link is at the top of the page.

If you follow the link a little farther down to "Libertarian Writing" you can find other things on that subject as well as others.

AAA: *For example, in respect to law - which, in my opinion, boils down to property rights - my position is that accumulation of wealth is validated by the permission of society (which may or may not be well-represented by the State, much less a free market).*

DDF: I don't think it makes much sense to treat "the society" as if it were a person and so could give permission for things.

AAA: *In respect to economics, my position is that an ideal economy requires maximum utilization of all resources and rational distribution of the resultant wealth.*

DDF: I think you would have trouble producing a coherent definition of either of those. To take one obvious example, Amish farmers work about fifteen hours a day, which demonstrates that doing so is possible. Does it follow that anyone working fewer hours than that is not utilizing his (human) resources to the maximum?

Similarly for land. I have planted quite a number of fruit trees around my house. Does it follow that anyone who fails to do so and has lawn instead is not utilizing his resources to the maximum?

AAA: *To enable that, I support a quadridimensional economics, consisting of (1) people's economy (provision of a base set of essential goods and services - depending on time, place, and person - to all) (2) psycho-economy (dealing with prevention of psychic exploitation and degradation as well as the production and distribution of intellectual property along a model that would be very different than that used for physical property, which is far less elastic) (3) commercial economy*

(which is no doubt the most developed area of economics at present, but in which I would favor production for consumption rather than production for profit) (4) general economy (in which I support a 3-tiered approach, in which cooperatives would be encouraged for large-scale and medium scale industries, and management of key industries would be reserved for local government due to the risk posed by privatization that a few individuals could hold an entire society to ransom).

DDF: I suspect that learning conventional economics, i.e. price theory, would persuade you that the issues are somewhat more complicated than you think and your solutions less workable than you think. It doesn't follow, of course, that you would reach my conclusion--most economists, including most good ones, don't.

Battle Joined

AAA: *Well, I'll bite. What is your right-wing extremism, David?*

DDF: *Propertarian anarchism.*

AAA: *Now that is definitely intriguing... at least to me.*

David, I don't know much about propertarian anarchism - just the little I learned a few minutes ago with the help of my trusty friend, Google. But it seems that we have significant differences of opinion about a lot of socioeconomic topics.

DDF: *If you would like to know more, it's the subject of part III of my first book. The book is effectively out of print and available on Amazon only at very high prices, but I have a pdf that you can download for free on my web site. The link is at the top of the page.*

AAA: Thanks. I have downloaded the book. As I am a busy man and a slow reader, it might take me some time to go through the material.

DDF: *If you follow the link a little farther down to "Libertarian Writing" you can find other things on that subject as well as others.*

AAA: Thanks, again. I see it.

AAA: *For example, in respect to law - which, in my opinion, boils down to property rights - my position is that accumulation of wealth is validated by the permission of society (which may or may not be well-represented by the State, much less a free market).*

DDF: *I don't think it makes much sense to treat "the society" as if it were a person and so could give permission for things.*

AAA: You could say the same thing about corporations, and there I would agree with you. Under capitalism, multinational corporations that are privately owned are legally treated as distinct and largely independent individuals. Such a deception has proven to be manifestly unjust.

But when I talk of society, it is a more subtle concept. Every society has its own 'personality' and 'character'. Many things about the mind of society are easily known indirectly. For example, the growing movement in the USA and around the world, rallying to the cry of "We are the 99%", tells us much about the psychology of current American society and its counterparts in capitalist countries around the world.

Similarly, 200 years ago, popular slogans like "No taxation without representation" and "Don't tread on me" largely reflected the mentality of that same society, then colonized by Britain.

Note that all of these slogans pertain to property rights, and they inform us about the degree of accumulation of wealth that society is willing to permit. The first fundamental principle of PROUT takes a proactive approach to law. It says that law is validated by the will of the people in relation to property rights and not by the State or any outmoded beliefs or conventions. The better the implementation of the will of society in respect to property rights, the better the law.

AAA: In respect to economics, my position is that an ideal economy requires maximum utilization of all resources and rational distribution of the resultant wealth.

DDF: I think you would have trouble producing a coherent definition of either of those. To take one obvious example, Amish farmers work about fifteen hours a day, which demonstrates that doing so is possible. Does it follow that anyone working fewer hours than that is not utilizing his (human) resources to the maximum?

AAA: Perhaps or perhaps not. You have not provided enough information to answer that question.

David, unlike capitalism, PROUT offers a set of five fundamental principles that are interconnected. Economics does not stand on its own, independent of law and independent of development. Law is a practical foundation on which economics operates. In another thread, you commented on the economic inefficiency of the permit raj in India, and I agreed with you. But the system of licensing is actually a matter of law, not economics. It pertains to the accumulation of property.

If we talk in strict economic terms, then all economics reduces to two things: production and distribution. Marxism was attractive because its concept of distribution was abundantly more just than that of capitalism. But the Marxist concept of distribution was far too simplistic and entirely out of touch with human psychology. Hence, though the distribution was theoretically more just, production was pathetic. The only thing that withered away under Communism was the economy, not the State.

So, going to the basics, economics starts out with two concepts: production and distribution. To achieve the greatest production of wealth, we must utilize all resources to the maximum. To keep the economy rolling and to satisfy the very purpose of economics, we must then distribute the wealth in a rational fashion (and not in an equal fashion). To rely on Adam Smith's somewhat mythical and religion-based "invisible hand" to bring about an optimal and just distribution - after seeing what has happened over the last 250 years - is rank lunacy.

DDF: Similarly for land. I have planted quite a number of fruit trees around my house. Does it follow that anyone who fails to do so and has lawn instead is not utilizing his resources to the maximum?

AAA: Possibly but probably not.

In my experience, it is a common failing of socioeconomic theorists to immediately interpret everything in terms of political decisions. If all of our social life was about politics and the social conditions never changed, then PROUT would only require a single principle relating

to politics (or decision-making). As social life is far more complex than that, PROUT offers a set of five fundamental principles. In contrast, capitalism and communism present only two implicit but flawed principles corresponding to the first two principles of PROUT. I cannot say for certain, but from your above remarks, I would not be surprised to see something similar in respect to your propertarian anarchism, David.

Please excuse me for offering broad generalizations here or for being a bit blunt. Though my words might come across as insulting, I certainly mean no offense. I am only asking you to consider the five principles that I gave in their totality and not to reject one or two principles simply because you fail to consider the interrelation among all of the principles. Your current questions about an economic principle (Principle 2) were in fact addressed by the principle about politics (Principle 4), which you merely snipped from my message and ignored in your reply.

AAA: *To enable that, I support a quadridimensional economics, consisting of (1) people's economy (provision of a base set of essential goods and services - depending on time, place, and person - to all) (2) psycho-economy (dealing with prevention of psychic exploitation and degradation as well as the production and distribution of intellectual property along a model that would be very different than that used for physical property, which is far less elastic) (3) commercial economy (which is no doubt the most developed area of economics at present, but in which I would favor production for consumption rather than production for profit) (4) general economy (in which I support a 3-tiered approach, in which cooperatives would be encouraged for large-scale and medium scale industries, and management of key industries would be reserved for local government due to the risk posed by privatization that a few individuals could hold an entire society to ransom).*

DDF: *I suspect that learning conventional economics, i.e. price theory, would persuade you that the issues are somewhat more complicated than you think and your solutions less workable than you think. It doesn't follow, of course, that you would reach my conclusion--most economists, including most good ones, don't.*

AAA: David, why do you assume that I have not learned conventional economics? And what do you even mean by "learned"? As I understand it, you do not have a formal diploma in economics, but you teach economics. On the other hand, and for what it's worth, I do have a formal diploma in economics - a BS (cum laude) from the Wharton School of Finance and Commerce - and I also occasionally teach economics. Of course, teaching economics is not my profession, and it most certainly is not a paying job. But when I teach economics, it typically goes well beyond anything that I learned at university. So maybe we are a bit similar in respect to our status and style of learning. And maybe we could leave aside any uninformed personal remarks and just talk about socioeconomic theory.

Admittedly, I have simplified PROUT's quadridimensional economics here. I only offered a very quick overview. But I can say that most if not all of what you refer to as "conventional economics" falls under the category of "commercial economy" in PROUT. PROUT does not dispute the science of commercial economy, but - as I mentioned above - it would change the focus from production for profit to production for consumption.

DDF: ...

AAA: As I have started a new thread here, let me append to my current reply the material that you have snipped from my previous response to you (on an unrelated thread). That material may be useful for reference purposes or further discussion.

In respect to development, I favor a social system that prioritizes and provides (as far as possible) to everyone - not just humans but even animals and plants - the opportunity for all-round development (physical, mental, and spiritual). Such a system might be financed by the State, but it would have to be largely self-managed. For example, curricula should be determined by a board of educators and not a political appointee. Similar would be the case with the determination and provision of medical services.

In respect to politics, I favor a well-balanced adjustment of all utilizations, typically based on the weighing up of two factors: rarity and subtlety but ultimately aimed at the achievement of dynamic equilibrium and equipoise. This would require economic democracy but not political democracy.

And in respect to social change, I favor an unending revolutionary and progressive approach. As I see it, violence is an essential aspect of life and is unavoidable. So, for the sake of all those suffering under the oppressive yoke of capitalism, I would not insist on a non-violent approach. Rather, I consider non-violence to be a bogus philosophy.

I could go on at length, but - in a nutshell - my position on all these topics is that of PROUT (Progressive Utilization Theory).

~~~~~

## First Blood

***AAA:** For example, in respect to law - which, in my opinion, boils down to property rights - my position is that accumulation of wealth is validated by the permission of society (which may or may not be well-represented by the State, much less a free market).*

***DDF:** I don't think it makes much sense to treat "the society" as if it were a person and so could give permission for things.*

***AAA:** You could say the same thing about corporations, and there I would agree with you.*

**DDF:** I thought your claim was a moral one--and morally speaking, corporations are not people. Legally speaking they are. The former doesn't tell us whether the latter is a mistake or not.

***AAA:** In respect to economics, my position is that an ideal economy requires maximum utilization of all resources and rational distribution of the resultant wealth.*

***DDF:** I think you would have trouble producing a coherent definition of either of those. To take one obvious example, Amish farmers work about fifteen hours a day, which demonstrates that doing so is possible. Does it follow that anyone working fewer hours than that is not utilizing his (human) resources to the maximum?*

**AAA:** *Perhaps or perhaps not. You have not provided enough information to answer that question.*

**DDF:** I am trying to get you to see that it isn't answerable in your terms.

**AAA:** *David, unlike capitalism, PROUT offers a set of five fundamental principles that are interconnected. Economics does not stand on its own, independent of law and independent of development. Law is a practical foundation on which economics operates. In another thread, you commented on the economic inefficiency of the permit raj in India, and I agreed with you. But the system of licensing is actually a matter of law, not economics. It pertains to the accumulation of property.*

**DDF:** As it happens, my field is the economic analysis of law. If you feel like reading another book, my *Law's Order* is also available free to be read online from my web page.

The permit raj was (and is) a part of an economic system--a badly designed one. More generally, the form of property rights is an important feature of an economic system. One of the ways in which one might make an economic system work better or worse is by changing the legal rules defining property rights.

**AAA:** *If we talk in strict economic terms, then all economics reduces to two things: production and distribution.*

**DDF:** I suspect your definition of economics would be different from mine, but I'll refrain from pointing you at other of my books.

**AAA:** *Marxism was attractive because its concept of distribution was abundantly more just than that of capitalism.*

**DDF:** That assumes that you know what is a just distribution. I don't.

Consider the case of a very productive individual, say the author of the Harry Potter books. She creates, out of her head, two billion dollars worth of value (I'm guessing), measured by the value to readers that they get from reading her books--how much each would be willing to pay, if necessary, to do so--net of the cost of producing and distributing the books. She ends up with one billion dollars of income. Is that unjustly high because she has so much more than most people, or unjustly low because half of the value she created ended up with other people?

How would one decide?

...

**AAA:** *So, going to the basics, economics starts out with two concepts: production and distribution.*

**DDF:** Economics starts with one concept--rationality. It applies it to attempt to understand behavior in a wide variety of contexts.

**AAA:** *To achieve the greatest production of wealth, we must utilize all resources to the maximum.*

**DDF:** Again--what does that mean? If you think the answer is obvious, you haven't thought about it very carefully. For that matter, what does "the greatest production of wealth" mean?

**AAA:** *To keep the economy rolling and to satisfy the very purpose of economics, we must then distribute the wealth in a rational fashion (and not in an equal fashion). To*

*rely on Adam Smith's somewhat mythical and religion-based "invisible hand" to bring about an optimal and just distribution - after seeing what has happened over the last 250 years - is rank lunacy.*

**DDF:** I'm sorry, but I don't think, from what you write, that you are competent to make that judgement, whether or not it is correct. To begin with, Smith never argued that the invisible hand would bring about a just distribution, whatever that means.

Can you sketch some version of the standard efficiency proof for competitive equilibrium? That's the modern version of the invisible hand--and has nothing to do with either an optimal or just distribution.

*AAA: Please excuse me for offering broad generalizations here or for being a bit blunt.*

**DDF:** Gladly, if you will reciprocate. To put it brutally, your comments on economics sound to me rather like {another contributor's} on medieval history--an attempt to say profound things with very little knowledge of the subject.

*AAA: Though my words might come across as insulting, I certainly mean no offense. I am only asking you to consider the five principles that I gave in their totality and not to reject one or two principles simply because you fail to consider the interrelation among all of the principles. Your current questions about an economic principle (Principle 2) were in fact addressed by the principle about politics (Principle 4), which you merely snipped from my message and ignored in your reply.*

**DDF:** I was trying to show you that you were using concepts without having thought through their meaning.

So far as politics, have you thought about under what circumstances the political part of your system will actually act in the way you want it to act? Are you familiar with public choice theory, the part of economics that deals with such questions?

*AAA: David, why do you assume that I have not learned conventional economics?*

**DDF:** For the same reason that several of us conclude (not assume) that {another contributor} doesn't know all that much about medieval history. By what you write.

*AAA: And what do you even mean by "learned"? As I understand it, you do not have a formal diploma in economics, but you teach economics.*

**DDF:** Correct.

*AAA: On the other hand, and for what it's worth, I do have a formal diploma in economics - a BS (cum laude) from the Wharton School of Finance and Commerce - and I also occasionally teach economics. Of course, teaching economics is not my profession, and it most certainly is not a paying job. But when I teach economics, it typically goes well beyond anything that I learned at university. So maybe we are a bit similar in respect to our status and style of learning. And maybe we could leave aside any uninformed personal remarks and just talk about socioeconomic theory.*

**DDF:** Maybe. But you didn't demonstrate any knowledge of economics in your response to my two examples of problems with defining the full utilization of resources. And your presentation of PROUT makes it sound like rhetoric without much economic thinking behind it.

**AAA:** *Admittedly, I have simplified PROUT's quadridimensional economics here. I only offered a very quick overview. But I can say that most if not all of what you refer to as "conventional economics" falls under the category of "commercial economy" in PROUT. PROUT does not dispute the science of commercial economy, but - as I mentioned above - it would change the focus from production for profit to production for consumption.*

**DDF:** Putting it that way is evidence to me that you don't understand conventional economics. The standard economic arguments show what the linkage is between profit from producing and value to consumers of what is produced (and costs to owners of inputs of producing it).

One can, of course, argue that there are various imperfections in that linkage--as conventional analysis does. But a slogan like production for consumption instead of for profit doesn't point at what they are or say anything useful about how to deal with them.

2011 November 17

**Parry and Thrust**

**AAA:** *For example, in respect to law - which, in my opinion, boils down to property rights - my position is that accumulation of wealth is validated by the permission of society (which may or may not be well-represented by the State, much less a free market).*

**DDF:** *I don't think it makes much sense to treat "the society" as if it were a person and so could give permission for things.*

**AAA:** *You could say the same thing about corporations, and there I would agree with you.*

**DDF:** *I thought your claim was a moral one--and morally speaking, corporations are not people. Legally speaking they are. The former doesn't tell us whether the latter is a mistake or not.*

**AAA:** David, my argument was not a moral one. I gave a principle that PROUT puts forth as a healthy basis for law. Law, however, is not based on morality. It is based on property rights. And property rights do not - and never will - rise to the level of morality. It may be legal to drink, but that does not mean that it is moral to drink. It may be legal to engage in prostitution, but that does not mean that it is moral to do so. One can follow all of the laws of society and still be a very immoral person.

So I was talking about law and what constitutes a constructive basis for law, law being that which maintains order in society and sets the practical foundation for the economy, which in turn sets the practical foundation for developmental activity, political activity, and ultimately all social progress.

**DDF:** ...

**AAA:** *In respect to economics, my position is that an ideal economy requires maximum utilization of all resources and rational distribution of the resultant wealth.*

**DDF:** *I think you would have trouble producing a coherent definition of either of those. To take one obvious example, Amish farmers work about fifteen hours a day, which demonstrates that doing so is possible. Does it follow that anyone working fewer hours than that is not utilizing his (human) resources to the maximum?*

**AAA:** *Perhaps or perhaps not. You have not provided enough information to answer that question.*

**DDF:** *I am trying to get you to see that it isn't answerable in your terms.*

**AAA:** Okay, David, I probably should have answered with a simple No. But I did not and still do not know what you categorize as "work". If an Albert Einstein spends 10 hours at his desk contemplating physics and the remaining 5 hours either at the gym to keep himself physically fit or just relaxing to refresh his mind, would you classify those 5 hours as "work"?

Every human being has different capabilities. If a human being has very limited intellectual and spiritual capability - if the only thing that human being is able to do is work in a field and that human being is healthy and living in a rural area and has a job working on a farm - then, yes, it might be so that - in purely economic terms - s/he should also work 15 hours a day, if that is the social norm and what is required to maintain a developing economy.

But people have different capabilities, and people have the potential to develop additional capabilities. And human beings are not merely "worker ants", put on this earth for no other purpose than to toil. So the question you asked is not only vague in purely economic terms but also simplistic in respect to the various other factors that impact economic decisions (which decisions, in themselves, are ultimately political).

**AAA:** *David, unlike capitalism, PROUT offers a set of five fundamental principles that are interconnected. Economics does not stand on its own, independent of law and independent of development. Law is a practical foundation on which economics operates. In another thread, you commented on the economic inefficiency of the permit raj in India, and I agreed with you. But the system of licensing is actually a matter of law, not economics. It pertains to the accumulation of property.*

**DDF:** *As it happens, my field is the economic analysis of law. If you feel like reading another book, my *\_Law's Order\_* is also available free to be read online from my web page.*

**AAA:** When I get the time... And yes, David, I did notice that you are a prolific writer. Would you happen to have some free PDFs of your science fiction material? 😊

**DDF:** *The permit raj was (and is) a part of an economic system--a badly designed one. More generally, the form of property rights is an important feature of an economic system. One of the ways in which one might make an economic system work better or worse is by changing the legal rules defining property rights.*

**AAA:** David, the word "raj" means reign, rule, or domination. As such it would be better to think of the 'permit raj' as a political or legal system pertaining to the way in which the economy of India runs.

Though it clearly impacts the economic system, it is not the economic system.

Let's say your diet consists of bread and water. You might get your bread by personally growing wheat, then painstakingly grinding it into flour, and finally adding water (and maybe a pinch of salt) to the flour, kneading it into dough, and finally baking that dough. You also might get your bread by walking to the local supermarket and paying for it (hopefully covering all of the costs of the material and labor provided by others). Whichever way you go about it, your diet is fundamentally the same. The manner by which you acquire the bread is certainly relevant, but it is not your "diet".

*AAA: If we talk in strict economic terms, then all economics reduces to two things: production and distribution.*

*DDF: I suspect your definition of economics would be different from mine, but I'll refrain from pointing you at other of my books.*

**AAA:** Thank you for that small mercy, David. Now if you want to be really helpful, you might offer your own definition of economics without compelling me to read your books to find out. Like I said before, you really are not providing me with adequate information here. Perhaps that is because you do not want to take the risk of trying to be brief - as I have done - and then being criticized for what was not said. ☺

*AAA: Marxism was attractive because its concept of distribution was abundantly more just than that of capitalism.*

*DDF: That assumes that you know what is a just distribution. I don't.*

**AAA:** Without meaning to be rude, indeed it does appear from what you have said here and elsewhere that you do not have a sense of social justice.

But let me explain this concept in terms of PROUTist economics. I mentioned that PROUT conceives of economics as quadridimensional. The first dimension is "people's economy". The function of people's economy is to provide the minimum standard of living to everyone. This includes the minimum requirements of life - food, clothes, shelter, education, and medical care - as well as whatever else may be deemed minimally requisite according to time and place (for example, perhaps a motorcycle or car and a computer with a high-speed Internet connection in some parts of the world). Without setting a reasonable minimum standard of living (or minimum purchasing power) and ensuring that everyone in society has that, there is no question of a "just distribution".

Having said that, let me point out that PROUT does not merely insist on a "just distribution". Rather, it insists on "rational distribution". Where rationality comes into play is with the excess wealth that remains after distributing the minimum requirements to all. It is the distribution of that remaining wealth (called "atiriktam" in PROUT) that provides incentives for meritorious labor.

Going back to your example of the Amish farmer, David, perhaps the Amish farmer works 15 hours a day out of religious fanaticism. But most people will not want to work so hard if all they seem to get out of it is a good night's sleep or the promise of a gate pass to an imaginary heaven after they die. Most people want to be paid more for working harder. History - from the earliest Christian-Jewish community in Israel to the Communist USSR - proves that 'from each according to capacity, to each according to need' cannot work for long without imposing mortal fear on a community. As PROUT seeks the welfare and happiness of all, such an approach to economics is unacceptable.

**DDF:** Consider the case of a very productive individual, say the author of the Harry Potter books. She creates, out of her head, two billion dollars worth of value (I'm guessing), measured by the value to readers that they get from reading her books--how much each would be willing to pay, if necessary, to do so--net of the cost of producing and distributing the books. She ends up with one billion dollars of income. Is that unjustly high because she has so much more than most people, or unjustly low because half of the value she created ended up with other people?

How would one decide?

**AAA:** It is unjustly high. And it is also socially destructive. Material wealth is highly inelastic. If one person has a disproportionately high amount, then others will necessarily have a disproportionately low amount.

If you haven't done so yet, David, you might like to consider the findings of Wilkinson and Pickett regarding the correlation of economic inequality with various social ills (see <http://tinyurl.com/byymvg>).

**DDF:** ...

**AAA:** So, going to the basics, economics starts out with two concepts: production and distribution.

**DDF:** Economics starts with one concept--rationality. It applies it to attempt to understand behavior in a wide variety of contexts.

**AAA:** Well, then, yes, you do have a very different definition of economics than I do. ☺

You should have told me earlier that you use the word "economics" as an equivalent for "human existence". Then I would have started talking to you about yoga and not social theory. ☺

**AAA:** To achieve the greatest production of wealth, we must utilize all resources to the maximum.

**DDF:** Again--what does that mean? If you think the answer is obvious, you haven't thought about it very carefully. For that matter, what does "the greatest production of wealth" mean?

**AAA:** Greatest production of wealth: Well, let's say we have a small piece of land (maybe 20 acres). That piece of land is arable, it has an oil pocket under it, it is well situated for a university, and it has a peaceful atmosphere. To utilize that resource to the maximum, we should farm the land, drill for oil on the land, build a university on the land, and construct a meditation center on the land.

Let's take another example. We have an ordinary 10-year old boy with a still limited education. He might not have much knowledge yet, but we can still send him to a factory to produce T-shirts or sneakers. Maximum utilization of that boy as an economic resource would demand something like that.

Obviously, there is a problem with both of these examples. The problem with the first example is that doing any one of the four possible activities would automatically preclude the other three. The problem with the second example is that employing a 10-year old boy in a sweatshop is inhumane in that it limits his future personal development. But even in

economic terms, it is short-sighted in that it limits his future economic contribution, which could well be far more than that of an ordinary factory worker.

So my point here is that the answer to your question is indeed obvious, but being obvious does not mean that it is practical or benevolent (in other words, rational). That is why economics cannot dominate society; and that is why economics does not stand on its own, independent of other social considerations like societal integrity, development and welfare, politics, and progress.

Yes, David, I know that you define economics differently than I do. But I think your definition of economics is unreasonably inflated. Doing that, you then blur the considerations required for all of the social aspects that you blithely subsume within the field of economics.

**AAA:** *To keep the economy rolling and to satisfy the very purpose of economics, we must then distribute the wealth in a rational fashion (and not in an equal fashion). To rely on Adam Smith's somewhat mythical and religion-based "invisible hand" to bring about an optimal and just distribution - after seeing what has happened over the last 250 years - is rank lunacy.*

**DDF:** *I'm sorry, but I don't think, from what you write, that you are competent to make that judgement, whether or not it is correct. To begin with, Smith never argued that the invisible hand would bring about a just distribution, whatever that means.*

**AAA:** To the best of my knowledge, Adam Smith introduced his concept of an "invisible hand" in his book "The Theory of Moral Sentiments", published in 1759. In that book, he argues that self-seeking individuals are often "led by an invisible hand... without knowing it, without intending it, (to) advance the interest of society". As Smith was a professor of moral philosophy and he was writing about "moral sentiments", one may reasonably assume that he equated "the interest of society" with some manner of social justice. In 1776, Smith extended his concept of an invisible hand with a call for laissez-faire economy in his "Inquiry into the Nature and Causes of the Wealth of Nations" (not surprisingly, much appreciated by the economic and political bigwigs of the British Empire). Once again, it seems reasonable to assume that in economic terms, Smith's "invisible hand" would result in a distribution of wealth that does not totally enslave or thoroughly impoverish 99% of the citizens.

**DDF:** *Can you sketch some version of the standard efficiency proof for competitive equilibrium? That's the modern version of the invisible hand--and has nothing to do with either an optimal or just distribution.*

**AAA:** No, I cannot. But I see that you have done this in Chapter 16 of one of your books (<http://tinyurl.com/c8j8txk>), so why should I bother to duplicate your work? 😊

Look, David, when you tell me that the modern version of "the invisible hand" does something, I would first point out that Adam Smith talked in terms of "an invisible hand" and not "the invisible hand". Frankly, I am not convinced that Adam Smith intended his concept of "invisible hand" to mean mere market forces. However, I have not studied all of Smith's writings in detail, and I am not inclined to do so now. So I state that point just for future reference.

Second, when you tell me that "the modern version of the invisible hand" has nothing to do with either an optimal or just distribution, I assume that your "modern version of the invisible hand" is essentially a study of market forces (what PROUTist economics classifies as part of commercial economy). Well, commercial economy or market forces, even in PROUT, does

not focus on optimal or just distribution. The main purpose of commercial economy is to find efficient methods of production and distribution that will not incur loss but rather ensure that output exceeds input.

*AAA: Please excuse me for offering broad generalizations here or for being a bit blunt.*

*DDF: Gladly, if you will reciprocate. To put it brutally, your comments on economics sound to me rather like {another contributor's} on medieval history--an attempt to say profound things with very little knowledge of the subject.*

**AAA:** If such an opinion makes you feel better about your beliefs, then so be it.

*AAA: Though my words might come across as insulting, I certainly mean no offense. I am only asking you to consider the five principles that I gave in their totality and not to reject one or two principles simply because you fail to consider the interrelation among all of the principles. Your current questions about an economic principle (Principle 2) were in fact addressed by the principle about politics (Principle 4), which you merely snipped from my message and ignored in your reply.*

*DDF: I was trying to show you that you were using concepts without having thought through their meaning.*

**AAA:** In other words, you imagine that you know everything that I have thought or not thought? Pardon me, but thus far, I have seen no evidence that you are an omniscient entity. But, again, David - why are you making this so personal? I invited you for a discussion of socioeconomic theory. I put my ideas on the line for you to examine and even criticize. But I did not invite you or expect you to engage in so much needless attack ad hominem. In my experience, such type of conduct often arises when people feel that their prestige is threatened by the weakness of their own position or the strength of another's arguments.

As far as I can discern, you have not yet asked even one sincere question. The questions you asked were not for the purpose of better understanding PROUT or my position but only for the purpose of demonstrating your "superior wisdom". With such an approach, you might still be a passable teacher, but you cannot be a good student.

Why not tell us some details about your "right-wing extremist" (your description) propertarian anarchism? For example, what principle(s) in your propertarian anarchism guide the economic distribution system? What principle(s) in your propertarian anarchism guide the legal system? What principle(s) in your propertarian anarchism guide political decision making?

*DDF: So far as politics, have you thought about under what circumstances the political part of your system will actually act in the way you want it to act? Are you familiar with public choice theory, the part of economics that deals with such questions?*

**AAA:** Yes to the first question. No to the second question. But, again, I do not lump political decision making under the field of economics. What is your justification for doing so?

*AAA: David, why do you assume that I have not learned conventional economics?*

**DDF:** *For the same reason that several of us conclude (not assume) that {another contributor} doesn't know all that much about medieval history. By what you write.*

**AAA:** Well, in this case, your conclusion/assumption is clearly wrong. You should widen the scope of possibilities. For example, you might consider the possibility that I learned conventional economics (as indeed I did) but might have forgotten what I learned. ☺

**AAA:** *And what do you even mean by "learned"? As I understand it, you do not have a formal diploma in economics, but you teach economics.*

**DDF:** *Correct.*

**AAA:** Pardon me, David, but "correct" is not a valid answer to my question. I asked you "What do you even mean by 'learned'?"

**AAA:** *On the other hand, and for what it's worth, I do have a formal diploma in economics - a BS (cum laude) from the Wharton School of Finance and Commerce - and I also occasionally teach economics. Of course, teaching economics is not my profession, and it most certainly is not a paying job. But when I teach economics, it typically goes well beyond anything that I learned at university. So maybe we are a bit similar in respect to our status and style of learning. And maybe we could leave aside any uninformed personal remarks and just talk about socioeconomic theory.*

**DDF:** *Maybe. But you didn't demonstrate any knowledge of economics in your response to my two examples of problems with defining the full utilization of resources. And your presentation of PROUT makes it sound like rhetoric without much economic thinking behind it.*

**AAA:** "Maybe"? Do you doubt my word about my academic qualifications? Anyway, it is of little import.

As to your "examples of problems with defining the full utilization of resources", let me remind you that you presented those "examples" as questions. The questions were not sincere (as your current description of them proves). It was that very impression that led me to sidestep the questions. If you ask me an honest question, I will certainly give you an honest answer.

As to my presentation of PROUT, I did not intend it as a complete explanation of the subject. I repeatedly stated that it was just a very brief description of the principles. If we were to look at a brief summary of one of your books on Amazon, might that not also appear as mere rhetoric? Without patience and the openness to learn something new, there is no scope for dialogue.

**AAA:** *Admittedly, I have simplified PROUT's quadridimensional economics here. I only offered a very quick overview. But I can say that most if not all of what you refer to as "conventional economics" falls under the category of "commercial economy" in PROUT. PROUT does not dispute the science of commercial economy, but - as I mentioned above - it would change the focus from production for profit to production for consumption.*

**DDF:** *Putting it that way is evidence to me that you don't understand conventional economics. The standard economic arguments show what the linkage is between*

*profit from producing and value to consumers of what is produced (and costs to owners of inputs of producing it).*

**AAA:** David, one thing that I apparently understand about conventional economics and you apparently do not understand about conventional economics is that in the homes of 99% of the population it does not provide the type of welfare and happiness that people reasonably expect and rightfully should receive from their society.

I would also add here that I did not present PROUT as a purely economic theory. It is much more than that. You fail to understand - or recognize that point - by restricting your comments only to the first two principles that I presented. Perhaps that occurred because, like capitalism, your theory of propertarian anarchism is limited to principles only on those first two levels. In any event, it seems that you did not grasp the fact that PROUT extends conventional social theory (in the form of capitalism or Communism) by adding three higher levels on top of law and economics.

*DDF: One can, of course, argue that there are various imperfections in that linkage--as conventional analysis does. But a slogan like production for consumption instead of for profit doesn't point at what they are or say anything useful about how to deal with them.*

**AAA:** Perhaps you should think deeper about the concept. And perhaps you should consider the additional dimensions of people's economy, psycho-economy, and general economy. If you are sincerely interested, then ask a genuine question. Maybe we can figure out the answer together.

## **Overextension**

*AAA: For example, in respect to law - which, in my opinion, boils down to property rights - my position is that accumulation of wealth is validated by the permission of society (which may or may not be well-represented by the State, much less a free market).*

*DDF: I don't think it makes much sense to treat "the society" as if it were a person and so could give permission for things.*

*AAA: You could say the same thing about corporations, and there I would agree with you.*

*DDF: I thought your claim was a moral one--and morally speaking, corporations are not people. Legally speaking they are. The former doesn't tell us whether the latter is a mistake or not.*

*AAA: David, my argument was not a moral one. I gave a principle that PROUT puts forth as a healthy basis for law.*

**DDF:** That principle being that property rights are validated by permission of the society. That still leaves you with the problem of what "permission of the society" means, given that a society is not a person.

In the case of a corporation, there is a decision-making structure in place, so that one can, for many purposes, treat it as if it were a person. One could argue that the same thing is true of the state. But it isn't true of "society."

**AAA:** *Law, however, is not based on morality. It is based on property rights. And property rights do not - and never will - rise to the level of morality. It may be legal to drink, but that does not mean that it is moral to drink. It may be legal to engage in prostitution, but that does not mean that it is moral to do so. One can follow all of the laws of society and still be a very immoral person.*

**DDF:** All of that implies that law is not identical to morality. It doesn't tell us if it is based on morality.

One might, for example, argue that law forbids some immoral acts but not all because there are some immoral acts which it is immoral to forbid (prostitution, for example, in my view).

...

**AAA:** *In respect to economics, my position is that an ideal economy requires maximum utilization of all resources and rational distribution of the resultant wealth.*

**DDF:** *I think you would have trouble producing a coherent definition of either of those. To take one obvious example, Amish farmers work about fifteen hours a day, which demonstrates that doing so is possible. Does it follow that anyone working fewer hours than that is not utilizing his (human) resources to the maximum?*

**AAA:** *Perhaps or perhaps not. You have not provided enough information to answer that question.*

**DDF:** *I am trying to get you to see that it isn't answerable in your terms.*

**AAA:** *Okay, David, I probably should have answered with a simple No. But I did not and still do not know what you categorize as "work". If an Albert Einstein spends 10 hours at his desk contemplating physics and the remaining 5 hours either at the gym to keep himself physically fit or just relaxing to refresh his mind, would you classify those 5 hours as "work"?*

*Every human being has different capabilities. If a human being has very limited intellectual and spiritual capability - if the only thing that human being is able to do is work in a field and that human being is healthy and living in a rural area and has a job working on a farm - then, yes, it might be so that - in purely economic terms - s/he should also work 15 hours a day, if that is the social norm and what is required to maintain a developing economy.*

**DDF:** I don't know what "required to maintain" means--there isn't a fixed level of what an economy requires. There are different possible outputs for an economy, and different inputs can substitute for each other.

I would have said that if the value to the individual worker of an hour of leisure is greater than the value of what would be produced by an hour of labor, then in an ideal economy he takes the leisure. That doesn't sound like what "maximum utilization of all resources" implies.

...

**DDF:** *As it happens, my field is the economic analysis of law. If you feel like reading another book, my Law's Order is also available free to be read online from my web page.*

**AAA:** *When I get the time... And yes, David, I did notice that you are a prolific writer. Would you happen to have some free PDFs of your science fiction material? ☺*

**DDF:** I haven't written any science fiction. My one commercially published novel, Harald, was published by Baen as fantasy, but it's actually a historical novel with invented history--no magic, and societies and technology loosely based on historical ones.

It's currently in the Baen free library, so you can download it from there if interested.

My second novel, Salamander, is a fantasy with magic, and is up on Amazon as a kindle.

**DDF:** *The permit raj was (and is) a part of an economic system--a badly designed one. More generally, the form of property rights is an important feature of an economic system. One of the ways in which one might make an economic system work better or worse is by changing the legal rules defining property rights.*

**AAA:** *David, the word "raj" means reign, rule, or domination. As such it would be better to think of the 'permit raj' as a political or legal system pertaining to the way in which the economy of India runs. Though it clearly impacts the economic system, it is not the economic system.*

**DDF:** I said "part of."

**AAA:** *Let's say your diet consists of bread and water. You might get your bread by personally growing wheat, then painstakingly grinding it into flour, and finally adding water (and maybe a pinch of salt) to the flour, kneading it into dough, and finally baking that dough.*

**DDF:** I would recommend adding yeast or sourdough, although there are forms of bread that don't require it.

**AAA:** *You also might get your bread by walking to the local supermarket and paying for it (hopefully covering all of the costs of the material and labor provided by others). Whichever way you go about it, your diet is fundamentally the same. The manner by which you acquire the bread is certainly relevant, but it is not your "diet".*

**DDF:** Agreed, but not, I think, relevant. The permit raj is both part of the economy--individual bureaucrats getting income by selling favors--and one of the factors that makes the economy less productive.

**AAA:** *If we talk in strict economic terms, then all economics reduces to two things: production and distribution.*

**DDF:** *I suspect your definition of economics would be different from mine, but I'll refrain from pointing you at other of my books.*

**AAA:** *Thank you for that small mercy, David. Now if you want to be really helpful, you might offer your own definition of economics without compelling me to read your books to find out.*

**DDF:** That approach to understanding behavior that starts from the assumption that individuals have objectives and tend to take the actions that best achieve them.

...

***DDF:** That assumes that you know what is a just distribution. I don't.*

***AAA:** Without meaning to be rude, indeed it does appear from what you have said here and elsewhere that you do not have a sense of social justice.*

*But let me explain this concept in terms of PROUTist economics. I mentioned that PROUT conceives of economics as quadridimensional. The first dimension is "people's economy". The function of people's economy is to provide the minimum standard of living to everyone. This includes the minimum requirements of life - food, clothes, shelter, education, and medical care - as well as whatever else may be deemed minimally requisite according to time and place (for example, perhaps a motorcycle or car and a computer with a high-speed Internet connection in some parts of the world). Without setting a reasonable minimum standard of living (or minimum purchasing power) and ensuring that everyone in society has that, there is no question of a "just distribution".*

**DDF:** And how are these things produced and distributed? What are the incentives of those doing the production and distribution, and why do you expect them to do it in the way you approve of rather than in the way that best serves their interest?

For a real example from some decades back, I remember an American economist who had visited India commenting that Indian bureaucrats explained the need for exchange controls to keep India from wasting its scarce foreign exchange on luxuries. They did the explaining in very nice air conditioned hotels in India.

Those bureaucrats would agree with your ideals, although not the details--that the Indian economy should be organized for the welfare of the masses of the population. But they used their power to organize things for their own welfare.

To put the point more generally, it isn't very helpful to specify an economic or political system by its outcomes--"I want an economic system where goods are justly distributed" (assuming you could define such a thing) without specifying what the institutions are that will produce those outcomes and why they will produce them.

***AAA:** Having said that, let me point out that PROUT does not merely insist on a "just distribution". Rather, it insists on "rational distribution". Where rationality comes into play is with the excess wealth that remains after distributing the minimum requirements to all. It is the distribution of that remaining wealth (called "atiriktam" in PROUT) that provides incentives for meritorious labor.*

*Going back to your example of the Amish farmer, David, perhaps the Amish farmer works 15 hours a day out of religious fanaticism.*

**DDF:** Not, I think, an accurate description of the Amish.

...

***DDF:** Consider the case of a very productive individual, say the author of the Harry Potter books. She creates, out of her head, two billion dollars worth of value (I'm guessing), measured by the value to readers that they get from*

*reading her books--how much each would be willing to pay, if necessary, to do so--net of the cost of producing and distributing the books. She ends up with one billion dollars of income. Is that unjustly high because she has so much more than most people, or unjustly low because half of the value she created ended up with other people? How would one decide?*

**AAA:** *It is unjustly high. And it is also socially destructive. Material wealth is highly inelastic. If one person has a disproportionately high amount, then others will necessarily have a disproportionately low amount.*

**DDF:** You haven't said disproportionate to what. In my example her wealth is disproportionately low relative to the amount of wealth she created. Her creating it and getting half makes other people relatively worse off compared to her, but it makes other people absolutely better off compared to their situation if she neither created nor got. If I do something that makes you better off by a thousand dollars and me better off by two thousand dollars, have I injured you?

...

**AAA:** *So, going to the basics, economics starts out with two concepts: production and distribution.*

**DDF:** *Economics starts with one concept--rationality. It applies it to attempt to understand behavior in a wide variety of contexts.*

**AAA:** *Well, then, yes, you do have a very different definition of economics than I do. 😊*

*You should have told me earlier that you use the word "economics" as an equivalent for "human existence". Then I would have started talking to you about yoga and not social theory. 😊*

**DDF:** Human existence has many characteristics other than rationality. And rationality is not even a perfect predictor of human action, although it's often the best predictor available. My definition isn't universal among economists, but neither is it limited to me.

**AAA:** *To achieve the greatest production of wealth, we must utilize all resources to the maximum.*

**DDF:** *Again--what does that mean? If you think the answer is obvious, you haven't thought about it very carefully. For that matter, what does "the greatest production of wealth" mean?*

**AAA:** *Greatest production of wealth: Well, let's say we have a small piece of land (maybe 20 acres). That piece of land is arable, it has an oil pocket under it, it is well situated for a university, and it has a peaceful atmosphere. To utilize that resource to the maximum, we should farm the land, drill for oil on the land, build a university on the land, and construct a meditation center on the land.*

**DDF:** Independent of what doing any of those things costs?

**AAA:** *Let's take another example. We have an ordinary 10-year old boy with a still limited education. He might not have much knowledge yet, but we can still send him to a factory to produce T-shirts or sneakers. Maximum utilization of that boy as an economic resource would demand something like that.*

**DDF:** You should approve of the Amish--their children help with house and farm from an early age.

*AAA: Obviously, there is a problem with both of these examples. The problem with the first example is that doing any one of the four possible activities would automatically preclude the other three. The problem with the second example is that employing a 10-year old boy in a sweatshop is inhumane in that it limits his future personal development. But even in economic terms, it is short-sighted in that it limits his future economic contribution, which could well be far more than that of an ordinary factory worker.*

**DDF:** This started with your saying what ought to happen. I asked you to define it. You have first offered a definition, then explained that that isn't what ought to happen.

What, by the way, do you mean by "in economic terms" and "economic contribution?" I suspect you are using those terms in a much narrower way than I, or many economists, would.

*AAA: So my point here is that the answer to your question is indeed obvious, but being obvious does not mean that it is practical or benevolent (in other words, rational).*

**DDF:** My question was about your statement of what your system wanted to happen--you don't answer it when you say what shouldn't be done.

...

*DDF: I'm sorry, but I don't think, from what you write, that you are competent to make that judgement, whether or not it is correct. To begin with, Smith never argued that the invisible hand would bring about a just distribution, whatever that means.*

*AAA: To the best of my knowledge, Adam Smith introduced his concept of an "invisible hand" in his book "The Theory of Moral Sentiments", published in 1759. In that book, he argues that self-seeking individuals are often "led by an invisible hand... without knowing it, without intending it, (to) advance the interest of society".*

**DDF:** If you check you will find that the quote is from The Wealth of Nations. Also that you have it wrong--although if you are quoting from memory, as I also often do, that isn't surprising. The actual quote is:

"By preferring the support of domestic to that of foreign industry, he intends only his own security; and by directing that industry in such a manner as its produce may be of the greatest value, he intends only his own gain, and he is in this, as in many other cases, led by an invisible hand to promote an end which was no part of his intention. Nor is it always the worse for the society that it was no part of it. By pursuing his own interest he frequently promotes that of the society more effectually than when he really intends to promote it."

Have you read both books? Either?

*AAA: As Smith was a professor of moral philosophy and he was writing about "moral sentiments", one may reasonably assume that he equated "the interest of society" with some manner of social justice.*

**DDF:** I don't think so--perhaps you can offer quotes to support that assumption? The particular passage is dealing with something closer to what we would now call economic efficiency--maximizing the size of the pie, not distributing it in some particular way.

*AAA: In 1776, Smith extended his concept of an invisible hand with a call for laissez-faire economy in his "Inquiry into the Nature and Causes of the Wealth of Nations" (not surprisingly, much appreciated by the economic and political bigwigs of the British Empire).*

**DDF:** Despite its repeated attacks on both government actors and "merchants and manufacturers?" Presumably, since it was much appreciated by them, they promptly followed Smith's advice.

It only took them a little over sixty years.

*AAA: Once again, it seems reasonable to assume that in economic terms, Smith's "invisible hand" would result in a distribution of wealth that does not totally enslave or thoroughly impoverish 99% of the citizens.*

**DDF:** And anything that does not totally enslave or thoroughly impoverish 99% of the citizens is socially just? Smith was indeed in favor of policies that he thought would benefit the masses of the population, but I don't think the issue came up in the context of the invisible hand metaphor.

*DDF: Can you sketch some version of the standard efficiency proof for competitive equilibrium? That's the modern version of the invisible hand--and has nothing to do with either an optimal or just distribution.*

*AAA: No, I cannot. But I see that you have done this in Chapter 16 of one of your books (<http://tinyurl.com/c8j8txk>), so why should I bother to duplicate your work? ☺*

**DDF:** To demonstrate that you understand what you are talking about.

But I didn't ask you to do so, I asked if you could, and your answer was that you cannot.

*AAA: Look, David, when you tell me that the modern version of "the invisible hand" does something, I would first point out that Adam Smith talked in terms of "an invisible hand" and not "the invisible hand". Frankly, I am not convinced that Adam Smith intended his concept of "invisible hand" to mean mere market forces. However, I have not studied all of Smith's writings in detail, and I am not inclined to do so now. So I state that point just for future reference.*

**DDF:** Does "I have not studied all of Smith's writings in detail" mean "I have read neither of his two major works?" So far that seems to be the case from what you write.

*AAA: Second, when you tell me that "the modern version of the invisible hand" has nothing to do with either an optimal or just distribution, I assume that your "modern version of the invisible hand" is essentially a study of market forces (what PROUTist economics classifies as part of commercial economy).*

**DDF:** Not exactly. The modern version is the explanation of why, under certain circumstances, the market produces the "best possible" outcome in a very specialized sense of "best possible." Which also, of course, points at why under other circumstances it doesn't, and why the relevant sense of "best" doesn't perfectly correspond to what people actually view as "best."

My basic point is that these are moderately difficult questions which people have thought about at some depth, and you are trying to critique conventional economics without understanding it. My usual description of both what I think {another contributor} was doing and what I think you are doing is attempting profundity on the cheap.

...

*DDF: I was trying to show you that you were using concepts without having thought through their meaning.*

*AAA: In other words, you imagine that you know everything that I have thought or not thought?*

**DDF:** Not at all--only that I deduce some things about what you have not thought from what you write.

...

*AAA: But I did not invite you or expect you to engage in so much needless attack ad hominem.*

**DDF:** An ad hominem attack would be something like "you are a bad person, therefore your argument must be wrong." What I am saying is "your argument is wrong, in ways which lead me to conclude that there are relevant things you don't understand and haven't thought through."

*AAA: In my experience, such type of conduct often arises when people feel that their prestige is threatened by the weakness of their own position or the strength of another's arguments.*

**DDF:** Now there is an example of a (by implication) ad hominem argument.

...

*AAA: Why not tell us some details about your "right-wing extremist" (your description) proprietarian anarchism?*

**DDF:** Because I don't think a brief answer will be very helpful, and the detailed explanation is available online, for free.

*DDF: So far as politics, have you thought about under what circumstances the political part of your system will actually act in the way you want it to act? Are you familiar with public choice theory, the part of economics that deals with such questions?*

*AAA: Yes to the first question. No to the second question. But, again, I do not lump political decision making under the field of economics. What is your justification for doing so?*

**DDF:** Because individuals in the political system act on the same basis as in what you think of as the economic system--to achieve their own objectives--and so can be understood using the same tools.

*AAA: David, why do you assume that I have not learned conventional economics?*

**DDF:** *For the same reason that several of us conclude (not assume) that {another contributor} doesn't know all that much about medieval history. By what you write.*

**AAA:** *Well, in this case, your conclusion/assumption is clearly wrong. You should widen the scope of possibilities. For example, you might consider the possibility that I learned conventional economics (as indeed I did) but might have forgotten what I learned. ☺*

**DDF:** I suppose that's possible, but it might depend on how one uses "learned." I can easily imagine someone who memorized enough of the contents of a course to get a reasonable grade on the final exam promptly forgetting it once the information was no longer needed--the same approach that wants to know which five percent of a textbook actually matters so as to highlight that part and ignore the rest.

But that's a pretty weak sense of "learned." I find it hard to imagine someone really understanding price theory and then forgetting it, short of brain injury, or senility, or something similar. And you don't sound as though any of those would apply to you.

**AAA:** *And what do you even mean by "learned"? As I understand it, you do not have a formal diploma in economics, but you teach economics.*

**DDF:** *Correct.*

**AAA:** *Pardon me, David, but "correct" is not a valid answer to my question. I asked you "What do you even mean by 'learned'?"*

**DDF:** I was responding to the second sentence quoted above.

What I mean by having learned price theory (or, for that matter, Newtonian mechanics) is having actually understood the structure of ideas. In my experience that usually requires working a good deal of it out for yourself, so that you know not merely the conclusions but the logical structure that underlies them.

That's part of why I asked about the efficiency theorem. Someone who merely memorized it as a mathematical theorem, with all i's dotted and t's crossed, might well forget it--as I have certainly forgotten the details of various mathematical proofs. But someone who understands it should be able to sketch the argument many years later.

**AAA:** *On the other hand, and for what it's worth, I do have a formal diploma in economics - a BS (cum laude) from the Wharton School of Finance and Commerce - and I also occasionally teach economics. Of course, teaching economics is not my profession, and it most certainly is not a paying job. But when I teach economics, it typically goes well beyond anything that I learned at university. So maybe we are a bit similar in respect to our status and style of learning. And maybe we could leave aside any uninformed personal remarks and just talk about socioeconomic theory.*

**DDF:** *Maybe. But you didn't demonstrate any knowledge of economics in your response to my two examples of problems with defining the full utilization of resources. And your presentation of PROUT makes it sound like rhetoric without much economic thinking behind it.*

**AAA:** *"Maybe"? Do you doubt my word about my academic qualifications?*

**DDF:** I think you are probably telling the truth about your academic qualifications, although given the nature of online exchanges I can't easily check. But I don't assume that every student who has graduated with a bachelor's degree in a field actually understands the field, although it's somewhat more likely with that qualification than without it. And what you write is better evidence on that subject than your degrees.

...

2011 November 18

## Fortunes of War

**AAA:** *For example, in respect to law - which, in my opinion, boils down to property rights - my position is that accumulation of wealth is validated by the permission of society (which may or may not be well-represented by the State, much less a free market).*

**DDF:** *I don't think it makes much sense to treat "the society" as if it were a person and so could give permission for things.*

**AAA:** *You could say the same thing about corporations, and there I would agree with you.*

**DDF:** *I thought your claim was a moral one--and morally speaking, corporations are not people. Legally speaking they are. The former doesn't tell us whether the latter is a mistake or not.*

**AAA:** *David, my argument was not a moral one. I gave a principle that PROUT puts forth as a healthy basis for law.*

**DDF:** *That principle being that property rights are validated by permission of the society. That still leaves you with the problem of what "permission of the society" means, given that a society is not a person.*

*In the case of a corporation, there is a decision-making structure in place, so that one can, for many purposes, treat it as if it were a person. One could argue that the same thing is true of the state. But it isn't true of "society."*

**AAA:** David, I disagree. Human existence is more mental than physical. And human society is first and foremost a collective mind. The expressions of that collective mind may make life either pleasant or unpleasant - enjoyable, tolerable, or intolerable - for the individual members of society.

You might have difficulty conceiving of a living society with a collective mind; but I find that it is very real. I also feel that the sciences of sociology and anthropology both point in that direction.

In my experience and in accordance with what I know of history, society permits or rejects things on a regular basis. Even when society is not well reflected by the State, the collective mind imposes its decisions. That is what enables events like the American War of

Independence, the Russian revolution, and the "99%" protests that are taking place in capitalist countries around the world.

As any student of military strategy will tell you, war is more psychological than physical. The psychology that applies in war is not merely individual psychology but primarily collective psychology.

Western science is only beginning to investigate the workings of collective human psychology (see <http://tinyurl.com/887pvop>). Though the reality of a collective human psychology has been well-accepted for long, it is not a subject that is easily studied (especially not in its most obvious form, mob action).

In practical terms, perhaps the easiest way to recognize the "permission of society" is through the medium of informal leaders (see <http://tinyurl.com/6wqoadh>). A society has potential to be healthy if the informal leaders have a range of qualities, for example, moral courage, physical fitness, intellectual acumen, worldly wisdom. When such type of informal leaders also become formal leaders, that would ensure a healthy State. But here we drift into the purview of politics and the fourth fundamental principle of PROUT. Your question only concerned the first fundamental principle in respect to law or property rights. I believe I have answered that question.

*AAA: Law, however, is not based on morality. It is based on property rights. And property rights do not - and never will - rise to the level of morality. It may be legal to drink, but that does not mean that it is moral to drink. It may be legal to engage in prostitution, but that does not mean that it is moral to do so. One can follow all of the laws of society and still be a very immoral person.*

*DDF: All of that implies that law is not identical to morality. It doesn't tell us if it is based on morality.*

**AAA:** Laws are substantiated by society's notions regarding property rights. Laws are not substantiated by morality, although laws may be more or less consistent with morality.

Many times in the past, legislators have framed laws that were allegedly or actually based on morality. But when the authorities tried to enforce those laws, the social backlash often resulted in more harm being done than good. Examine the Prohibition Era in US history.

In 1919, the 18th Amendment to the US Constitution was ratified. Section 1 of the 18th Amendment reads as follows:

---

Section 1. After one year from the ratification of this article the manufacture, sale, or transportation of intoxicating liquors within, the importation thereof into, or the exportation thereof from the United States and all territory subject to the jurisdiction thereof for beverage purposes is hereby prohibited.

~~~~~

Only 14 years later, in 1933, the 21st Amendment to the US Constitution was ratified. Section 1 of the 21st Amendment reads as follows:

Section 1. The eighteenth article of amendment to the Constitution of the United States is hereby repealed.

~~~~~  
In short, Prohibition laws did not and do not work. Morality is something that must be educated, not legislated.

So, just to be clear, legislators may try to enact laws based on morality. But that will not work unless the laws are consistent with society's notions regarding property rights. Hence, laws are ultimately based on society's notions regarding property rights and not society's notions regarding morality (or even only virtue and vice).

*DDF: One might, for example, argue that law forbids some immoral acts but not all because there are some immoral acts which it is immoral to forbid (prostitution, for example, in my view).*

**AAA:** You could argue that, but the argument is weak. Prostitution exists for a range of reasons, many of them connected with social injustice. If the social injustice is eliminated - for example, if women and children are no longer largely dependent on men for their economic subsistence, and if religious dogma did not stigmatize women for being the victims of rape - then would it still be immoral to prohibit prostitution? And what about alcohol and drugs and cigarettes? Is it immoral to prohibit the consumption of items that are known to be unhealthy, both individually and socially?

Again, morality is something that must be educated and not legislated. Unfortunately, nowadays, moral education is very much lacking in the curricula and even in many if not most households around the world.

*DDF: ...*

**AAA:** Another snip. Does this mean that you agreed with everything I said in the material you removed?

*AAA: In respect to economics, my position is that an ideal economy requires maximum utilization of all resources and rational distribution of the resultant wealth.*

*DDF: I think you would have trouble producing a coherent definition of either of those. To take one obvious example, Amish farmers work about fifteen hours a day, which demonstrates that doing so is possible. Does it follow that anyone working fewer hours than that is not utilizing his (human) resources to the maximum?*

*AAA: Perhaps or perhaps not. You have not provided enough information to answer that question.*

*DDF: I am trying to get you to see that it isn't answerable in your terms.*

*AAA: Okay, David, I probably should have answered with a simple No. But I did not and still do not know what you categorize as "work". If an Albert Einstein spends 10 hours at his desk contemplating physics and the remaining 5 hours either at the gym to keep himself physically fit or just relaxing to refresh his mind, would you classify those 5 hours as "work"?*

*Every human being has different capabilities. If a human being has very limited intellectual and spiritual capability - if the only thing that human being is able to do is work in a field and that human being is healthy and living in a rural area and has a job working on a farm - then, yes, it might be so that - in purely economic terms - s/he should also work 15 hours a day, if that is the social norm and what is required to maintain a developing economy.*

**DDF:** *I don't know what "required to maintain" means--there isn't a fixed level of what an economy requires. There are different possible outputs for an economy, and different inputs can substitute for each other.*

**AAA:** I agree. So my point was that if 15 hours of work is the only input that would achieve that result, then in that case - and along with the other conditions I mentioned - everyone should work 15 hours a day like your Amish farmer.

**DDF:** *I would have said that if the value to the individual worker of an hour of leisure is greater than the value of what would be produced by an hour of labor, then in an ideal economy he takes the leisure. That doesn't sound like what "maximum utilization of all resources" implies.*

**AAA:** And it is not what is meant by "maximum utilization of all resources". But here I note that you still have not answered my question to you regarding what you categorize as "work". And now you introduce a new and unexplained variable, "value". How do you measure this "value"? It seems that when you are talking about "value to the individual worker", you are talking about a variable that is determined individually, but how do you measure "value of what would be produced by an hour of labor"? Is that determined by society (represented by the State), or is it determined once more by each individual? As it makes no sense that the latter value is determined by the individual, what happens when the calculation of the individual differs from the calculation of the State? Which calculation dominates, and how is that decision enforced? Would brute force be applied?

**DDF:** ...

**AAA:** Another big snip. I will simply assume that you agreed with my remarks or were unable to come up with a superior argument against them. ☺

**DDF:** *As it happens, my field is the economic analysis of law. If you feel like reading another book, my Law's Order is also available free to be read online from my web page.*

**AAA:** *When I get the time... And yes, David, I did notice that you are a prolific writer. Would you happen to have some free PDFs of your science fiction material? ☺*

**DDF:** *I haven't written any science fiction. My one commercially published novel, Harald, was published by Baen as fantasy, but it's actually a historical novel with invented history--no magic, and societies and technology loosely based on historical ones.*

*It's currently in the Baen free library, so you can download it from there if interested.*

**AAA:** I am interested. Don't know if I'll find the time to read it.

**DDF:** *My second novel, Salamander, is a fantasy with magic, and is up on Amazon as a kindle.*

**AAA:** So not free. :( If you are interested, I'd be happy to trade you a PDF or ePub file for any of my books on Kindle for one copy of Salamander. Of course, with only one exception, you could easily find a free copy of all of my books on one or more websites. (I assume that barter has a place in your scheme of economics, as it does in PROUT.)

***DDF:** The permit raj was (and is) a part of an economic system--a badly designed one. More generally, the form of property rights is an important feature of an economic system. One of the ways in which one might make an economic system work better or worse is by changing the legal rules defining property rights.*

***AAA:** David, the word "raj" means reign, rule, or domination. As such it would be better to think of the 'permit raj' as a political or legal system pertaining to the way in which the economy of India runs. Though it clearly impacts the economic system, it is not the economic system.*

***DDF:** I said "part of."*

**AAA:** And I questioned that it is "part of" an economic system.

Maybe this was a miscommunication. In my opinion, to describe laws as "part of" economics, or economics as "part of" political decision-making tends to blur the distinctions among those different fields of activity. Yes, they are all interconnected. They may even overlap to some extent. But when you say "part of", I get the impression that you are saying that one field completely subsumes another. If that is what you mean, then I dispute that.

***AAA:** Let's say your diet consists of bread and water. You might get your bread by personally growing wheat, then painstakingly grinding it into flour, and finally adding water (and maybe a pinch of salt) to the flour, kneading it into dough, and finally baking that dough.*

***DDF:** I would recommend adding yeast or sourdough, although there are forms of bread that don't require it.*

**AAA:** 😊

***AAA:** You also might get your bread by walking to the local supermarket and paying for it (hopefully covering all of the costs of the material and labor provided by others). Whichever way you go about it, your diet is fundamentally the same. The manner by which you acquire the bread is certainly relevant, but it is not your "diet".*

***DDF:** Agreed, but not, I think, relevant. The permit raj is both part of the economy--individual bureaucrats getting income by selling favors--and one of the factors that makes the economy less productive.*

**AAA:** As I said above, law and economics may overlap to some extent, but the principle guiding each one is different.

In my experience, a discussion of social concerns is most productive when topics are well defined. For example, if someone says "Let's discuss abortion", it can be chaotic if everyone wants to discuss abortion from a different angle of concern. So better to say, "Let's discuss the impact of current laws concerning abortion" or "Let's discuss the subject of the economic cost to both the individual and society of abortion" or "Let's discuss the lost potential of an

aborted fetus versus the impact on a woman compelled to birth that fetus" or "Let's discuss whether or not abortion should be legal and, if so, under what conditions".

As you can see, these topics get increasingly difficult to address. The same is the case with most social concerns. On some levels, they are easy to examine and less complex to understand. But as we move from law to economics to development to politics to social change, the topics become broader and more complex. My problem with your classification of the permit raj as "part of the economy" was that it seemed to suggest that it could be examined and understood purely in economic terms.

**AAA:** *If we talk in strict economic terms, then all economics reduces to two things: production and distribution.*

**DDF:** *I suspect your definition of economics would be different from mine, but I'll refrain from pointing you at other of my books.*

**AAA:** *Thank you for that small mercy, David. Now if you want to be really helpful, you might offer your own definition of economics without compelling me to read your books to find out.*

**DDF:** *That approach to understanding behavior that starts from the assumption that individuals have objectives and tend to take the actions that best achieve them.*

**AAA:** A unique definition. But you offer a starting point with no ending point. Hence, I remain confused by your definition. What are the limits of economics? Where does the science end?

**DDF:** ...

**AAA:** I am glad to see that we had more agreement. 😊

**DDF:** *That assumes that you know what is a just distribution. I don't.*

**AAA:** *Without meaning to be rude, indeed it does appear from what you have said here and elsewhere that you do not have a sense of social justice.*

*But let me explain this concept in terms of PROUTist economics. I mentioned that PROUT conceives of economics as quadridimensional. The first dimension is "people's economy". The function of people's economy is to provide the minimum standard of living to everyone. This includes the minimum requirements of life - food, clothes, shelter, education, and medical care - as well as whatever else may be deemed minimally requisite according to time and place (for example, perhaps a motorcycle or car and a computer with a high-speed Internet connection in some parts of the world). Without setting a reasonable minimum standard of living (or minimum purchasing power) and ensuring that everyone in society has that, there is no question of a "just distribution".*

**DDF:** *And how are these things produced and distributed? What are the incentives of those doing the production and distribution, and why do you expect them to do it in the way you approve of rather than in the way that best serves their interest?*

**AAA:** The answer to the first question may be partly found in the other three dimensions of economics - psycho-economy, commercial economy, and general economy. But with people's economy, some special arrangements may also have to be made because of the fundamental importance of providing the minimum requirements to all.

Regarding the second question, I already explained that the incentives are derived from the allocation of 'atiriktam'/amenities (the surplus wealth that remains after distribution of the minimum requirements).

For example, if the minimum requirements are that everyone in a society has a bicycle, still some automobiles will be produced. Acquisition of a car - or, better still, the purchasing power to acquire a car - would be incentive to some. That said, PROUT would try to encourage (mainly through education in a broad sense) a greater thirst for intellectual property than physical property, because intellectual property is immensely elastic in an economic sense. The more that people thirst for intellectual property and the less that they thirst for physical property, the easier it becomes to reduce the economic gap required as incentive to work.

Regarding the third question, certainly there will be some amount of deviance or crime. That is unavoidable. But more egalitarian societies tend to see much less crime. I already referred you to the studies of Wilkinson and Pickett on the impact of greater economic equality. For reference once again, the website promoting their findings is at <http://tinyurl.com/yjrshua>.

*DDF: For a real example from some decades back, I remember an American economist who had visited India commenting that Indian bureaucrats explained the need for exchange controls to keep India from wasting its scarce foreign exchange on luxuries. They did the explaining in very nice air conditioned hotels in India.*

*Those bureaucrats would agree with your ideals, although not the details--that the Indian economy should be organized for the welfare of the masses of the population. But they used their power to organize things for their own welfare.*

**AAA:** Like I said before, government in India is a family business, inspired by greed and fueled by bribes.

*DDF: To put the point more generally, it isn't very helpful to specify an economic or political system by its outcomes--"I want an economic system where goods are justly distributed" (assuming you could define such a thing) without specifying what the institutions are that will produce those outcomes and why they will produce them.*

**AAA:** I agree. That is why PROUTist economics offers as one of its four dimensions "general economy". General economy consists of the 'institutions' that will be used to produce the outcomes. Toward that end, as I believe that I already mentioned, PROUT advocates a 3-tiered approach. David, are we going in circles here?

*AAA: Having said that, let me point out that PROUT does not merely insist on a "just distribution". Rather, it insists on "rational distribution". Where rationality comes into play is with the excess wealth that remains after distributing the minimum requirements to all. It is the distribution of that remaining wealth (called "atiriktam" in PROUT) that provides incentives for meritorious labor.*

*Going back to your example of the Amish farmer, David, perhaps the Amish farmer works 15 hours a day out of religious fanaticism.*

*DDF: Not, I think, an accurate description of the Amish.*

...

**AAA:** I said "perhaps". And I followed that sentence up with a lot more material that you snipped (and hence presumably cannot or do not dispute).

***DDF:** Consider the case of a very productive individual, say the author of the Harry Potter books. She creates, out of her head, two billion dollars worth of value (I'm guessing), measured by the value to readers that they get from reading her books--how much each would be willing to pay, if necessary, to do so--net of the cost of producing and distributing the books. She ends up with one billion dollars of income. Is that unjustly high because she has so much more than most people, or unjustly low because half of the value she created ended up with other people? How would one decide?*

***AAA:** It is unjustly high. And it is also socially destructive. Material wealth is highly inelastic. If one person has a disproportionately high amount, then others will necessarily have a disproportionately low amount.*

***DDF:** You haven't said disproportionate to what. In my example her wealth is disproportionately low relative to the amount of wealth she created. Her creating it and getting half makes other people relatively worse off compared to her, but it makes other people absolutely better off compared to their situation if she neither created nor got. If I do something that makes you better off by a thousand dollars and me better off by two thousand dollars, have I injured you?*

**AAA:** I meant disproportionate to each other. If one person in a society has 100,000 times more physical wealth than another person, it is becoming apparent now that society is no longer ready to permit such a gap. See the 99% demonstrations that are growing in number and in force.

Regarding your question, you might not have injured me, but you might have injured someone else. And even if you did not directly injure anyone, that does not mean that what you describe is socially just.

David, you tend to give examples with data that has little meaning in and of itself. We need more context to grasp the import.

Let's say that what you do makes me better off by \$1,000, but I need all of that \$1,000 to cover my running expenses for basic necessities and I still cannot afford to pay the cost of university education for my children. You, on the other hand, might have a great deal of money stashed away, and so that \$1,000 only tends to extend your economic dominance. Social justice raises the question: Why should one person be able to sit back and relax, living a luxurious life and still accumulating more wealth, while another person must work non-stop and never be able to make ends meet?

Let's consider another possible scenario. Let's say that for both you and me the additional money received is over and above our minimum requirements. In other words, both you and I improve our standard of living thereby. In PROUTistic terms, the extra money accrued in such case would be classified as an amenity (atiriktam).

According to PROUT, the vitality of a society is measured by the increase in the minimum standard of living of the people (that is, all of the people). That would happen in this case, assuming that the increase that you and I receive filters down to everyone in the society. But PROUT goes still further than that in its conception of social justice. Even when the standard

of living of the people is increasing, effort should go on to reduce the gap in respect to the maximum amenities (atiriktam) available for the common people versus the maximum amenities available for the meritorious people.

In your example, taking myself as a common person and you as the meritorious person, the gap in amenities is \$1000. That gap might be acceptable to society today, but it might not be acceptable to society tomorrow. And that is why the first fundamental principle of PROUT states that accumulation of wealth - any and all wealth - should occur only with the permission of society.

**DDF:** ...

**AAA:** So much agreement! We are making progress. 😊

**AAA:** *So, going to the basics, economics starts out with two concepts: production and distribution.*

**DDF:** *Economics starts with one concept--rationality. It applies it to attempt to understand behavior in a wide variety of contexts.*

**AAA:** *Well, then, yes, you do have a very different definition of economics than I do. 😊*

*You should have told me earlier that you use the word "economics" as an equivalent for "human existence". Then I would have started talking to you about yoga and not social theory. 😊*

**DDF:** *Human existence has many characteristics other than rationality. And rationality is not even a perfect predictor of human action, although it's often the best predictor available. My definition isn't universal among economists, but neither is it limited to me.*

**AAA:** Perhaps other propertarian anarchists think likewise? Well, I am not an economist, but methinks thou doth attest too much. 😊

**AAA:** *To achieve the greatest production of wealth, we must utilize all resources to the maximum.*

**DDF:** *Again--what does that mean? If you think the answer is obvious, you haven't thought about it very carefully. For that matter, what does "the greatest production of wealth" mean?*

**AAA:** *Greatest production of wealth: Well, let's say we have a small piece of land (maybe 20 acres). That piece of land is arable, it has an oil pocket under it, it is well situated for a university, and it has a peaceful atmosphere. To utilize that resource to the maximum, we should farm the land, drill for oil on the land, build a university on the land, and construct a meditation center on the land.*

**DDF:** *Independent of what doing any of those things costs?*

**AAA:** That's a good question. From the perspective of commercial economy, the answer is clearly No. But if we are only talking in very theoretical terms about generating wealth, then perhaps it is premature to do a cost-benefit analysis. Keep in mind that I did not say that we would do all of those things. In fact, practically speaking, it is undoubtedly impossible to do

all of those things. But, typically, it would be possible to do any or at least some of those four things, as they are all being done in other places.

**AAA:** *Let's take another example. We have an ordinary 10-year old boy with a still limited education. He might not have much knowlege yet, but we can still send him to a factory to produce T-shirts or sneakers. Maximum utilization of that boy as an economic resource would demand something like that.*

**DDF:** *You should approve of the Amish--their children help with house and farm from an early age.*

**AAA:** Not necessarily. Read on.

**AAA:** *Obviously, there is a problem with both of these examples. The problem with the first example is that doing any one of the four possible activities would automatically preclude the other three. The problem with the second example is that employing a 10-year old boy in a sweatshop is inhumane in that it limits his future personal development. But even in economic terms, it is short-sighted in that it limits his future economic contribution, which could well be far more than that of an ordinary factory worker.*

**DDF:** *This started with your saying what ought to happen. I asked you to define it. You have first offered a definition, then explained that that isn't what ought to happen.*

**AAA:** No, it started with my explaining what would theoretically be the "maximum utilization of resources". I am now explaining that there is a difference between theory and practice. In practice, we typically must choose among competing utilizations and - as you pointed out - we also must factor in cost. In the first case, we can probably only do one of the four possible immediate utilizations. In the second case, the choice is between utilization of an existing resource or development of a potential resource.

**DDF:** *What, by the way, do you mean by "in economic terms" and "economic contribution?" I suspect you are using those terms in a much narrower way than I, or many economists, would.*

**AAA:** In this context, I meant that which directly contributes to the overall economy. I am sure that my use of those terms is narrower than yours. I do not know whether most economists would agree or not agree. Perhaps you can poll them, if you like. ☺

**AAA:** *So my point here is that the answer to your question is indeed obvious, but being obvious does not mean that it is practical or benevolent (in other words, rational).*

**DDF:** *My question was about your statement of what your system wanted to happen--you don't answer it when you say what shouldn't be done.*

**AAA:** I did not answer it, because the answer lies in the fourth fundamental principle of PROUT, not the second fundamental principle of PROUT. If you recall, David, I initially gave an overview of five principles. When you replied to me, you deleted the last three principles. Since then, you have doggedly tried to confine this discussion to only the first two principles, presumably because your philosophy - propertarian anarchism - is like capitalism and Communism in that it only extends to the first two levels of social concern (covered by the

first two fundamental principles of PROUT). As PROUT is far more expanded in its analysis than that, I do not accept that restriction. If you want me to explain what should be done, then you have to be willing to discuss the third, fourth, and fifth fundamental principles of PROUT. Your own unjustified deletions are what make your objections virtually meaningless.

**DDF:** ...

**AAA:** And speaking of deletions... ☺

*DDF: I'm sorry, but I don't think, from what you write, that you are competent to make that judgement, whether or not it is correct. To begin with, Smith never argued that the invisible hand would bring about a just distribution, whatever that means.*

*AAA: To the best of my knowledge, Adam Smith introduced his concept of an "invisible hand" in his book "The Theory of Moral Sentiments", published in 1759. In that book, he argues that self-seeking individuals are often "led by an invisible hand... without knowing it, without intending it, (to) advance the interest of society".*

*DDF: If you check you will find that the quote is from \_The Wealth of Nations\_. Also that you have it wrong--although if you are quoting from memory, as I also often do, that isn't surprising. The actual quote is:*

*"By preferring the support of domestic to that of foreign industry, he intends only his own security; and by directing that industry in such a manner as its produce may be of the greatest value, he intends only his own gain, and he is in this, as in many other cases, led by an invisible hand to promote an end which was no part of his intention. Nor is it always the worse for the society that it was no part of it. By pursuing his own interest he frequently promotes that of the society more effectually than when he really intends to promote it."*

**AAA:** David, you are aware, I assume, that Adam Smith introduced his concept of "an invisible hand" in "The Theory of Moral Sentiments". As you do not find the quotation I gave in "The Wealth of Nations", it seems likely to me that you are not very familiar with that earlier book and that in all likelihood my quotation is from that earlier book (as I recall from my library research in the days when there was no Internet).

In any event, others have also quoted exactly the same words as I did. For example:

---

In 1751, Smith was appointed professor of logic at Glasgow University, later transferring to the chair of moral philosophy. His lectures were embodied in his 1759 book, The Theory of Moral Sentiments, which discussed the ethical principles that held society together. One of those principles is the idea that each of us has an "impartial spectator" who overrides self-interest. Smith believed that people are driven by passions, but regulated by an ability to reason -- "led by an invisible hand .... without knowing it, without intending it [to] advance the interest of society."

<http://tinyurl.com/7ytsvwx>

~~~~~  
and

An outstanding example of this is Adam Smith, unjustly conscripted as regimental philosopher of today's "leave everything to the market" corps. In fact, Smith's chair at the University of Edinburgh was "Moral Philosophy," and morality continued a principal concern in his great work "An Inquiry into the Nature and Causes of the Wealth of Nations" (1776). A lasting theme in his work was man's ability to form moral judgments on his own behaviour, despite his seemingly engulfing self-interest. "Self-seeking men," he wrote, "are often led by an invisible hand without knowing it, without intending it, to advance the interest of society."

"Towards a Non-Autistic Economy - A Place at the Table for Society"

by William Krehm

<http://tinyurl.com/6veyevv>

and

Gentle and absent-minded, Smith was impressed by what he called "the progress of opulence", that is, the increasing of wealth he observed around him. He attributed this to the productive aspects of natural selfishness, observing that self-seeking individuals are often "led by an invisible hand... without knowing it, without intending it, to advance the interest of society". Let individual interest run free, and it would benefit the interest of all, he claimed. Government constraint([some Chinese]) prevented the development of beneficial private companies.

<http://tinyurl.com/83kueh4>

DDF: *Have you read both books? Either?*

AAA: Only excerpts. Have you read all of both books? Even if so, it seems that you do not remember every word in both of them. ☺

AAA: *As Smith was a professor of moral philosophy and he was writing about "moral sentiments", one may reasonably assume that he equated "the interest of society" with some manner of social justice.*

DDF: *I don't think so--perhaps you can offer quotes to support that assumption?*

AAA: Yes, I can. The first two references that I have given immediately above tend to support my assumption.

DDF: *The particular passage is dealing with something closer to what we would now call economic efficiency--maximizing the size of the pie, not distributing it in some particular way.*

AAA: Unfortunately, the passage you quoted is not the one I was talking about. You quoted from "The Wealth of Nations", which merely extended Smith's already existing notion of an invisible hand that appears in "The Theory of Moral Sentiments".

AAA: *In 1776, Smith extended his concept of an invisible hand with a call for laissez-faire economy in his "Inquiry into the Nature and Causes of the*

Wealth of Nations" (not surprisingly, much appreciated by the economic and political bigwigs of the British Empire).

DDF: *Despite its repeated attacks on both government actors and "merchants and manufacturers?" Presumably, since it was much appreciated by them, they promptly followed Smith's advice.*

It only took them a little over sixty years.

AAA: I disagree. For all intents and purposes, they were already doing what Smith described. Perhaps they were not doing it openly. (Of course, maybe we have a somewhat different notion of who were the economic and political bigwigs of the British Empire at the time.) In any event, what some bigwigs (by my estimation) did was promptly reward Smith for his service as their propagandist. In contrast to his possibly more brilliant friend, David Hume, Smith's educational career was never derailed by anything that he wrote. Rather, Smith rose rapidly up not just the educational ladder but also the social and economic ladder. Just one year after Smith wrote "The Wealth of Nations", he was appointed as Commissioner of Customs and Salt Duties for all of Scotland - an easy job having not only a high salary but also a high potential for black income. In consequence of that appointment, Smith felt so secure economically that he offered to forego his 300 British pounds per year pension for having tutored the Duke of Buccleuch. As a 'point of honor', the offer was declined.

AAA: *Once again, it seems reasonable to assume that in economic terms, Smith's "invisible hand" would result in a distribution of wealth that does not totally enslave or thoroughly impoverish 99% of the citizens.*

DDF: *And anything that does not totally enslave or thoroughly impoverish 99% of the citizens is socially just?*

AAA: Pardon me, David, but perhaps you should study logic a bit. 😊

DDF: *Smith was indeed in favor of policies that he thought would benefit the masses of the population, but I don't think the issue came up in the context of the invisible hand metaphor.*

AAA: If I recall correctly, Adam Smith warned about the danger of monopolies and recommended some leveling policies like income tax and public education.

Look, I am not arguing that Adam Smith was an evil man or someone who was much more corrupt than any of his counterparts. What I am arguing - though probably I have not said it clearly yet because I think that Adam Smith is orthogonal to our main discussion - is that Smith's economic theory was overly influenced by his dogmatic Protestant beliefs. But let's not get into that, because it is likely to divert us further afield.

DDF: *Can you sketch some version of the standard efficiency proof for competitive equilibrium? That's the modern version of the invisible hand--and has nothing to do with either an optimal or just distribution.*

AAA: *No, I cannot. But I see that you have done this in Chapter 16 of one of your books (<http://tinyurl.com/c8j8txk>), so why should I bother to duplicate your work? 😊*

DDF: *To demonstrate that you understand what you are talking about.*

AAA: Again, David, perhaps you should study logic a bit (or a bit more). Your question is the equivalent of my asking you whether you can give the second fundamental principle of PROUT in Samskṛta with word-for-word meanings. And if you were to answer no, then - with your logic - I could dismiss you as not understanding what you are talking about. Alternatively, I could just dismiss you as ignorant about Adam Smith and his notions of economics, because you did not recognize the quotation from him that I gave. ☺

DDF: But I didn't ask you to do so, I asked if you could, and your answer was that you cannot.

AAA: That is correct. I don't know everything about economics, and I do not pretend to know everything about economics. That is why I am pleased to discuss the subject with you. Unfortunately, thus far, what I have learned from you is mostly indirect, because you have only launched shallow attacks against my point of view without explaining what you think is superior.

AAA: Look, David, when you tell me that the modern version of "the invisible hand" does something, I would first point out that Adam Smith talked in terms of "an invisible hand" and not "the invisible hand". Frankly, I am not convinced that Adam Smith intended his concept of "invisible hand" to mean mere market forces. However, I have not studied all of Smith's writings in detail, and I am not inclined to do so now. So I state that point just for future reference.

DDF: Does "I have not studied all of Smith's writings in detail" mean "I have read neither of his two major works?" So far that seems to be the case from what you write.

AAA: Again, Adam Smith is not the main topic under discussion. However, as far as I can tell, I know more about the life of the man than you do. And it seems that you were also wrong in your rejection of the quotation from Smith that I presented. What good is reading a book if you don't remember what is written in the book and you don't understand correctly what you do remember? David, why are you so obsessed with such a petty point?

AAA: Second, when you tell me that "the modern version of the invisible hand" has nothing to do with either an optimal or just distribution, I assume that your "modern version of the invisible hand" is essentially a study of market forces (what PROUTist economics classifies as part of commercial economy).

DDF: Not exactly. The modern version is the explanation of why, under certain circumstances, the market produces the "best possible" outcome in a very specialized sense of "best possible." Which also, of course, points at why under other circumstances it doesn't, and why the relevant sense of "best" doesn't perfectly correspond to what people actually view as "best."

AAA: That still sounds like market forces to me. The only part of what you said that does not seem to relate directly to market forces is the bit about correspondence with "what people actually view as best". And, somehow, I doubt that, strictly speaking, that really is part of the "modern version of the invisible hand".

DDF: My basic point is that these are moderately difficult questions which people have thought about at some depth, and you are trying to critique conventional

economics without understanding it. My usual description of both what I think {another contributor} was doing and what I think you are doing is attempting profundity on the cheap.

AAA: Again, David, you are welcome to your opinion. However, I think that you are attempting to critique PROUTist economics without understanding it... and the rest of what you said. ☺

DDF: ...

AAA: Still more agreement with me. I must be saying something right. ☺

DDF: I was trying to show you that you were using concepts without having thought through their meaning.

AAA: In other words, you imagine that you know everything that I have thought or not thought?

DDF: Not at all--only that I deduce some things about what you have not thought from what you write.

AAA: Again, David, your logic is faulty. You engage in the 'argument from ignorance' fallacy (aka 'appeal to ignorance' or 'argumentum ad ignorantiam'). Just because I did not write something does not mean that I have not thought about it. You claim to "deduce" far more than logic permits.

DDF: ...

AAA: More snips? Well, let's not make it too easy for anyone to work out the context. ☺

AAA: But I did not invite you or expect you to engage in so much needless attack ad hominem.

DDF: An ad hominem attack would be something like "you are a bad person, therefore your argument must be wrong." What I am saying is "your argument is wrong, in ways which lead me to conclude that there are relevant things you don't understand and haven't thought through."

AAA: Unfortunately, David, more often than not you have reversed the order of those two points. Hence, your remarks come across as ad hominem attacks, which are yet another logical fallacy. But, anyway, believe what you like.

AAA: In my experience, such type of conduct often arises when people feel that their prestige is threatened by the weakness of their own position or the strength of another's arguments.

DDF: Now there is an example of a (by implication) ad hominem argument.

AAA: Actually it is not. It is a simple speculation about why you might be avoiding a discussion of the issues by resorting to so much personal attack. To use your own description and your own words regarding what is not an ad hominem attack: "What I am saying is 'your [style of argument] is wrong in ways which lead me to conclude that there are relevant things you don't understand and haven't thought through.'"

DDF: ...

AAA: Given the amount of my words that you have snipped out, it seems that my position in this discussion is much stronger than yours, David. ☺

AAA: *Why not tell us some details about your "right-wing extremist" (your description) propertarian anarchism?*

DDF: *Because I don't think a brief answer will be very helpful, and the detailed explanation is available online, for free.*

AAA: I see. Well, had you considered the possibility that my brief presentation of PROUT and my brief answers to your questions were not the whole story, you might have been more open to learning something here. In other words, this dialogue might have been more productive for both of us. And had you been a bit more forthcoming about your own views, I - and others who are reading this - might have been more inspired to read your books.

DDF: *So far as politics, have you thought about under what circumstances the political part of your system will actually act in the way you want it to act? Are you familiar with public choice theory, the part of economics that deals with such questions?*

AAA: *Yes to the first question. No to the second question. But, again, I do not lump political decision making under the field of economics. What is your justification for doing so?*

DDF: *Because individuals in the political system act on the same basis as in what you think of as the economic system--to achieve their own objectives--and so can be understood using the same tools.*

AAA: That strikes me as a very cynical view. It also tells me nothing about the way in which decisions should be made (which is what I think is the most important consideration in respect to politics).

AAA: *David, why do you assume that I have not learned conventional economics?*

DDF: *For the same reason that several of us conclude (not assume) that {another contributor} doesn't know all that much about medieval history. By what you write.*

AAA: *Well, in this case, your conclusion/assumption is clearly wrong. You should widen the scope of possibilities. For example, you might consider the possibility that I learned conventional economics (as indeed I did) but might have forgotten what I learned. 😊*

DDF: *I suppose that's possible, but it might depend on how one uses "learned." I can easily imagine someone who memorized enough of the contents of a course to get a reasonable grade on the final exam promptly forgetting it once the information was no longer needed--the same approach that wants to know which five percent of a textbook actually matters so as to highlight that part and ignore the rest.*

But that's a pretty weak sense of "learned." I find it hard to imagine someone really understanding price theory and then forgetting it, short of brain injury, or senility, or something similar. And you don't sound as though any of those would apply to you.

AAA: So let me offer you another possibility. Instead of forgetting some conventional economics, perhaps I simply unlearned it.

I presented you with a quadridimensional analysis of economics, but you seem to be only able to conceive of one dimension, commercial economics. I presented you with five fundamental principles of PROUT, but you could not even conceive of the last three principles (and so you deleted them). Your mind is so full of commercial economics that you seem unable to see beyond it. Like a frog in a well, you imagine that your commercial economics is the entire ocean of economics, and you even imagine that law and development and politics are just waves on the surface of that same ocean of commercial economics.

There is a well-known Zen story about a man who approaches a master for instruction. The master asks that potential student to sit for tea. The master then pours tea in the student's cup; but when the man's cup is full, the master continues pouring. The man says: "Master, my cup is already full." The master responds: "Your mind is also already full. If you want to learn something new, you must empty your mind."

Recently I saw a 3-part series produced by the National Geographics channel, entitled "Brain Games" (<http://tinyurl.com/6k9xmcz>). In one of the three parts of the series, there is a lot of explanation about the way in which the brain stores information, long-term and short-term. Perhaps it would surprise you how fast short-term memory disappears. And it might also surprise you how quickly even long-term memory tends to fade when not put into use.

You, David, have written a book entitled "Price Theory: An Intermediate Text" (<http://tinyurl.com/ema>). Given your profession, I assume that this is a specific topic that is central to your work and that you frequently talk about. But it is not reasonable for you to think that it is something that regularly comes up in the lives of everyone who ever attended one or more classes on the subject. It may be that some of them remember and even apply the concepts that they learned without remembering or using your terminology. Personally, I have what I consider to be a vastly more useful set of principles and terminology than what I learned at Wharton. If you were to express concepts rather than just terminology, it would probably be easier for me to respond to you. But as you are just throwing out terminology - indeed, you have still only offered two words to encapsulate your own perspective, i.e. "propertarian anarchism" - you actually communicate very little. By the way, one of the first things I learned about "propertarian anarchism" is that there are various opinions as to what it is or rather what it should be. So the meaning of your terminology ("propertarian anarchism") is under some dispute.

AAA: And what do you even mean by "learned"? As I understand it, you do not have a formal diploma in economics, but you teach economics.

DDF: Correct.

AAA: Pardon me, David, but "correct" is not a valid answer to my question. I asked you "What do you even mean by 'learned'?"

DDF: I was responding to the second sentence quoted above.

AAA: Obviously. And, just as obviously, you were ignoring my question to you.

DDF: What I mean by having learned price theory (or, for that matter, Newtonian mechanics) is having actually understood the structure of ideas. In my experience

that usually requires working a good deal of it out for yourself, so that you know not merely the conclusions but the logical structure that underlies them.

AAA: I agree with that concept of learning. What I don't agree with are the other assumptions that you make. For example, your actual question to me was not about "price theory" but rather about "public choice theory". You made a bald assertion that "public choice theory" is a "part of economics", but I questioned the appropriateness of subsuming politics under economics (and I still question it). You have in no way convinced me that it makes sense to do so, and there are even respected economists who have the same point of view as I do. So, David, it is really somewhat arrogant of you to write as if your view on this represents the only correct view. Are you claiming that Amartya Sen, who won the 1998 Nobel Prize in Economic Sciences, does not understand "the logical structure that underlies" your particular notions of public choice theory or price theory?

Again, to be quite frank, there is a lot of terminology being thrown around here. I too am offering new terminology, but when I do so I try to explain it. But, frankly, I don't recall ever studying public choice theory or social choice theory or rational choice theory. I also don't know what differentiates those three theories. I am not saying that these theories are of no use. I am only saying that, offhand, I don't know the theories and I do not have the time to read up on them in order to respond to your question. Furthermore, just because I am not acquainted with the terminology that you used, that does not mean that I do not already employ the concepts. Your lofty disdain at my not knowing your terminology - terminology that is possibly in vogue in your cloistered circle or perhaps even a bit wider - is mere pedantry.

***DDF:** That's part of why I asked about the efficiency theorem. Someone who merely memorized it as a mathematical theorem, with all i's dotted and t's crossed, might well forget it--as I have certainly forgotten the details of various mathematical proofs. But someone who understands it should be able to sketch the argument many years later.*

AAA: Unless they happened to forget the name of the theorem, the terminology. David, again and again, we come to the point where it is apparent that your logic is faulty and self-serving. But then it seems that your propertarian anarchism as well as your public choice theory treat self-serving activity as both the norm and entirely reasonable. In my world, it might be the norm, but it is often not reasonable (or morally acceptable).

***AAA:** On the other hand, and for what it's worth, I do have a formal diploma in economics - a BS (cum laude) from the Wharton School of Finance and Commerce - and I also occasionally teach economics. Of course, teaching economics is not my profession, and it most certainly is not a paying job. But when I teach economics, it typically goes well beyond anything that I learned at university. So maybe we are a bit similar in respect to our status and style of learning. And maybe we could leave aside any uninformed personal remarks and just talk about socioeconomic theory.*

***DDF:** Maybe. But you didn't demonstrate any knowledge of economics in your response to my two examples of problems with defining the full*

utilization of resources. And your presentation of PROUT makes it sound like rhetoric without much economic thinking behind it.

AAA: "Maybe"? Do you doubt my word about my academic qualifications?

DDF: *I think you are probably telling the truth about your academic qualifications, although given the nature of online exchanges I can't easily check. But I don't assume that every student who has graduated with a bachelor's degree in a field actually understands the field, although it's somewhat more likely with that qualification than without it. And what you write is better evidence on that subject than your degrees.*

AAA: Great. So now I've gone from "Maybe" to "Probably". I guess that's a little bit of progress. 😊

DDF: ...

AAA: And with that final snip, I can only assume that you agreed with everything else that I said. 😊

Well, thanks for this discussion, David. Like the curate's egg, it was good in parts.

Tactical Retreat

AAA: *then would it still be immoral to prohibit prostitution? And what about alcohol and drugs and cigarettes? Is it immoral to prohibit the consumption of items that are known to be unhealthy, both individually and socially?*

DDF: In my view, yes. You are not, and should not be, in charge of my life.

AAA: *Another snip. Does this mean that you agreed with everything I said in the material you removed?*

DDF: Unlikely. As you can see, even with my efforts, the post has gotten very long.

It probably means that I had nothing I wanted to say about the material I removed.

DDF: *I would have said that if the value to the individual worker of an hour of leisure is greater than the value of what would be produced by an hour of labor, then in an ideal economy he takes the leisure. That doesn't sound like what "maximum utilization of all resources" implies.*

AAA: *And it is not what is meant by "maximum utilization of all resources". But here I note that you still have not answered my question to you regarding what you categorize as "work". And now you introduce a new and unexplained variable, "value". How do you measure this "value"?*

DDF: The value of a product that is consumed is the maximum amount that the person who consumes it would be willing to give to do so.

Hardly a novel idea--it's called revealed preference.

AAA: *It seems that when you are talking about "value to the individual worker", you are talking about a variable that is determined individually,*

DDF: Yes.

AAA: *but how do you measure "value of what would be produced by an hour of labor"? Is that determined by society (represented by the State), or is it determined once more by each individual?*

DDF: It is determined by the individual to whom it is of the greatest value. Perhaps you should ask Wharton for a refund.

AAA: *As it makes no sense that the latter value is determined by the individual,*

DDF: Sure it does--you are just missing which individual determines it.

AAA: *what happens when the calculation of the individual differs from the calculation of the State?*

DDF: What does the state have to do with it?

...

AAA: *When I get the time... And yes, David, I did notice that you are a prolific writer. Would you happen to have some free PDFs of your science fiction material? 😊*

DDF: *I haven't written any science fiction. My one commercially published novel, *_Harald_*, was published by Baen as fantasy, but it's actually a historical novel with invented history--no magic, and societies and technology loosely based on historical ones.*

It's currently in the Baen free library, so you can download it from there if interested.

AAA: *I am interested. Don't know if I'll find the time to read it.*

DDF: *My second novel, *_Salamander_*, is a fantasy with magic, and is up on Amazon as a kindle.*

AAA: *So not free.*

DDF: Correct--I think it costs three dollars. But I'm willing to email copies for free to people who are willing to provide comments to help with future revision. I don't think that's unfair to Amazon.

AAA: *:(If you are interested, I'd be happy to trade you a PDF or ePub file for any of my books on Kindle for one copy of Salamander. Of course, with only one exception, you could easily find a free copy of all of my books on one or more websites. (I assume that barter has a place in your scheme of economics, as it does in PROUT.)*

DDF: I have no objection to barter, although I think it is usually a clumsier form of exchange than trade using money, for the usual reasons.

DDF: *The permit raj was (and is) a part of an economic system--a badly designed one. More generally, the form of property rights is an important feature of an economic system. One of the ways in which one might make an economic system work better or worse is by changing the legal rules defining property rights.*

AAA: *David, the word "raj" means reign, rule, or domination. As such it would be better to think of the 'permit raj' as a political or legal*

system pertaining to the way in which the economy of India runs. Though it clearly impacts the economic system, it is not the economic system.

DDF: *I said "part of."*

AAA: *And I questioned that it is "part of" an economic system.*

Maybe this was a miscommunication. In my opinion, to describe laws as "part of" economics, or economics as "part of" political decision-making tends to blur the distinctions among those different fields of activity. Yes, they are all interconnected. They may even overlap to some extent. But when you say "part of", I get the impression that you are saying that one field completely subsumes another. If that is what you mean, then I dispute that.

DDF: ...

My response was:

DDF: *The permit raj is both part of the economy--individual bureaucrats getting income by selling favors--and one of the factors that makes the economy less productive.*

AAA: *As I said above, law and economics may overlap to some extent, but the principle guiding each one is different.*

DDF: *The legal system is part of what determines the form of the economy. The legal system is also part of the economy--judges and cops and lawyers get paid for their services.*

AAA: *Thank you for that small mercy, David. Now if you want to be really helpful, you might offer your own definition of economics without compelling me to read your books to find out.*

DDF: *That approach to understanding behavior that starts from the assumption that individuals have objectives and tend to take the actions that best achieve them.*

AAA: *A unique definition. But you offer a starting point with no ending point. Hence, I remain confused by your definition. What are the limits of economics? Where does the science end?*

DDF: *It isn't unique, although the exact wording is mine. Quite a lot of economists think of economics in essentially that way. I'm pretty sure one book in which I used that definition had an introduction by Gary Becker, whose Nobel is for his work applying economics to things not usually thought of as "the economy."*

...

DDF: *And how are these things produced and distributed? What are the incentives of those doing the production and distribution, and why do you expect them to do it in the way you approve of rather than in the way that best serves their interest?*

AAA: *The answer to the first question may be partly found in the other three dimensions of economics - psycho-economy, commercial economy, and general economy. But with people's economy, some special arrangements may also have to*

be made because of the fundamental importance of providing the minimum requirements to all.

Regarding the second question, I already explained that the incentives are derived from the allocation of 'atiriktam'/amenities (the surplus wealth that remains after distribution of the minimum requirements). For example, if the minimum requirements are that everyone in a society has a bicycle, still some automobiles will be produced. Acquisition of a car - or, better still, the purchasing power to acquire a car - would be incentive to some. That said, PROUT would try to encourage (mainly through education in a broad sense) a greater thirst for intellectual property than physical property, because intellectual property is immensely elastic in an economic sense. The more that people thirst for intellectual property and the less that they thirst for physical property, the easier it becomes to reduce the economic gap required as incentive to work.

DDF: I don't think that is responsive, although you presumably do--more evidence that this is probably not a productive exchange.

...

***DDF:** For a real example from some decades back, I remember an American economist who had visited India commenting that Indian bureaucrats explained the need for exchange controls to keep India from wasting its scarce foreign exchange on luxuries. They did the explaining in very nice air conditioned hotels in India.*

Those bureaucrats would agree with your ideals, although not the details--that the Indian economy should be organized for the welfare of the masses of the population. But they used their power to organize things for their own welfare.

***AAA:** Like I said before, government in India is a family business, inspired by greed and fueled by bribes.*

DDF: Yes. And how do you prevent that from being true of the particular bit of government you are using to make sure that everyone gets the basics?

Another story. I was in Vienna when the Russians invaded Czechoslovakia, and had an interesting conversation with two Czech students who were trying to decide whether to go home. They explained that what they wanted was an economy where most things were produced on the free market but necessities, such as milk, were provided by the government (not so different from that part of your system).

My response was that if the market did a better job for other things--presumably the reason to use it--then it was even more important to use it for the most important things, such as milk.

Their response (I think--there were some linguistic difficulties) was "Yes. That's what our professor says too."

At which point I figured I knew why the Russians had sent in the tanks.

...

***DDF:** Consider the case of a very productive individual, say the author of the Harry Potter books. She creates, out of her*

head, two billion dollars worth of value (I'm guessing), measured by the value to readers that they get from reading her books--how much each would be willing to pay, if necessary, to do so--net of the cost of producing and distributing the books. She ends up with one billion dollars of income. Is that unjustly high because she has so much more than most people, or unjustly low because half of the value she created ended up with other people? How would one decide?

AAA: *It is unjustly high. And it is also socially destructive. Material wealth is highly inelastic. If one person has a disproportionately high amount, then others will necessarily have a disproportionately low amount.*

DDF: *You haven't said disproportionate to what. In my example her wealth is disproportionately low relative to the amount of wealth she created. Her creating it and getting half makes other people relatively worse off compared to her, but it makes other people absolutely better off compared to their situation if she neither created nor got. If I do something that makes you better off by a thousand dollars and me better off by two thousand dollars, have I injured you?*

AAA: *I meant disproportionate to each other. If one person in a society has 100,000 times more physical wealth than another person, it is becoming apparent now that society is no longer ready to permit such a gap. See the 99% demonstrations that are growing in number and in force.*

DDF: As best I can tell, they involve a tiny fraction of the population--thousands out of hundreds of millions. And they don't seem to represent any consistent view, just a lot of different views unhappy with the present.

Do you think the people in those demonstrations resent the amount of money that the author of Harry Potter made?

And as for "society permitting," obviously some people do have that much more money than other people.

...

AAA: *Let's say that what you do makes me better off by \$1,000, but I need all of that \$1,000 to cover my running expenses for basic necessities and I still cannot afford to pay the cost of university education for my children. You, on the other hand, might have a great deal of money stashed away, and so that \$1,000 only tends to extend your economic dominance. Social justice raises the question: Why should one person be able to sit back and relax, living a luxurious life and still accumulating more wealth, while another person must work non-stop and never be able to make ends meet?*

DDF: My question was whether I had injured you. You are now asking a different question--whether it would be better if I gave (or was forced to give) some of my money to you.

...

DDF: *Economics starts with one concept--rationality. It applies it to attempt to understand behavior in a wide variety of contexts.*

AAA: *Well, then, yes, you do have a very different definition of economics than I do. 😊*

You should have told me earlier that you use the word "economics" as an equivalent for "human existence". Then I would have started talking to you about yoga and not social theory. 😊

DDF: *Human existence has many characteristics other than rationality. And rationality is not even a perfect predictor of human action, although it's often the best predictor available. My definition isn't universal among economists, but neither is it limited to me.*

AAA: *Perhaps other propertarian anarchists think likewise? Well, I am not an economist, but methinks thou doth attest too much. 😊*

DDF: *Actually, quite a lot of other economists think likewise, although surely not all.*

...

AAA: *Greatest production of wealth: Well, let's say we have a small piece of land (maybe 20 acres). That piece of land is arable, it has an oil pocket under it, it is well situated for a university, and it has a peaceful atmosphere. To utilize that resource to the maximum, we should farm the land, drill for oil on the land, build a university on the land, and construct a meditation center on the land.*

DDF: *Independent of what doing any of those things costs?*

AAA: *That's a good question. From the perspective of commercial economy, the answer is clearly No.*

DDF: *From the standpoint of maximizing human welfare the answer is also clearly No. Cost isn't about money, although it is sometimes measured in money.*

...

DDF: *What, by the way, do you mean by "in economic terms" and "economic contribution?" I suspect you are using those terms in a much narrower way than I, or many economists, would.*

AAA: *In this context, I meant that which directly contributes to the overall economy. I am sure that my use of those terms is narrower than yours. I do not know whether most economists would agree or not agree. Perhaps you can poll them, if you like. 😊*

DDF: *I don't think any economist believes that the value of leisure, say, "doesn't count" in economic terms.*

...

AAA: *To the best of my knowledge, Adam Smith introduced his concept of an "invisible hand" in his book "The Theory of Moral Sentiments", published in 1759. In that book, he argues that*

self-seeking individuals are often "led by an invisible hand... without knowing it, without intending it, (to) advance the interest of society".

DDF: *If you check you will find that the quote is from _The Wealth of Nations_. Also that you have it wrong--although if you are quoting from memory, as I also often do, that isn't surprising. The actual quote is:*

"By preferring the support of domestic to that of foreign industry, he intends only his own security; and by directing that industry in such a manner as its produce may be of the greatest value, he intends only his own gain, and he is in this, as in many other cases, led by an invisible hand to promote an end which was no part of his intention. Nor is it always the worse for the society that it was no part of it. By pursuing his own interest he frequently promotes that of the society more effectually than when he really intends to promote it."

AAA: *David, you are aware, I assume, that Adam Smith introduced his concept of "an invisible hand" in "The Theory of Moral Sentiments".*

DDF: Actually, I was not. Having done an online search of the text, however, I discover that I was mistaken. The term appears in both books.

DDF: *Have you read both books? Either?*

AAA: *Only excerpts. Have you read all of both books? Even if so, it seems that you do not remember every word in both of them. 😊*

DDF: Read both, taught one, cited the other at some length in one article. But, as just demonstrated, I do not remember every word.

AAA: *As Smith was a professor of moral philosophy and he was writing about "moral sentiments", one may reasonably assume that he equated "the interest of society" with some manner of social justice.*

DDF: *I don't think so--perhaps you can offer quotes to support that assumption?*

AAA: *Yes, I can. The first two references that I have given immediately above tend to support my assumption.*

DDF: Checking the passage in _The Theory of Moral Sentiments_, the relevant bit in full reads:

"They are led by an invisible hand to make nearly the same distribution of the necessaries of life, which would have been made, had the earth been divided into equal portions among all its inhabitants, and thus without intending it, without knowing it, advance the interest of the society, and afford means to the multiplication of the species."

I don't think advancing the interest of society and affording means to the multiplication of the species corresponds to what you mean by social justice. Smith is arguing that in an unequal society, since (as I recently mentioned) the rich man can't eat all that much more than the poor, agricultural output ends up widely distributed--with what the rich man does not eat going to feed the poor men who work, in various ways, to provide for the rich. Is that social justice?

DDF: *The particular passage is dealing with something closer to what we would now call economic efficiency--maximizing the size of the pie, not distributing it in some particular way.*

AAA: *Unfortunately, the passage you quoted is not the one I was talking about. You quoted from "The Wealth of Nations", which merely extended Smith's already existing notion of an invisible hand that appears in "The Theory of Moral Sentiments".*

DDF: Mea Culpa. My point was about the passage in the Wealth of Nations, and does not describe the earlier passage. But I don't think yours does either.

AAA: *In 1776, Smith extended his concept of an invisible hand with a call for laissez-faire economy in his "Inquiry into the Nature and Causes of the Wealth of Nations" (not surprisingly, much appreciated by the economic and political bigwigs of the British Empire).*

DDF: *Despite its repeated attacks on both government actors and "merchants and manufacturers?" Presumably, since it was much appreciated by them, they promptly followed Smith's advice.*

It only took them a little over sixty years.

AAA: *I disagree. For all intents and purposes, they were already doing what Smith described.*

DDF: They abolished the corn laws and permitted the export of wool in 1776? News to me. So tell me, what do you think Smith described that they were already doing? And if they were already doing it, why was he so harsh on them in his description?

...

DDF: *Smith was indeed in favor of policies that he thought would benefit the masses of the population, but I don't think the issue came up in the context of the invisible hand metaphor.*

AAA: *If I recall correctly, Adam Smith warned about the danger of monopolies and recommended some leveling policies like income tax and public education.*

DDF: You are mistaken in the second and third. Smith has a long discussion of possible forms of taxation. His first maxim is that the incidence of taxation should be in proportion to income--i.e. equivalent to a flat tax. He does not, however, argue for taxing income. More precisely, the only form of income he thinks it might be proper to tax is the income of government employees. He discusses other possible taxes in terms of what their incidence is.

He also has a long discussion of education, in which he offers arguments both for and against public funding. His final conclusion is that some public funding would not be unjust, but that it would also not be unjust and might even be more prudent to leave it entirely private.

And the form of "public education" he suggests as a possibility is having part, but not the major part, of the salary of the schoolmaster paid by the government--because if he was paid mostly by the government he would neglect his duties.

The passage on monopolies discusses the dangers of men of the same trade getting together and conspiring to raise prices, but concludes that such cannot be prevented by any

laws either practical or just, but that government should avoid doing things that encourage such get-togethers.

AAA: *Look, I am not arguing that Adam Smith was an evil man or someone who was much more corrupt than any of his counterparts. What I am arguing - though probably I have not said it clearly yet because I think that Adam Smith is orthogonal to our main discussion - is that Smith's economic theory was overly influenced by his dogmatic Protestant beliefs. But let's not get into that, because it is likely to divert us further afield.*

DDF: Very possibly.

AAA: *That is correct. I don't know everything about economics, and I do not pretend to know everything about economics. That is why I am pleased to discuss the subject with you. Unfortunately, thus far, what I have learned from you is mostly indirect, because you have only launched shallow attacks against my point of view without explaining what you think is superior.*

DDF: The problem with a statement like production for consumption instead of for profit is that it's evidence not of what you don't know but of what you do know that isn't true--and it's roughly what a lot of other people who know little about economics also know that isn't true. Sort of like various things that many people know about the Middle Ages or the Witchcraft trials that aren't true. Hence a red flag to me.

...

AAA: *Second, when you tell me that "the modern version of the invisible hand" has nothing to do with either an optimal or just distribution, I assume that your "modern version of the invisible hand" is essentially a study of market forces (what PROUTist economics classifies as part of commercial economy).*

DDF: *Not exactly. The modern version is the explanation of why, under certain circumstances, the market produces the "best possible" outcome in a very specialized sense of "best possible." Which also, of course, points at why under other circumstances it doesn't, and why the relevant sense of "best" doesn't perfectly correspond to what people actually view as "best."*

AAA: *That still sounds like market forces to me. The only part of what you said that does not seem to relate directly to market forces is the bit about correspondence with "what people actually view as best". And, somehow, I doubt that, strictly speaking, that really is part of the "modern version of the invisible hand".*

DDF: Certainly part of how I explain it in my price theory text (and elsewhere). I expect part of how some other economists explain it--most important, how Alfred Marshall explained the corresponding idea, back when he was inventing modern economics.

DDF: *My basic point is that these are moderately difficult questions which people have thought about at some depth, and you are trying to critique conventional economics without understanding it. My usual description of both what I think {another contributor} was doing and what I think you are doing is attempting profundity on the cheap.*

AAA: *Again, David, you are welcome to your opinion. However, I think that you are attempting to critique PROUTist economics without understanding it... and the rest of what you said. 😊*

DDF: Some truth to that.

You made a reference to the curate's egg, so I will respond with a reference to the publisher's egg.

A lady author submitted a novel to a publisher, and it was rejected. She came into his office and indignantly informed him that she had deliberately glued together pages 220 and 221, and they were still together when she got the manuscript back, proving he hadn't read it.

"Madame. When I open my egg at breakfast, I do not have to eat the entire egg to discover that it is rotten."

DDF: *Not at all--only that I deduce some things about what you have not thought from what you write.*

AAA: *Again, David, your logic is faulty. You engage in the 'argument from ignorance' fallacy (aka 'appeal to ignorance' or 'argumentum ad ignorantiam'). Just because I did not write something does not mean that I have not thought about it. You claim to "deduce" far more than logic permits.*

DDF: I don't think so. My point is not about what you did not write but about what you did write.

...

AAA: *Yes to the first question. No to the second question. But, again, I do not lump political decision making under the field of economics. What is your justification for doing so?*

DDF: *Because individuals in the political system act on the same basis as in what you think of as the economic system--to achieve their own objectives--and so can be understood using the same tools.*

AAA: *That strikes me as a very cynical view.*

DDF: You were saying much the same thing about the permit raj somewhat higher in your post. Why isn't it cynical to assume that people in what you think of as the economic system act to achieve their own objectives? More important, why would you expect the nature of human action to change between the two systems?

AAA: *It also tells me nothing about the way in which decisions should be made (which is what I think is the most important consideration in respect to politics).*

DDF: If you mean "how people ought to act," that might be the relevant question for moral philosophy, but in evaluating a political system you ought to do it in terms of how they will act--which gets us back to public choice theory.

...

AAA: *Are you claiming that Amartya Sen, who won the 1998 Nobel Prize in Economic Sciences, does not understand "the logical structure that underlies" your particular notions of public choice theory or price theory?*

DDF: No, although the one piece of his work I am familiar with struck me as pretty clearly mistaken. But my guess is that he is familiar with public choice theory and price theory.

AAA: *Well, thanks for this discussion, David. Like the curate's egg, it was good in parts.*

DDF: But probably not worth the amount of our time it consumes. And it would consume much more if I didn't engage in the snipping you complain of.

2011 November 19

The Olive Branch

AAA: *then would it still be immoral to prohibit prostitution? And what about alcohol and drugs and cigarettes? Is it immoral to prohibit the consumption of items that are known to be unhealthy, both individually and socially?*

DDF: *In my view, yes. You are not, and should not be, in charge of my life.*

AAA: Maybe not. But somebody should be, especially when your actions adversely impact the lives of others. Have you never heard anything about cancer from secondary smoke inhalation, David?

Like it or not, society is obliged to place restrictions on your right to consume some products. Are there any commercial airlines left that allow you to smoke while in flight? Probably not in the USA anyway.

The prohibition of smoking while in flight is not because anyone expects to teach David D. Friedman morality. Everyone probably knows by now that such an attempt would be a forlorn hope. The prohibition on smoking in airplanes and in other congested public places is because of a recognized obligation to protect the wellbeing of the other persons around you who do not want to get sick just because you have an unregulated bad habit.

AAA: *Another snip. Does this mean that you agreed with everything I said in the material you removed?*

DDF: *Unlikely. As you can see, even with my efforts, the post has gotten very long.*

AAA: Indeed, David, you have performed a real yeoman service by painstakingly censoring my words so that you could take more effective potshots. ☺

DDF: *It probably means that I had nothing I wanted to say about the material I removed.*

AAA: "It probably means..."? David, if you do not know why you censored my messages, please see my immediately preceding remark. ☺

The somewhat remarkable thing, however, is that after censoring me and thereby restricting my expression, you then declare that it is immoral for anyone to restrict your expression. It somehow seems that your philosophy only applies in respect to how others treat you and not to how you treat others... which is interesting, of course. I think that most people tend to have a philosophy like yours. ☺

DDF: *I would have said that if the value to the individual worker of an hour of leisure is greater than the value of what would be produced by*

an hour of labor, then in an ideal economy he takes the leisure. That doesn't sound like what "maximum utilization of all resources" implies.

AAA: *And it is not what is meant by "maximum utilization of all resources". But here I note that you still have not answered my question to you regarding what you categorize as "work". And now you introduce a new and unexplained variable, "value". How do you measure this "value"?*

DDF: *The value of a product that is consumed is the maximum amount that the person who consumes it would be willing to give to do so.*

Hardly a novel idea--it's called revealed preference.

AAA: Well, even though your response tells me nothing that I did not expect and even though you answered only one of my two questions, still one out of two is... well, still an F in the schools I used to attend. ☺

AAA: *It seems that when you are talking about "value to the individual worker", you are talking about a variable that is determined individually,*

DDF: Yes.

AAA: *but how do you measure "value of what would be produced by an hour of labor"? Is that determined by society (represented by the State), or is it determined once more by each individual?*

DDF: *It is determined by the individual to whom it is of the greatest value. Perhaps you should ask Wharton for a refund.*

AAA: I would happily ask for the refund if I thought they would give it. ☺

Anyway, you never cease to amaze me with your fixation on commercial economy. You do know, I hope, that other possible interpretations of "value" exist - something outside the realm of supply and demand charts and even outside the realm of 'filthy lucre'?

AAA: *As it makes no sense that the latter value is determined by the individual,*

DDF: *Sure it does--you are just missing which individual determines it.*

AAA: Yes, you're right. I did miss that, but I also picked it up from your current remarks. The problem for me was that your original expression was unclear. You stated:

I would have said that if the value to the individual worker of an hour of leisure is greater than the value of what would be produced by an hour of labor, then in an ideal economy he takes the leisure.

~~~~~

In that sentence, everything grammatically points to "the value to the individual worker". In any event, I did state that your remark only made sense if the second value amounts to the value to society. I think that saying it is the "value to society" makes more sense than the "value to another individual", because most products are produced for sale to society rather than sale to any single specifically targeted individual. But let's move on.

**AAA:** *what happens when the calculation of the individual differs from the >> calculation of the State?*

**DDF:** *What does the state have to do with it?*

**AAA:** Well, for one thing, the State could set price limits or add subsidies. The State could set a maximum or standard number of hours in a workweek (possibly by indirect means like creating overtime laws). There are many possibilities here. Nowadays, a totally free market - what I infer that you essentially advocate - is not visible in any nation that I know of. Perhaps such an economic system was tried and discarded hundreds of years ago.

**DDF:** ...

**AAA:** *When I get the time... And yes, David, I did notice that you are a prolific writer. Would you happen to have some free PDFs of your science fiction material? 😊*

**DDF:** *I haven't written any science fiction. My one commercially published novel, *\_Harald\_*, was published by Baen as fantasy, but it's actually a historical novel with invented history--no magic, and societies and technology loosely based on historical ones.*

*It's currently in the Baen free library, so you can download it from there if interested.*

**AAA:** *I am interested. Don't know if I'll find the time to read it.*

**DDF:** *My second novel, *\_Salamander\_*, is a fantasy with magic, and is up on Amazon as a kindle.*

**AAA:** *So not free.*

**DDF:** *Correct--I think it costs three dollars. But I'm willing to email copies for free to people who are willing to provide comments to help with future revision. I don't think that's unfair to Amazon.*

**AAA:** I think that being fair to Amazon probably comes only a bit higher on my list of concerns than being fair to Microsoft.

And, yes, I am interested. To be candid, I am more interested in your fantasy fantasy than in your economic fantasy. 😊

I would certainly be willing to provide comments... if I ever actually get around to reading the book. But that is something I just cannot promise, my schedule and backlog of reading being what they are.

**AAA:** *:( If you are interested, I'd be happy to trade you a PDF or ePub file for any of my books on Kindle for one copy of Salamander. Of course, with only one exception, you could easily find a free copy of all of my books on one or more websites. (I assume that barter has a place in your scheme of economics, as it does in PROUT.)*

**DDF:** *I have no objection to barter, although I think it is usually a clumsier form of exchange than trade using money, for the usual reasons.*

**AAA:** Indeed. Still, barter can also be useful when currency is low for one or both parties, but each party has a surplus product that the other party wants or needs. On the national

level, it could also help to stave off an economic depression when currency is tied to bullion (as PROUT advocates) or when currency is not tied to bullion but the mere printing of currency notes no longer fools anyone because everyone calculates transactions on the basis of a more stable world currency or the innate value of goods and services.

**DDF:** *The permit raj was (and is) a part of an economic system--a badly designed one. More generally, the form of property rights is an important feature of an economic system. One of the ways in which one might make an economic system work better or worse is by changing the legal rules defining property rights.*

**AAA:** *David, the word "raj" means reign, rule, or domination. As such it would be better to think of the 'permit raj' as a political or legal system pertaining to the way in which the economy of India runs. Though it clearly impacts the economic system, it is not the economic system.*

**DDF:** *I said "part of."*

**AAA:** *And I questioned that it is "part of" an economic system.*

*Maybe this was a miscommunication. In my opinion, to describe laws as "part of" economics, or economics as "part of" political decision-making tends to blur the distinctions among those different fields of activity. Yes, they are all interconnected. They may even overlap to some extent. But when you say "part of", I get the impression that you are saying that one field completely subsumes another. If that is what you mean, then I dispute that.*

**DDF:** ...

*My response was:*

**DDF:** *The permit raj is both part of the economy--individual bureaucrats getting income by selling favors--and one of the factors that makes the economy less productive.*

**AAA:** *As I said above, law and economics may overlap to some extent, but the principle guiding each one is different.*

**DDF:** *The legal system is part of what determines the form of the economy. The legal system is also part of the economy--judges and cops and lawyers get paid for their services.*

**AAA:** *So is there any part of the legal system that is not part of the economy? Excuse me, David, but your position remains vague to me.*

**AAA:** *Thank you for that small mercy, David. Now if you want to be really helpful, you might offer your own definition of economics without compelling me to read your books to find out.*

**DDF:** *That approach to understanding behavior that starts from the assumption that individuals have objectives and tend to take the actions that best achieve them.*

**AAA:** *A unique definition. But you offer a starting point with no ending point. Hence, I remain confused by your definition. What are the limits of economics? Where does the science end?*

**DDF:** *It isn't unique, although the exact wording is mine. Quite a lot of economists think of economics in essentially that way. I'm pretty sure one book in which I used that definition had an introduction by Gary Becker, whose Nobel is for his work applying economics to things not usually thought of as "the economy."*

...

**AAA:** But you still did not answer my question (technically, two questions). In your opinion, what are the limits of economics? Where does the science end?

**DDF:** *And how are these things produced and distributed? What are the incentives of those doing the production and distribution, and why do you expect them to do it in the way you approve of rather than in the way that best serves their interest?*

**AAA:** *The answer to the first question may be partly found in the other three dimensions of economics - psycho-economy, commercial economy, and general economy. But with people's economy, some special arrangements may also have to be made because of the fundamental importance of providing the minimum requirements to all.*

*Regarding the second question, I already explained that the incentives are derived from the allocation of 'atiriktam'/amenities (the surplus wealth that remains after distribution of the minimum requirements). For example, if the minimum requirements are that everyone in a society has a bicycle, still some automobiles will be produced. Acquisition of a car - or, better still, the purchasing power to acquire a car - would be incentive to some. That said, PROUT would try to encourage (mainly through education in a broad sense) a greater thirst for intellectual property than physical property, because intellectual property is immensely elastic in an economic sense. The more that people thirst for intellectual property and the less that they thirst for physical property, the easier it becomes to reduce the economic gap required as incentive to work.*

**DDF:** *I don't think that is responsive, although you presumably do--more evidence that this is probably not a productive exchange.*

**AAA:** Yes, I do think it was responsive. At least I tried to be responsive. In contrast... 😊

**DDF:** ...

**DDF:** *For a real example from some decades back, I remember an American economist who had visited India commenting that Indian bureaucrats explained the need for exchange controls to keep India from wasting its scarce foreign exchange on luxuries. They did the explaining in very nice air conditioned hotels in India.*

*Those bureaucrats would agree with your ideals, although not the details--that the Indian economy should be organized for the welfare*

*of the masses of the population. But they used their power to organize things for their own welfare.*

**AAA:** *Like I said before, government in India is a family business, inspired by greed and fueled by bribes.*

**DDF:** *Yes. And how do you prevent that from being true of the particular bit of government you are using to make sure that everyone gets the basics?*

**AAA:** One way that would be done is by having policy-making at the central level of government and execution of the policies (or management) at the local level of government. The lower the level of government, the more difficult it becomes for government officials to act arbitrarily. They have far less power, and they are more accountable to the community.

Another way it would be done is by changing the system for electing or appointing government officials to a process that is more likely to ensure that ethical individuals hold office. I could amplify that point, but it would get lengthy, and my time is at a premium just now.

**DDF:** *Another story. I was in Vienna when the Russians invaded Czechoslovakia, and had an interesting conversation with two Czech students who were trying to decide whether to go home. They explained that what they wanted was an economy where most things were produced on the free market but necessities, such as milk, were provided by the government (not so different from that part of your system).*

**AAA:** Probably still very different from PROUT.

**DDF:** *My response was that if the market did a better job for other things--presumably the reason to use it--then it was even more important to use it for the most important things, such as milk.*

**AAA:** Which would make sense if the risks were not so high in respect to privatization of key industries.

**DDF:** *Their response (I think--there were some linguistic difficulties) was "Yes. That's what our professor says too."*

**AAA:** Presumably because it is laissez-faire capitalist philosophy.

**DDF:** *At which point I figured I knew why the Russians had sent in the tanks.*

**AAA:** Almost funny. 😊

**DDF:** ...

**DDF:** *Consider the case of a very productive individual, say the author of the Harry Potter books. She creates, out of her head, two billion dollars worth of value (I'm guessing), measured by the value to readers that they get from reading her books--how much each would be willing to pay, if necessary, to do so--net of the cost of producing and distributing the books. She ends up with one billion dollars of income. Is that unjustly high because she has so much more than most people, or unjustly low because half of the value she created ended up with other people? How would one decide?*

**AAA:** *It is unjustly high. And it is also socially destructive. Material wealth is highly inelastic. If one person has a disproportionately high amount, then others will necessarily have a disproportionately low amount.*

**DDF:** *You haven't said disproportionate to what. In my example her wealth is disproportionately low relative to the amount of wealth she created. Her creating it and getting half makes other people relatively worse off compared to her, but it makes other people absolutely better off compared to their situation if she neither created nor got. If I do something that makes you better off by a thousand dollars and me better off by two thousand dollars, have I injured you?*

**AAA:** *I meant disproportionate to each other. If one person in a society has 100,000 times more physical wealth than another person, it is becoming apparent now that society is no longer ready to permit such a gap. See the 99% demonstrations that are growing in number and in force.*

**DDF:** *As best I can tell, they involve a tiny fraction of the population--thousands out of hundreds of millions. And they don't seem to represent any consistent view, just a lot of different views unhappy with the present.*

**AAA:** I totally agree with you there. The movement is unsystematic. It is trying to run before learning how to walk. But the slogan is still good, and it is catching on.

**DDF:** *Do you think the people in those demonstrations resent the amount of money that the author of Harry Potter made?*

**AAA:** Absolutely. At least the intelligent ones do. ☺

**DDF:** *And as for "society permitting," obviously some people do have that much more money than other people.*

**AAA:** Correct. In my estimation, a more accurate slogan would be "we are the 99.999%". The main problem is not the top 1% but rather the top 0.001%. But "99%" is a lot more catchy than "99.999%". ☺

**DDF:** ...

**AAA:** *Let's say that what you do makes me better off by \$1,000, but I need all of that \$1,000 to cover my running expenses for basic necessities and I still cannot afford to pay the cost of university education for my children. You, on the other hand, might have a great deal of money stashed away, and so that \$1,000 only tends to extend your economic dominance. Social justice raises the question: Why should one person be able to sit back and relax, living a luxurious life and still accumulating more wealth, while another person must work non-stop and never be able to make ends meet?*

**DDF:** *My question was whether I had injured you. You are now asking a different question--whether it would be better if I gave (or was forced to give) some of my money to you.*

**AAA:** In the field of ethics - and even ordinary law - there are both crimes of commission and crimes of omission. In this case, we would be talking about something akin to a crime of omission.

**DDF:** ...

**DDF:** *Economics starts with one concept--rationality. It applies it to attempt to understand behavior in a wide variety of contexts.*

**AAA:** *Well, then, yes, you do have a very different definition of economics than I do. ☺*

*You should have told me earlier that you use the word "economics" as an equivalent for "human existence". Then I would have started talking to you about yoga and not social theory. ☺*

**DDF:** *Human existence has many characteristics other than rationality. And rationality is not even a perfect predictor of human action, although it's often the best predictor available. My definition isn't universal among economists, but neither is it limited to me.*

**AAA:** *Perhaps other propertarian anarchists think likewise? Well, I am not an economist, but methinks thou doth attest too much. ☺*

**DDF:** *Actually, quite a lot of other economists think likewise, although surely not all.*

**AAA:** *Oy vey zmir... again with the vague numbers. ☺ What percentages are we talking about here? ☺*

**DDF:** ...

**AAA:** *Greatest production of wealth: Well, let's say we have a small piece of land (maybe 20 acres). That piece of land is arable, it has an oil pocket under it, it is well situated for a university, and it has a peaceful atmosphere. To utilize that resource to the maximum, we should farm the land, drill for oil on the land, build a university on the land, and construct a meditation center on the land.*

**DDF:** *Independent of what doing any of those things costs?*

**AAA:** *That's a good question. From the perspective of commercial economy, the answer is clearly No.*

**DDF:** *From the standpoint of maximizing human welfare the answer is also clearly No. Cost isn't about money, although it is sometimes measured in money.*

**AAA:** *I thought we were talking about economics here. But I guess you consider "maximizing human welfare" to be just a part of your commercial economy. Again, is there any limit to what you classify as economics? ☺*

**DDF:** ...

**DDF:** *What, by the way, do you mean by "in economic terms" and "economic contribution?" I suspect you are using those terms in a much narrower way than I, or many economists, would.*

**AAA:** *In this context, I meant that which directly contributes to the overall economy. I am sure that my use of those terms is narrower than yours. I do*

*not know whether most economists would agree or not agree. Perhaps you can poll them, if you like. ☺*

**DDF:** *I don't think any economist believes that the value of leisure, say, "doesn't count" in economic terms.*

**AAA:** So, going back to my still unanswered question to you about your definition of "work", would you then say that when an Albert Einstein takes a nap to refresh his mind, that would count toward his 15 hours quota of Amish work?

**DDF:** ...

**AAA:** *To the best of my knowledge, Adam Smith introduced his concept of an "invisible hand" in his book "The Theory of Moral Sentiments", published in 1759. In that book, he argues that self-seeking individuals are often "led by an invisible hand... without knowing it, without intending it, (to) advance the interest of society".*

**DDF:** *If you check you will find that the quote is from \_The Wealth of Nations\_. Also that you have it wrong--although if you are quoting from memory, as I also often do, that isn't surprising. The actual quote is:*

*"By preferring the support of domestic to that of foreign industry, he intends only his own security; and by directing that industry in such a manner as its produce may be of the greatest value, he intends only his own gain, and he is in this, as in many other cases, led by an invisible hand to promote an end which was no part of his intention. Nor is it always the worse for the society that it was no part of it. By pursuing his own interest he frequently promotes that of the society more effectually than when he really intends to promote it."*

**AAA:** *David, you are aware, I assume, that Adam Smith introduced his concept of "an invisible hand" in "The Theory of Moral Sentiments".*

**DDF:** *Actually, I was not. Having done an online search of the text, however, I discover that I was mistaken. The term appears in both books.*

**AAA:** Hallelujah! Perhaps history has been made here. ☺

**DDF:** *Have you read both books? Either?*

**AAA:** *Only excerpts. Have you read all of both books? Even if so, it seems that you do not remember every word in both of them. ☺*

**DDF:** *Read both, taught one, cited the other at some length in one article. But, as just demonstrated, I do not remember every word.*

**AAA:** Well, \*maybe\* you read both books, and \*possibly\* you taught one, and \*probably\* you cited the other at some length in one article, but did you \*learn\* them? I mean, some things are so basic... yada, yada. ☺

You know, this is such a golden opportunity that it is hard to resist. But will I stoop to the same level as you? Hmmmm.... Hell, yes! At least a little bit.☺

**AAA:** As Smith was a professor of moral philosophy and he was writing about "moral sentiments", one may reasonably assume that he equated "the interest of society" with some manner of social justice.

**DDF:** I don't think so--perhaps you can offer quotes to support that assumption?

**AAA:** Yes, I can. The first two references that I have given immediately above tend to support my assumption.

**DDF:** Checking the passage in *The Theory of Moral Sentiments*, the relevant bit in full reads:

*"They are led by an invisible hand to make nearly the same distribution of the necessaries of life, which would have been made, had the earth been divided into equal portions among all its inhabitants, and thus without intending it, without knowing it, advance the interest of the society, and afford means to the multiplication of the species."*

**AAA:** Thank you. It is interesting to see the more complete quotation. But it does not really change my interpretation of it. The comma before "and afford means..." makes those two functions completely separate.

**DDF:** I don't think advancing the interest of society and affording means to the multiplication of the species corresponds to what you mean by social justice.

**AAA:** It does if you don't remove the comma as you chose to do. With Smith's punctuation - and in the overall context of "moral sentiments" - the two concepts are not tied as closely as you would have it.

**DDF:** Smith is arguing that in an unequal society, since (as I recently mentioned) the rich man can't eat all that much more than the poor, agricultural output ends up widely distributed--with what the rich man does not eat going to feed the poor men who work, in various ways, to provide for the rich. Is that social justice?

**AAA:** I doubt that this was his argument in the earlier book. And, anyway, that argument makes no sense in our global society where grains rot in American silos while African children are dying of starvation.

**DDF:** The particular passage is dealing with something closer to what we would now call economic efficiency--maximizing the size of the pie, not distributing it in some particular way.

**AAA:** Unfortunately, the passage you quoted is not the one I was talking about. You quoted from *The Wealth of Nations*, which merely extended Smith's already existing notion of an invisible hand that appears in *The Theory of Moral Sentiments*.

**DDF:** Mea Culpa. My point was about the passage in the *Wealth of Nations*, and does not describe the earlier passage. But I don't think yours does either.

**AAA:** David, at least I quoted an actual passage and told which book it came from. Your initial response was to deny that the passage exists and then substitute a very different

passage from a later book on a different subject. I think I earned some points for superior scholarship here. But far be it from me to rub it in. ☺

**AAA:** *In 1776, Smith extended his concept of an invisible hand with a call for laissez-faire economy in his "Inquiry into the Nature and Causes of the Wealth of Nations" (not surprisingly, much appreciated by the economic and political bigwigs of the British Empire).*

**DDF:** *Despite its repeated attacks on both government actors and "merchants and manufacturers?" Presumably, since it was much appreciated by them, they promptly followed Smith's advice.*

*It only took them a little over sixty years.*

**AAA:** *I disagree. For all intents and purposes, they were already doing what Smith described.*

**DDF:** *They abolished the corn laws and permitted the export of wool in 1776? News to me. So tell me, what do you think Smith described that they were already doing? And if they were already doing it, why was he so harsh on them in his description?*

**AAA:** Politicians tend to pass laws that they do not enforce. Propagandists and apologists make their hypocrisy appear virtuous.

**DDF:** ...

**DDF:** *Smith was indeed in favor of policies that he thought would benefit the masses of the population, but I don't think the issue came up in the context of the invisible hand metaphor.*

**AAA:** *If I recall correctly, Adam Smith warned about the danger of monopolies and recommended some leveling policies like income tax and public education.*

**DDF:** *You are mistaken in the second and third. Smith has a long discussion of possible forms of taxation. His first maxim is that the incidence of taxation should be in proportion to income--i.e. equivalent to a flat tax. He does not, however, argue for taxing income. More precisely, the only form of income he thinks it might be proper to tax is the income of government employees. He discusses other possible taxes in terms of what their incidence is.*

*He also has a long discussion of education, in which he offers arguments both for and against public funding. His final conclusion is that some public funding would not be unjust, but that it would also not be unjust and might even be more prudent to leave it entirely private.*

*And the form of "public education" he suggests as a possibility is having part, but not the major part, of the salary of the schoolmaster paid by the government--because if he was paid mostly by the government he would neglect his duties.*

*The passage on monopolies discusses the dangers of men of the same trade getting together and conspiring to raise prices, but concludes that such cannot be prevented by any laws either practical or just, but that government should avoid doing things that encourage such get togethers.*

**AAA:** Anyway, I will take your word for whatever you said there. Adam Smith is not my deity, and I really don't care so much about these details. I prefaced my remark with "If I recall correctly", and it seems that my memory here was a bit better than yours was in respect to Smith's introduction of the concept of an invisible hand in "The Theory of Moral Sentiments".... But let me not make too much ado over that... On the other hand, maybe I have not yet gotten the full value of your admitting fallibility yet... I guess the free market should decide. 😊

**AAA:** *Look, I am not arguing that Adam Smith was an evil man or someone who was much more corrupt than any of his counterparts. What I am arguing - though probably I have not said it clearly yet because I think that Adam Smith is orthogonal to our main discussion - is that Smith's economic theory was overly influenced by his dogmatic Protestant beliefs. But let's not get into that, because it is likely to divert us further afield.*

**DDF:** *Very possibly.*

**AAA:** Sigh of relief.

**AAA:** *That is correct. I don't know everything about economics, and I do not pretend to know everything about economics. That is why I am pleased to discuss the subject with you. Unfortunately, thus far, what I have learned from you is mostly indirect, because you have only launched shallow attacks against my point of view without explaining what you think is superior.*

**DDF:** *The problem with a statement like production for consumption instead of for profit is that it's evidence not of what you don't know but of what you do know that isn't true--and it's roughly what a lot of other people who know little about economics also know that isn't true. Sort of like various things that many people know about the Middle Ages or the Witchcraft trials that aren't true. Hence a red flag to me.*

**AAA:** Are you saying, for example, that if I only know about commercial economy, I would imagine that every aspect of economics falls under commercial economy and every aspect of life is just a branch of economics? If I only have a hammer, everything looks like a nail to me? Well, yes, perhaps you are right. 😊

**DDF:** ...

**AAA:** *Second, when you tell me that "the modern version of the invisible hand" has nothing to do with either an optimal or just distribution, I assume that your "modern version of the invisible hand" is essentially a study of market forces (what PROUTist economics classifies as part of commercial economy).*

**DDF:** *Not exactly. The modern version is the explanation of why, under certain circumstances, the market produces the "best possible" outcome in a very specialized sense of "best possible." Which also, of course, points at why under other circumstances it doesn't, and why the relevant sense of "best" doesn't perfectly correspond to what people actually view as "best."*

**AAA:** *That still sounds like market forces to me. The only part of what you said that does not seem to relate directly to market forces is the bit about correspondence with "what people acutally view as best". And, somehow, I doubt that, strictly speaking, that really is part of the "modern version of the invisible hand".*

**DDF:** *Certainly part of how I explain it in my price theory text (and elsewhere). I expect part of how some other economists explain it--most important, how Alfred Marshall explained the corresponding idea, back when he was inventing modern economics.*

**AAA:** And speaking of Adam Smith and price theory - or, rather, public choice theory which I had trouble recollecting and still question its classification as economics rather than politics - I really do wonder how you could have \*learned\* Adam Smith and yet failed to grasp the underlying mechanics of his "invisible hand" concept.... But, no, I should not be bringing that up again... unless the value to me exceeds whatever. 😊

**DDF:** *My basic point is that these are moderately difficult questions which people have thought about at some depth, and you are trying to critique conventional economics without understanding it. My usual description of both what I think {another contributor} was doing and what I think you are doing is attempting profundity on the cheap.*

**AAA:** *Again, David, you are welcome to your opinion. However, I think that you are attempting to critique PROUTist economics without understanding it... and the rest of what you said. 😊*

**DDF:** *Some truth to that.*

Okay, now I can give up that Adam Smith - invisible hand business. It's a pleasure to make your acquaintance again.

**DDF:** *You made a reference to the curate's egg, so I will respond with a reference to the publisher's egg.*

*A lady author submitted a novel to a publisher, and it was rejected. She came into his office and indignantly informed him that she had deliberately glued together pages 220 and 221, and they were still together when she got the manuscript back, proving he hadn't read it.*

*"Madame. When I open my egg at breakfast, I do not have to eat the entire egg to discover that it is rotten."*

**AAA:** 😊

**DDF:** *Not at all--only that I deduce some things about what you have not thought from what you write.*

**AAA:** *Again, David, your logic is faulty. You engage in the 'argument from ignorance' fallacy (aka 'appeal to ignorance' or 'argumentum ad ignorantiam'). Just because I did not write something does not mean that I have not thought about it. You claim to "deduce" far more than logic permits.*

**DDF:** *I don't think so. My point is not about what you did not write but about what you did write.*

**AAA:** I still think you interpolate and extrapolate beyond reasonable limits. I am not writing a book here. You refuse to say much, because you know that by saying anything you will open yourself to attack. That's fair. But I take the risk, because I hope that people will see potential good in what I offer and investigate further. I think we both respect the pros and cons of each other's approach.

**DDF:** ...

**AAA:** *Yes to the first question. No to the second question. But, again, I do not lump political decision making under the field of economics. What is your justification for doing so?*

**DDF:** *Because individuals in the political system act on the same basis as in what you think of as the economic system--to achieve their own objectives--and so can be understood using the same tools.*

**AAA:** *That strikes me as a very cynical view.*

**DDF:** *You were saying much the same thing about the permit raj somewhat higher in your post. Why isn't it cynical to assume that people in what you think of as the economic system act to achieve their own objectives? More important, why would you expect the nature of human action to change between the two systems?*

**AAA:** In a PROUTist society, it would change because a much higher standard would be required from political leaders than from ordinary citizens (all of whom participate in the economic system). The cynicism I see here is that you do not seem to entertain the possibility that political leaders could be exemplary in their conduct and in their thinking - that they could actually \*lead\*. Because of PROUT, I think otherwise.

**AAA:** *It also tells me nothing about the way in which decisions should be made (which is what I think is the most important consideration in respect to politics).*

**DDF:** *If you mean "how people ought to act," that might be the relevant question for moral philosophy, but in evaluating a political system you ought to do it in terms of how they will act--which gets us back to public choice theory.*

**AAA:** See all of what I said above.

**DDF:** ...

**AAA:** *Are you claiming that Amartya Sen, who won the 1998 Nobel Prize in Economic Sciences, does not understand "the logical structure that underlies" your particular notions of public choice theory or price theory?*

**DDF:** *No, although the one piece of his work I am familiar with struck me as pretty clearly mistaken. But my guess is that he is familiar with public choice theory and price theory.*

**AAA:** *Well, thanks for this discussion, David. Like the curate's egg, it was good in parts.*

**DDF:** *But probably not worth the amount of our time it consumes. And it would consume much more if I didn't engage in the snipping you complain of.*

**AAA:** Yes, admittedly at this stage, I start to take relief when I see one of your snips. I even feel a bit of relief that you deleted three of the five fundamental principles of PROUT. 😊 But you could have also accomplished the same thing by leaving everything I wrote in place and just not commenting on it, as I did just three paragraphs above.

Anyway, David, can we take a break? Maybe avoid the serious stuff for a few days? That way we might maintain a bit of our initial cordiality... which reminds me of a story about a dudhwala (milkman) and a village housewife. I am sure you know the story as it pertains to price theory and maybe also public choice theory. But maybe you have forgotten it, so...

A dudhwala serviced a small village by milking his cow and carrying the milk in a bucket to as many houses as necessary to sell his product.

One day, one of his regular customers, a housewife, tried to bring the price down by bargaining with the dudhwala. She said: "Why are you charging me 10 rupees per liter? The other dudhwala sells milk for only 8 rupees per liter."

The dudhwala thought for a minute and said: "Okay, I will also sell you milk for 8 rupees per liter."

A few days later, the housewife started to wonder if she had been too quick in striking a deal with the dudhwala. Maybe she could drive the price down further. So when the dudhwala came the next morning, she said: "The other dudhwala is now offering milk at 6 rupees per liter."

Again, the dudhwala thought for a minute and replied: "Okay, I will also sell you milk for 6 rupees per liter."

Again, a few days later, the housewife was once more plagued with doubt. Did she really get the lowest possible price? So the next time the dudhwala came, she said: "The rate that other dudhwala is charging is now only 5 rupees. Your price is too high."

The dudhwala again thought for a minute and said: "Alright, I will also sell you milk for 5 rupees. But you must know that when I sell it to you at that price, it will be very difficult to maintain the color."

David, I think if we continue this debate much longer, our relation might lose too much color. Let's not go that far.

## Ceasefire

*AAA: The somewhat remarkable thing, however, is that after censoring me and thereby restricting my expression, you then declare that it is immoral for anyone to restrict your expression.*

**DDF:** I did not restrict your expression. Choosing not to quote you isn't censorship.

## Amity

*AAA: The somewhat remarkable thing, however, is that after censoring me and thereby restricting my expression, you then declare that it is immoral for anyone to restrict your expression.*

*DDF: I did not restrict your expression. Choosing not to quote you isn't censorship.*

**AAA:** So if you were to dig up my file under the Freedom of Information Act and notice that most of it is redacted, you would not describe that as a form of censorship but only courteous editing? 😊

## Appendix A Economic Progress

2011 November 16

### Capitalism

*AAA: {Addressing another contributor}, it seems that you are confused here. In India, not just the majority of low-caste people are poor, but also the majority of upper-caste people are poor. Capitalism is a ruthless mistress, whose thirst for domination is blind to such distinctions as caste, creed, gender, race, or nationality.*

**DDF:** On the other hand, now that India is practicing something a little closer to capitalism than in the past--not that the permit Raj has gone completely out of business--people in India are becoming somewhat less poor.

### PROUT

*AAA: {Addressing another contributor}, it seems that you are confused here. In India, not just the majority of low-caste people are poor, but also the majority of upper-caste people are poor. Capitalism is a ruthless mistress, whose thirst for domination is blind to such distinctions as caste, creed, gender, race, or nationality.*

*DDF: On the other hand, now that India is practicing something a little closer to capitalism than in the past--not that the permit Raj has gone completely out of business--people in India are becoming somewhat less poor.*

**AAA:** David, that would depend on what you mean by "people in India". Over 70% of Indians live in rural areas. Out in the villages, the standard of living has not improved significantly over the last thousands of years. A relatively recent migration of people from rural areas to urban areas, particularly the megacities, has only created new social and economic problems - large numbers of unemployed people living on the streets or in crude shanty towns, subsisting on the scraps they acquire through scavenging or begging. Such a phenomenon is a common occurrence throughout the Third World and even now in the First World.

The imposition of British-style capitalism on India did nothing to improve the economic condition of "the people" (meaning the vast majority of people that make up the poorest sectors of the economy). The transition from British capitalism to Indian capitalism - a 'planned economy' sometimes referred to as the "permit raj" - made no difference to the common people and only slightly impeded the avariciousness of the ultrarich Indian capitalists (most of whom come from families that acquired economic prominence by serving as agents of the British Raj). On the other hand, the permit raj did offer politicians tremendous scope to enrich themselves through requirement of bribes.

As the permit raj was never an efficient form of commercial economy, pressure naturally came on the government to ease labor laws; and this has been done to some extent but not a reasonable extent. Government in India is still largely a family business. It has many employees, whose income derives more from a 'whimsical' enforcement of regulations than an official salary. This extends from the lowest level of bureaucrats up to the top level of central administration.

Summing up, because of the vast human and material resources of India, the Indian economy is booming nowadays. But the wealth that is being generated still mostly ends up in the pockets of a very small minority of the people. In other words, David, no doubt some "people in India are becoming somewhat less poor", but the great majority of 'people in India are NOT becoming somewhat less poor'.

## Capitalism

*AAA: Summing up, because of the vast human and material resources of India, the Indian economy is booming nowadays. But the wealth that is being generated still mostly ends up in the pockets of a very small minority of the people. In other words, David, no doubt some "people in India are becoming somewhat less poor", but the great majority of 'people in India are NOT becoming somewhat less poor'.*

**DDF:** Do you have data on things like consumption of foodstuffs per capita? That of the rich is limited, as long ago pointed out, by the constraints of the human stomach, so if the rich are a tiny minority their consumption has little effect on the total.

## PROUT

*AAA: Summing up, because of the vast human and material resources of India, the Indian economy is booming nowadays. But the wealth that is being generated still mostly ends up in the pockets of a very small minority of the people. In other words, David, no doubt some "people in India are becoming somewhat less poor", but the great majority of 'people in India are NOT becoming somewhat less poor'.*

*DDF: Do you have data on things like consumption of foodstuffs per capita? That of the rich is limited, as long ago pointed out, by the constraints of the human stomach, so if the rich are a tiny minority their consumption has little effect on the total.*

**AAA:** Excuse me, David, I don't understand your question or your point. Are you saying that because a rich person eats roughly the same number of grams of foodstuff (regardless of quality) as the poor person, that it is then irrelevant that the poor person cannot afford to send her/his child to university whereas the rich person can not only afford to send her/his child to university but could even buy the entire university for his child? Is that your way of equating the economic condition of a Bill Gates or a Carlos Slim with a homeless man living on the streets?

2011 November 17

## Capitalism

*AAA: Summing up, because of the vast human and material resources of India, the Indian economy is booming nowadays. But the wealth that is being generated still mostly ends up in the pockets of a very small minority of the people. In other words, David, no doubt some "people in India are becoming somewhat less poor", but the great majority of 'people in India are NOT becoming somewhat less poor'.*

*DDF: Do you have data on things like consumption of foodstuffs per capita? That of the rich is limited, as long ago pointed out, by the constraints of the*

*human stomach, so if the rich are a tiny minority their consumption has little effect on the total.*

**AAA:** *Excuse me, David, I don't understand your question or your point. Are you saying that because a rich person eats roughly the same number of grams of foodstuff (regardless of quality) as the poor person, that it is then irrelevant that the poor person cannot afford to send her/his child to university whereas the rich person can not only afford to send her/his child to university but could even buy the entire university for his child? Is that your way of equating the economic condition of a Bill Gates or a Carlos Slim with a homeless man living on the streets?*

**DDF:** No.

I am saying that if you want to know whether the vast majority of people are becoming somewhat less poor, one relatively simple measure would be per capita calorie consumption, since it is unlikely to increase much unless it is increasing for a sizable fraction of the population.

Isn't that obvious?

## **PROUT**

**AAA:** *Summing up, because of the vast human and material resources of India, the Indian economy is booming nowadays. But the wealth that is being generated still mostly ends up in the pockets of a very small minority of the people. In other words, David, no doubt some "people in India are becoming somewhat less poor", but the great majority of 'people in India are NOT becoming somewhat less poor'.*

**DDF:** *Do you have data on things like consumption of foodstuffs per capita? That of the rich is limited, as long ago pointed out, by the constraints of the human stomach, so if the rich are a tiny minority their consumption has little effect on the total.*

**AAA:** *Excuse me, David, I don't understand your question or your point. Are you saying that because a rich person eats roughly the same number of grams of foodstuff (regardless of quality) as the poor person, that it is then irrelevant that the poor person cannot afford to send her/his child to university whereas the rich person can not only afford to send her/his child to university but could even buy the entire university for his child? Is that your way of equating the economic condition of a Bill Gates or a Carlos Slim with a homeless man living on the streets?*

**DDF:** No.

*I am saying that if you want to know whether the vast majority of people are becoming somewhat less poor, one relatively simple measure would be per capita calorie consumption, since it is unlikely to increase much unless it is increasing for a sizable fraction of the population.*

*Isn't that obvious?*

**AAA:** Well, David, it was not obvious to me that this is what you meant. And it is also not obvious to me that this is a good way to measure poverty.

A person might be able to afford food that is high in calories but not food that is adequate in nutritional value. In India, the staple food is rice or bread. Eat a lot of rice or bread, and you will get a high calorie intake. But to be healthy, some amount of the more expensive fruits, vegetables, and dairy products is required. A balanced diet might even be lower in calories than an unbalanced diet consisting almost solely of rice or bread. If that be so, then a per capita increase in calorie intake might even indicate rising poverty.

In my opinion, statistics on per capita nutrition would be a much more reliable food-related measure of increasing or decreasing poverty levels. Do you have data on per capita nutrition for India today as compared to India 100 years ago or 1000 years ago? If so, how much has the level of nutrition increased - if at all - over those time spans?

## Capitalism

*DDF: I am saying that if you want to know whether the vast majority of people are becoming somewhat less poor, one relatively simple measure would be per capita calorie consumption, since it is unlikely to increase much unless it is increasing for a sizable fraction of the population.*

*Isn't that obvious?*

**AAA:** Well, David, it was not obvious to me that this is what you meant. And it is also not obvious to me that this is a good way to measure poverty.

**DDF:** How about to measure changes in poverty among very poor people?

*AAA: A person might be able to afford food that is high in calories but not food that is adequate in nutritional value.*

**DDF:** In which case he is poor--but less poor than a year earlier, when he was able to afford less such food.

...

*AAA: In my opinion, statistics on per capita nutrition would be a much more reliable food-related measure of increasing or decreasing poverty levels. Do you have data on per capita nutrition for India today as compared to India 100 years ago or 1000 years ago? If so, how much has the level of nutrition increased - if at all - over those time spans?*

**DDF:** No. Do you?

## PROUT

*DDF: I am saying that if you want to know whether the vast majority of people are becoming somewhat less poor, one relatively simple measure would be per capita calorie consumption, since it is unlikely to increase much unless it is increasing for a sizable fraction of the population.*

*Isn't that obvious?*

*AAA: Well, David, it was not obvious to me that this is what you meant. And it is also not obvious to me that this is a good way to measure poverty.*

*DDF: How about to measure changes in poverty among very poor people?*

**AAA:** No... as I believe that I stated clearly further down in my response.

*AAA: A person might be able to afford food that is high in calories but not food that is adequate in nutritional value.*

*DDF: In which case he is poor--but less poor than a year earlier, when he was able to afford less such food.*

**AAA:** Not necessarily... for the very reasons that I believe I stated clearly in the remainder of the paragraph that you not only ignored but also deleted (see below).

*DDF: ...*

**AAA:** What you deleted - for reasons best known to you - was:

---

In India, the staple food is rice or bread. Eat a lot of rice or bread, and you will get a high calorie intake. But to be healthy, some amount of the more expensive fruits, vegetables, and dairy products is required. A balanced diet might even be lower in calories than an unbalanced diet consisting almost solely of rice or bread. If that be so, then a per capita increase in calorie intake might even indicate rising poverty.

~~~~~

AAA: In my opinion, statistics on per capita nutrition would be a much more reliable food-related measure of increasing or decreasing poverty levels. Do you have data on per capita nutrition for India today as compared to India 100 years ago or 1000 years ago? If so, how much has the level of nutrition increased - if at all - over those time spans?

DDF: No. Do you?

AAA: No, but I can make some up for you if you like. As far as I am concerned, such fictional 'statistics' would be no less indicative of the level of poverty in India than any statistics on per capita calorie intake.

Capitalism

DDF: In which case he is poor--but less poor than a year earlier, when he was able to afford less such food.

AAA: Not necessarily... for the very reasons that I believe I stated clearly in the remainder of the paragraph that you not only ignored but also deleted (see below).

DDF: I didn't think it was plausible enough to be worth responding to--as suggested by your "might even" (twice). I presume people who read my response also read your post, and could form their own opinion on that.

But for any who missed it, you wrote:

In India, the staple food is rice or bread. Eat a lot of rice or bread, and you will get a high calorie intake. But to be healthy, some amount of the more expensive fruits, vegetables, and dairy products is required. A balanced diet might even be lower in calories than an unbalanced diet consisting almost solely of rice or bread. If that be so, then a per capita increase in calorie intake might even indicate rising poverty.

PROUT

DDF: In which case he is poor--but less poor than a year earlier, when he was able to afford less such food.

AAA: Not necessarily... for the very reasons that I believe I stated clearly in the remainder of the paragraph that you not only ignored but also deleted (see below).

DDF: I didn't think it was plausible enough to be worth responding to--as suggested by your "might even" (twice). I presume people who read my response also read your post, and could form their own opinion on that.

AAA: Right... So you deleted my sentences, because you thought that a reply to them would only embarrass me. It was out of compassion for me - a desire not to shame me by letting people see my own words a second time - that you deleted the explanation I gave for my position. 😊

Well, David, if I were you, I would have deleted your paragraph above, because the excuse you offer for your questionable action is entirely implausible to me.

DDF: But for any who missed it, you wrote:

In India, the staple food is rice or bread. Eat a lot of rice or bread, and you will get a high calorie intake. But to be healthy, some amount of the more expensive fruits, vegetables, and dairy products is required. A balanced diet might even be lower in calories than an unbalanced diet consisting almost solely of rice or bread. If that be so, then a per capita increase in calorie intake might even indicate rising poverty.

AAA: Thank you, David, but it's a bit late to be playing such type of catch-up. I had already pointed out your distortion of my remarks and reposted the sentences that you did not want to address (and still have not substantially addressed). For the record, I bring this up because it was not the first instance in which you tailored my remarks to suit your replies.

Capitalism

DDF: In which case he is poor--but less poor than a year earlier, when he was able to afford less such food.

AAA: Not necessarily... for the very reasons that I believe I stated clearly in the remainder of the paragraph that you not only ignored but also deleted (see below).

DDF: I didn't think it was plausible enough to be worth responding to--as suggested by your "might even" (twice). I presume people who read my response also read your post, and could form their own opinion on that.

AAA: *Right... So you deleted my sentences, because you thought that a reply to them would only embarrass me.*

DDF: Neither what I said nor what I implied.

...

PROUT

AAA: *Summing up, because of the vast human and material resources of India, the Indian economy is booming nowadays. But the wealth that is being generated still mostly ends up in the pockets of a very small minority of the people. In other words, David, no doubt some "people in India are becoming somewhat less poor", but the great majority of 'people in India are NOT becoming somewhat less poor'.*

DDF: *Do you have data on things like consumption of foodstuffs per capita? That of the rich is limited, as long ago pointed out, by the constraints of the human stomach, so if the rich are a tiny minority their consumption has little effect on the total.*

AAA: *Excuse me, David, I don't understand your question or your point. Are you saying that because a rich person eats roughly the same number of grams of foodstuff (regardless of quality) as the poor person, that it is then irrelevant that the poor person cannot afford to send her/his child to university whereas the rich person can not only afford to send her/his child to university but could even buy the entire university for his child? Is that your way of equating the economic condition of a Bill Gates or a Carlos Slim with a homeless man living on the streets?*

DDF: No.

I am saying that if you want to know whether the vast majority of people are becoming somewhat less poor, one relatively simple measure would be per capita calorie consumption, since it is unlikely to increase much unless it is increasing for a sizable fraction of the population.

Isn't that obvious?

AAA: *Well, David, it was not obvious to me that this is what you meant. And it is also not obvious to me that this is a good way to measure poverty.*

A person might be able to afford food that is high in calories but not food that is adequate in nutritional value. In India, the staple food is rice or bread. Eat a lot of rice or bread, and you will get a high calorie intake. But to be healthy, some amount of the more expensive fruits, vegetables, and dairy products is required. A balanced diet might even be lower in calories than an unbalanced diet consisting almost solely of rice or bread. If that be so, then a per capita increase in calorie intake might even indicate rising poverty.

In my opinion, statistics on per capita nutrition would be a much more reliable food-related measure of increasing or decreasing poverty levels. Do you have data on per capita nutrition for India today as compared to India 100 years ago or 1000 years ago? If so, how much has the level of nutrition increased - if at all - over those time spans?

AAA: Let me put forward a small addendum here.

I don't consider any per capita measure to be a sufficient gauge of economic vitality or economic progress. PROUT would measure that on the basis of development in the most impoverished sectors of the economy.

So, for example, let's say that 20 years ago, 50% of the population was living under the poverty line, whereas today only 30% of the population is living under the poverty line. That would not be a sign of progress to me if the 30% living under the poverty line is a consistent 30% living in economically disadvantaged rural areas. In other words, if there is no change in the standard of living for clearly recognizable and comparatively impoverished groups of people within a society, then I would question the degree and value of any so-called economic development in that society.

For economic progress, I would expect that the standard of living of everyone is tending to go up, not just that the standard of living of many people is tending to go up.

Capitalism

AAA: So, for example, let's say that 20 years ago, 50% of the population was living under the poverty line, whereas today only 30% of the population is living under the poverty line. That would not be a sign of progress to me if the 30% living under the poverty line is a consistent 30% living in economically disadvantaged rural areas. In other words, if there is no change in the standard of living for clearly recognizable and comparatively impoverished groups of people within a society, then I would question the degree and value of any so-called economic development in that society.

DDF: Because the 20% who are now better off don't count? Why?

PROUT

AAA: So, for example, let's say that 20 years ago, 50% of the population was living under the poverty line, whereas today only 30% of the population is living under the poverty line. That would not be a sign of progress to me if the 30% living under the poverty line is a consistent 30% living in economically disadvantaged rural areas. In other words, if there is no change in the standard of living for clearly recognizable and comparatively impoverished groups of people within a society, then I would question the degree and value of any so-called economic development in that society.

DDF: Because the 20% who are now better off don't count? Why?

AAA: Because the 30% that are now better off do count!

It's not just a question of numbers. When talking about countries where poverty means outright starvation - and there are plenty of those in the world - it makes no sense to say that poverty has been reduced simply because the per capita income has increased enough that

the middle class now earns 10 cents more. If in the poorest sections of a nation, one malnourished child still dies in agony from starvation every few minutes, how many deaths of such children do you think that extra 10 cents pay for?

David, the biggest problem with your economic outlook seems to be that it lacks a heart. You admit to not understanding the concept of a just distribution of wealth, and that is readily apparent. In consequence, your economic arguments lack a sympathetic vision of people, much less animals and plants. It is economics devoid of concern for social justice. The laws that you would frame on the basis of your purely mechanistic economics might make sense for a society of robots, but I doubt that they would be appropriate for a society of living beings. I am open to be convinced otherwise, but so far you have said nothing at all which would indicate any likelihood of that.

Capitalism

AAA: So, for example, let's say that 20 years ago, 50% of the population was living under the poverty line, whereas today only 30% of the population is living under the poverty line. That would not be a sign of progress to me if the 30% living under the poverty line is a consistent 30% living in economically disadvantaged rural areas. In other words, if there is no change in the standard of living for clearly recognizable and comparatively impoverished groups of people within a society, then I would question the degree and value of any so-called economic development in that society.

DDF: Because the 20% who are now better off don't count? Why?

AAA: Because the 30% that are no better off do count!

DDF: Which means things have improved, but could have improved even more.

AAA: It's not just a question of numbers. When talking about countries where poverty means outright starvation - and there are plenty of those in the world - it makes no sense to say that poverty has been reduced simply because the per capita income has increased enough that the middle class now earns 10 cents more. If in the poorest sections of a nation, one malnourished child still dies in agony from starvation every few minutes, how many deaths of such children do you think that extra 10 cents pay for?

David, the biggest problem with your economic outlook seems to be that it lacks a heart. You admit to not understanding the concept of a just distribution of wealth, and that is readily apparent.

DDF: I also admit that I don't think you understand the concept, merely the words.

AAA: In consequence, your economic arguments lack a sympathetic vision of people, much less animals and plants. It is economics devoid of concern for social justice. The laws that you would frame on the basis of your purely mechanistic economics might make sense for a society of robots, but I doubt that they would be appropriate for a society of living beings. I am open to be convinced otherwise, but so far you have said nothing at all which would indicate any likelihood of that.

DDF: On the evidence so far, I doubt that my trying to convince you via Usenet posts would be a productive use of my time--I've pointed you at a couple of my books, and you are welcome to read or ignore as you please.

2011 November 18
PROUT

AAA: *So, for example, let's say that 20 years ago, 50% of the population was living under the poverty line, whereas today only 30% of the population is living under the poverty line. That would not be a sign of progress to me if the 30% living under the poverty line is a consistent 30% living in economically disadvantaged rural areas. In other words, if there is no change in the standard of living for clearly recognizable and comparatively impoverished groups of people within a society, then I would question the degree and value of any so-called economic development in that society.*

DDF: *Because the 20% who are now better off don't count? Why?*

AAA: *Because the 30% that are no better off do count!*

DDF: *Which means things have improved, but could have improved even more.*

AAA: Not for that 30%. In my very realistic hypothetical, the condition of the 30% remained unchanged. Hence your claim that "things have improved" is entirely false in respect to that 30%.

David, for you (presumably in accordance with your notions of "propertarian anarchism"), it seems that economics is mostly a numbers game. You promote policies (and presumably laws) that damage the welfare - and even cost the life - of a substantial group of people. You do that for the selfish gain of an elite group, of which you no doubt are a member. To obfuscate what, in my opinion, is a social crime, you adduce largely worthless statistics, ascribing to those statistics meaning that does not follow logically therefrom.

AAA: *It's not just a question of numbers. When talking about countries where poverty means outright starvation - and there are plenty of those in the world - it makes no sense to say that poverty has been reduced simply because the per capita income has increased enough that the middle class now earns 10 cents more. If in the poorest sections of a nation, one malnourished child still dies in agony from starvation every few minutes, how many deaths of such children do you think that extra 10 cents pay for?*

David, the biggest problem with your economic outlook seems to be that it lacks a heart. You admit to not understanding the concept of a just distribution of wealth, and that is readily apparent.

DDF: *I also admit that I don't think you understand the concept, merely the words.*

AAA: As your admission concerning my understanding is only a reflection of intellectual arrogance, it is of no import. However, your admission regarding your own understanding is of great import. It indicates a lack of ethical awareness and hence - in my opinion - an

unworthiness for any kind of sociopolitical responsibility, including the framing of economic policy or law.

AAA: *In consequence, your economic arguments lack a sympathetic vision of people, much less animals and plants. It is economics devoid of concern for social justice. The laws that you would frame on the basis of your purely mechanistic economics might make sense for a society of robots, but I doubt that they would be appropriate for a society of living beings. I am open to be convinced otherwise, but so far you have said nothing at all which would indicate any likelihood of that.*

DDF: *On the evidence so far, I doubt that my trying to convince you via Usenet posts would be a productive use of my time--I've pointed you at a couple of my books, and you are welcome to read or ignore as you please.*

AAA: As you like, David. Participation on the Usenet is entirely voluntary. Thank you for your time and your input up to now.

From my side, I remain open to further discussion with you if you should care to engage in such. I also reserve the option to comment on any posting of yours to the Usenet that I happen to see and think warrants a remark from my side.

Capitalism

AAA: *So, for example, let's say that 20 years ago, 50% of the population was living under the poverty line, whereas today only 30% of the population is living under the poverty line. That would not be a sign of progress to me if the 30% living under the poverty line is a consistent 30% living in economically disadvantaged rural areas. In other words, if there is no change in the standard of living for clearly recognizable and comparatively impoverished groups of people within a society, then I would question the degree and value of any so-called economic development in that society.*

DDF: *Because the 20% who are now better off don't count? Why?*

AAA: *Because the 30% that are no better off do count!*

DDF: *Which means things have improved, but could have improved even more.*

AAA: *Not for that 30%. In my very realistic hypothetical, the condition of the 30% remained unchanged. Hence your claim that "things have improved" is entirely false in respect to that 30%.*

DDF: And your claim that things have not improved is entirely false with respect to the 20% who are now better off.

You are playing word games.

AAA: *David, for you (presumably in accordance with your notions of "propertarian anarchism"), it seems that economics is mostly a numbers game. You promote policies (and presumably laws) that damage the welfare - and even cost the life - of a substantial group of people.*

DDF: You have no basis for that opinion. So far you are the one claiming that benefits for some people are worthless, not if they come at the expense of others but if they are not accompanied by benefits for others. You have no examples at all of my arguing for policies that damage the welfare of a substantial group of people. Indeed, you probably have only the vaguest idea what policies I advocate.

AAA: *You do that for the selfish gain of an elite group, of which you no doubt are a member. To obfuscate what, in my opinion, is a social crime, you adduce largely worthless statistics, ascribing to those statistics meaning that does not follow logically therefrom.*

DDF: You are arguing with an opponent of your own imagination--none of that has any relation to what I have been saying.

It is, however, another demonstration of an ad hominem argument--attributing bad motives to me (without, as it happens, any evidence) as a substitute for actually responding to my arguments.

AAA: *From my side, I remain open to further discussion with you if you should care to engage in such. I also reserve the option to comment on any posting of yours to the Usenet that I happen to see and think warrants a remark from my side.*

DDF: Entirely appropriate.

PROUT

AAA: *So, for example, let's say that 20 years ago, 50% of the population was living under the poverty line, whereas today only 30% of the population is living under the poverty line. That would not be a sign of progress to me if the 30% living under the poverty line is a consistent 30% living in economically disadvantaged rural areas. In other words, if there is no change in the standard of living for clearly recognizable and comparatively impoverished groups of people within a society, then I would question the degree and value of any so-called economic development in that society.*

DDF: *Because the 20% who are now better off don't count? Why?*

AAA: *Because the 30% that are no better off do count!*

DDF: *Which means things have improved, but could have improved even more.*

AAA: *Not for that 30%. In my very realistic hypothetical, the condition of the 30% remained unchanged. Hence your claim that "things have improved" is entirely false in respect to that 30%.*

DDF: *And your claim that things have not improved is entirely false with respect to the 20% who are now better off.*

AAA: I consider that to be a very callous numbers game. As I asked before... but you may have deleted so that you would not have to respond to it... how many starving children dying in agony do you think that the extra 10 cents accruing to your 20% will buy?

I am not a fan of Jesus, but once in a while he is attributed with some excellent observations. One of them is found in Mark 8:36: "For what shall it profit a man, if he shall gain the whole world, and lose his own soul?"

DDF: *You are playing word games.*

AAA: No, I am not. I am telling you that capitalism is a selfish and highly unjust socioeconomic system. And what you seem to advocate is in no way superior. On the contrary, from what you have said and the very little that I have read elsewhere, it appears that your propertarian anarchism is just an insignificant variant of capitalism.

AAA: *David, for you (presumably in accordance with your notions of "propertarian anarchism"), it seems that economics is mostly a numbers game. You promote policies (and presumably laws) that damage the welfare - and even cost the life - of a substantial group of people.*

DDF: *You have no basis for that opinion. So far you are the one claiming that benefits for some people are worthless, not if they come at the expense of others but if they are not accompanied by benefits for others.*

AAA: Read my words. I never said that benefits are worthless. That would be a ridiculous assertion. I said that I do not consider there to be economic progress if the most impoverished section of society does not benefit.

Making relatively wealthy people more wealthy by - or even just while - ignoring the relatively poor people is inhuman economic policy. David, you have stated that you do not understand the concept of a just distribution of wealth (which is, to my thinking, a prerequisite for any rational distribution of wealth). Your admission of ignorance is also readily apparent in everything that you seem to advocate. So I suggest that you 'go back to school' and learn more about this vital aspect of economics.

In the field of economics, distribution is at least equally important as production. Until and unless you understand more about the concept of distribution, I cannot consider you to be a very good economist. You may know everything there is to know about pricing in order to maximize profits for producers, but you clearly know nothing at all about how to maximize consumption for the population.

DDF: *You have no examples at all of my arguing for policies that damage the welfare of a substantial group of people. Indeed, you probably have only the vaguest idea what policies I advocate.*

AAA: David, much of what you have said so far - and also much of what you have not said - tends to damage the welfare of a substantial group of people.

AAA: *You do that for the selfish gain of an elite group, of which you no doubt are a member. To obfuscate what, in my opinion, is a social crime, you adduce largely worthless statistics, ascribing to those statistics meaning that does not follow logically therefrom.*

DDF: *You are arguing with an opponent of your own imagination--none of that has any relation to what I have been saying.*

AAA: Everyone can form opinions. Hence, I too can form opinions. You have your deductions, and I have mine.

I have tried to read some of your material, but it is so shallow and selfish at times that I quickly lose interest. Let's consider an article you wrote on crime. To my eyes, it is an excellent example of how you try to extend the hegemony of your limited understanding of economics over areas that you seem to know almost nothing about. If I recall correctly, you call that "attempting profundity on the cheap".

Your article on crime begins as follows:

Economists approach the analysis of crime with one simple assumption--that criminals are rational people. A mugger is a mugger for the same reason I am an economist--because it is the most attractive alternative available to him. The decision to commit a crime, like any other economic decision, can be analyzed as a choice among alternative combinations of costs and benefits.

<http://tinyurl.com/86ku9nw>

~~~~~

You then go on to talk about gun control, and you throw out a bunch of numbers. But you pretty much lost my respect with your first sentence and the rest of that first paragraph above. So from then onwards, I am just skimming your article.

On reading your first paragraph above, I could only wonder how any intelligent person could define rationality as merely acting on the basis of the most attractive available option. Even a cockroach and a crow do that. They do that instinctively or, at most, sentimentally.

You start one sentence in your first paragraph with: "The decision to commit a crime, like any other economic decision". In this way, you impose on the reader two unsubstantiated and preposterous premises: (1) that all crime is committed by reasoned decision (2) that all decisions to commit crime are economic decisions.

All of that paragraph demonstrates a tremendous ignorance in respect to criminal psychology. Criminologists - those who study criminals and crime - may discern many types of criminals. Let me briefly list the five that I am aware of. (1) Criminals due to nature: They are born with a genetic or glandular defect that results in mental derangement and any crimes that follow therefrom. (2) Criminals due to habit: They fail to keep their base propensities under control and eventually become habituated to expressing them. (3) Criminals due to environment: They are badly influenced by those with whom they are associated. (4) Criminals due to momentary weakness: They commit crimes due to passion or an ill-conceived snap impulse. (5) Criminals due to poverty: They commit crimes under the vicious grip of want.

In this list of criminals, it makes no sense whatsoever to describe the first four categories as rational people choosing an attractive option. Indeed, such a description can only lead to the imposition of overly harsh penalties under law and a totally inappropriate treatment while undergoing correction.

Regarding the fifth and largest category of criminals, there may indeed be a decision-making process, but describing that decision-making process as rational does not promote morality, and it could lead to a miscarriage of justice (unless your definition of rationality is the same as mine, which it is not). With the exception of the criminals of this category who were affluent but squandered their wealth and fell into debt thereby, society is at least as much at fault as the criminal herself/himself. In such cases, the main cause of the crime is the economic system, in particular, the irrational distribution of wealth under that system. The only way to reduce such cases of crime due to poverty is to remodel the economy with a just distribution that provides financial security to all.

As I see it, David, the way in which you analyze crime is thoroughly egocentric, like your economics. It does not recognize the complexity of the problem or the actual role of economics in resolving much of the problem. To use your own words, it is just another instance of you "attempting profundity on the cheap".

*DDF: It is, however, another demonstration of an ad hominem argument--attributing bad motives to me (without, as it happens, any evidence) as a substitute for actually responding to my arguments.*

**AAA:** First of all, David, unlike you, I have not deleted a word that you said or consciously failed to respond to any of your questions or assertions. So that claim is just petulant nonsense.

Second, as anyone can see, I have plenty of evidence for my opinion, and I am not engaging in the straw man logical fallacy. What you advocate would serve the interests of a wealthy elite and have no significant impact on the poorest sections of society. Indeed, nothing you have said so far demonstrates a significant concern for the poorest sections of society.

Finally, the only assumption that I make is that you are comfortable financially. If I am wrong in that assumption, feel free to correct me. However, I do admit that it is inconsistent with my understanding of your arguments and attitudes for you to be complaining that I have inferred at least a middle-class economic status for you. I would have expected you to consider that a compliment. ☺

*AAA: From my side, I remain open to further discussion with you if you should care to engage in such. I also reserve the option to comment on any posting of yours to the Usenet that I happen to see and think warrants a remark from my side.*

*DDF: Entirely appropriate.*

**AAA:** Thank you. And thank you for dedicating so much of your precious time to this discussion.

## Capitalism

*DDF: And your claim that things have not improved is entirely false with respect to the 20% who are now better off.*

**AAA:** *I consider that to be a very callous numbers game.*

**DDF:** Your claim that the 20% don't matter--that it isn't improvement if it only lifts part of the population out of poverty? Yes.

## **PROUT**

**DDF:** *And your claim that things have not improved is entirely false with respect to the 20% who are now better off.*

**AAA:** *I consider that to be a very callous numbers game.*

**DDF:** *Your claim that the 20% don't matter--that it isn't improvement if it only lifts part of the population out of poverty? Yes.*

**AAA:** My assertion is not that the 20% don't matter. Everything "matters". My assertion is that raising the standard of 20% while leaving the condition of 30% largely unchanged is not "economic progress" from my point of view.

In the early days of his 'Third Reich', 1933-1936, Hitler managed to achieve what externally appeared to be rapid economic development. Unemployment was significantly reduced, while German infrastructure was rapidly improved. But who paid for that? It was largely the lower middle class. Their salaries went down, while the cost of living went up.

From 1936 onwards, it became harder to finance the economic expansion sought by Hitler's brand of 'national socialism'. Germany lacked raw materials, and a tremendous increase in military spending was very expensive. Who footed the bill then?

Someone must always pay the piper. Prior to 1936, it had been the lower middle class. After 1936, it became the lower middle class, the upper middle class, and - perhaps especially - some racially or religiously profiled portions of the middle and upper class. Finally, after 1939 and the outbreak of war, the cost of the Third Reich economy was subsidized by occupied nations.

By 1944, one quarter of the German workforce consisted of slave labor, and most German factories were operated with the unpaid assistance of prisoners - people whose main sustenance was the propaganda that 'Arbeit macht frei'.

So, David, it is not easy to convince me that economic progress is being made. Only if everyone in a society benefits from the economic development will I accept that there has been significant progress. Typically, this would require an improvement in the living standard of the poorest sections of society. As that did not happen for the poorest 30% in our hypothetical, the increased standard for that 20% is not sufficient to warrant a concession by me that economic progress has occurred.

By the way, David, in my example of the Third Reich, does your concept of economics (or propertarian anarchism) argue that Hitler was a rational man making choices in favor of the most attractive option? If so, what hope or practical assistance does your philosophy provide in respect to the development of human civilization?

## **Capitalism**

**DDF:** *And your claim that things have not improved is entirely false with respect to the 20% who are now better off.*

**AAA:** *I consider that to be a very callous numbers game.*

**DDF:** *Your claim that the 20% don't matter--that it isn't improvement if it only lifts part of the population out of poverty? Yes.*

**AAA:** *My assertion is not that the 20% don't matter. Everything "matters". My assertion is that raising the standard of 20% while leaving the condition of 30% largely unchanged is not "economic progress" from my point of view.*

**DDF:**...

And you then go on to make a factual claim that is inconsistent with the hypothetical that you offered an opinion on:

**AAA:** *Someone must always pay the piper.*

**DDF:** Or in other words, you are not willing to consider a situation where some people get better, some stay the same, and nobody is worse off. After saying that that didn't count as economic progress, you then suddenly switch to imagining situations where some get better off but only at the cost of others getting worse off.

Is it your belief that progress in anything other than distribution is impossible?

...

**AAA:** *By the way, David, in my example of the Third Reich, does your concept of economics (or propertarian anarchism) argue that Hitler was a rational man making choices in favor of the most attractive option?*

**DDF:** You are, for some reason, bundling economics and propertarian anarchism. Most economists who would agree with my approach to economics are not anarchists, and many propertarian anarchists would not agree with my economics.

To answer your question, "most attractive option" for whom? I assume that Hitler was, on the whole, acting rationally to achieve his objectives. It doesn't follow that his doing so was in other people's interest.

My suspicion from your question is that you have constructed out of your own imagination a parody version of what you think my position must be, and are now arguing with that. The assumption that individuals act rationally in no way implies that their action is desirable for others.

**AAA:** *If so, what hope or practical assistance does your philosophy provide in respect to the development of human civilization?*

**DDF:** My understanding of economics helps one understand how humans will act under various circumstances, and what the consequences will be. That might make less likely some undesirable choices.

## PROUT

**DDF:** *And your claim that things have not improved is entirely false with respect to the 20% who are now better off.*

**AAA:** *I consider that to be a very callous numbers game.*

**DDF:** *Your claim that the 20% don't matter--that it isn't improvement if it only lifts part of the population out of poverty? Yes.*

**AAA:** *My assertion is not that the 20% don't matter. Everything "matters". My assertion is that raising the standard of 20% while leaving the condition of 30% largely unchanged is not "economic progress" from my point of view.*

**DDF:** ...

*And you then go on to make a factual claim that is inconsistent with the hypothetical that you offered an opinion on:*

**AAA:** I don't think so. But see below.

**AAA:** *Someone must always pay the piper.*

**DDF:** *Or in other words, you are not willing to consider a situation where some people get better, some stay the same, and nobody is worse off.*

**AAA:** I am willing to consider any situation.

**DDF:** *After saying that that didn't count as economic progress, you then suddenly switch to imagining situations where some get better off but only at the cost of others getting worse off.*

**AAA:** David, I define progress as a condition in which the happiness and welfare of everyone tends to improve. Accordingly, if the conditions of one clearly identifiable sector of society stay the same or get worse, then I do not consider that to be progress.

In real life, social conditions never stay exactly the same. Either they get better or they get worse. Staying the same - stagnation - tends to be the equivalent of getting worse. Let me give you an example.

Let's take a very small community of three households: yours and one neighbor on both sides of you. And let's say that your economic condition remains unchanged, but the income of your neighbors on both the right and the left of your house has increased substantially. Both of your neighbors have built a swimming pool and increased the size of their garage to accommodate a second car. You, on the other hand, can only afford one car and no swimming pool. Will you think, "Oh my, this economy is booming"? Maybe. Will you feel happy that your neighbors are doing so well while you cannot match their prosperity? I doubt it. So in that small society of only three households, even though two out of three households improved economically while the third household stayed more or less the same (depending on inflation and the cost of living), the happiness and welfare of all three households has not improved. The happiness of one household - your household - has probably diminished.

**DDF:** *Is it your belief that progress in anything other than distribution is impossible?*

**AAA:** Actually, my belief regarding where progress is possible or not possible is more complex than that. But, without going into detail and staying only with the subject of economics, let me remind you of my earlier statement that economics ultimately boils down to just two things: production and distribution. With economics, production and distribution are like two sides of the same one coin.

A coin cannot have only one side. It will always have two sides. The two sides are an inalienable concomitance. If there is production with no distribution, production serves no purpose and will ultimately grind to a halt. If there is no production, then there is nothing to distribute.

David, perhaps the only good thing that came from Communism is the humor. And much of that humor pertains to the connection between production and distribution. The rest is mostly about the brutality required to impose the impractical theory of Communism. A good example of such humor is:

---

Three workers find themselves locked up, and they ask each other what they're in for. The first man says: "I was always ten minutes late to work, so I was accused of sabotage." The second man says: "I was always ten minutes early to work, so I was accused of espionage." The third man says: "I always got to work on time, so I was accused of having a Western watch."

<http://tinyurl.com/79aerja>

~~~~~  
DDF: ...

AAA: *By the way, David, in my example of the Third Reich, does your concept of economics (or propertarian anarchism) argue that Hitler was a rational man making choices in favor of the most attractive option?*

DDF: *You are, for some reason, bundling economics and propertarian anarchism. Most economists who would agree with my approach to economics are not anarchists, and many propertarian anarchists would not agree with my economics.*

AAA: Okay. I only meant to say that your definition of economics seems to extend to everything and anything. Hence, I assumed that propertarian anarchism must be a part of your economics.

DDF: *To answer your question, "most attractive option" for whom? I assume that Hitler was, on the whole, acting rationally to achieve his objectives. It doesn't follow that his doing so was in other people's interest.*

AAA: So then your definition of rationality is purely subjective - whatever anyone decides to do is rational? Is there nothing like an objective rationality for you? Can you conceive of a person making an irrational decision?

DDF: *My suspicion from your question is that you have constructed out of your own imagination a parody version of what you think my position must be, and are now arguing with that. The assumption that individuals act rationally in no way implies that their action is desirable for others.*

AAA: It would also seem that the assumption that individuals act rationally (by your definition of rationality) in no way implies that their action is desirable for themselves or indeed for anyone at all. I cannot help but feel that your definition of rationality completely trivializes the concept of rationality. From my perspective, if an individual *intentionally* acts in a way that is harmful to anyone, then that action is not rational.

AAA: *If so, what hope or practical assistance does your philosophy provide in respect to the development of human civilization?*

DDF: *My understanding of economics helps one understand how humans will act under various circumstances, and what the consequences will be. That might make less likely some undesirable choices.*

AAA: Okay. But I think your understanding of economics only helps one understand how humans *might* act under various circumstances. And, please pardon me for saying it, but I think that the science of psychology probably performs that task better than your extension of economics.

Appendix B Social Justice

2011 November 23

Capitalism

AAA: If you haven't done so yet, David, you might like to consider the findings of Wilkinson and Pickett regarding the correlation of economic inequality with various social ills

DDF: I recently came across another reference to this elsewhere online, and was sufficiently intrigued to follow it up. I first went to their web page and looked at the Kosmos article. It had an inset box with a some factoids about the history of U.S income. I checked two of them, and they were pretty clearly false.

Someone referred me to a critique of their work, and I located the relevant web page:

<http://spiritleveldelusion.blogspot.com/>

It is by the author of a book critiquing their *_Spirit Level_*, and includes a downloadable chapter 10, responding to their responses to critics. I read it, and it's devastating. The conclusion is:

1. When they claim that massive research in the field generally supports their conclusion, they are lying--there is a lot of research, some supports their conclusion, some fails to support it. The chapter included brief quotes from lots of the latter.
2. Their evidence for their claims is a result of heavy cherry picking. For instance, they include Japan, which has a relatively equal income distribution, high life expectancy, other good outcomes. They do not include Singapore, which has an unequal income distribution, high life expectancy, other good outcomes. Similarly for many other cases.
3. Their response to serious criticism, much of it from people on their side of the political spectrum, is to pretend that all criticism is politically motivated.

If you are seriously interested in the subject, download the chapter from that site, read it, and see if you are still inclined to take them seriously. If, after doing so, you find a re-re-re-rebuttal that convinces you that the criticism is unjustified, by all means let me know.

PROUT

AAA: If you haven't done so yet, David, you might like to consider the findings of Wilkinson and Pickett regarding the correlation of economic inequality with various social ills

DDF: I recently came across another reference to this elsewhere online, and was sufficiently intrigued to follow it up. I first went to their web page and looked at the Kosmos article. It had an inset box with a some factoids about the history of U.S income. I checked two of them, and they were pretty clearly false.

AAA: David, I am glad to know that the possibility of there being merit to an egalitarian society might intrigue you. Perhaps there is some hope that you may yet learn something about social justice. ☺

DDF: Someone referred me to a critique of their work, and I located the relevant web page:

<http://spiritleveldelusion.blogspot.com/>

AAA: Did I speak too soon?

It seems that you began your research from a critique that coincided with your bias. In my experience, that is generally not the best way to study anything, especially not when the study begins and ends with an effort to buttress one's own dogma.

Anyway, just for the record, while I think that there is much merit in the work that W&P have done, I also think that there are several points where the position of W&P is weak and possibly even untenable.

For example, first and foremost, I do not think that they have successfully proven a causal relationship between income inequality and the various social ills that they graphed (as epidemiologists). On the other hand, I do think that they have adduced sufficient evidence to demonstrate a tight correlation.

Second, I also feel that W&P have done some cherry-picking, not just in the data they selected but also in the range of possible interpretations of the data that they entertain. So, for example, though W&P give reasons for their choice of countries, those reasons do not always make sense to me; and the implicit assertions made about those countries sometimes seem a bit implausible. Whether or not W&P were justified in their selection of data and their interpretation of that data, the missing data and the alternate interpretations create an amount of reasonable doubt.

Third, I think that W&P overstate their case by using the terms 'economic equality' and 'social equality' interchangeably. The two concepts are not the same. Social equality is a much broader notion.

I might also add that in my personal contact with The Equality Trust Foundation, I felt that the workers there are running that Foundation like a business, which is rather unseemly in light of their message. I was particularly frustrated by a webpage that apparently offered the option to download a file with statistical source information only to discover that I could not download that file there without providing personal information and making a financial 'contribution'. The only alternative was to write a letter and beg for the file. Finally, when I did get the file, it was almost trivial.

Let me state further that when I took an interest in their webpage on economic democracy (<http://tinyurl.com/dy45d9j>) and then submitted an article (not by myself) on the subject as requested, my contribution was not even acknowledged. From that lack of ordinary courtesy, I got the impression that their concern for economic democracy is somewhat insincere.

Nevertheless, despite all of those reservations, I still think that W&P present enough evidence from credible sources (as seen in the almost useless file that they sent me) to understand that a healthy society must adopt the principle of social equality rather than the principle of selfish pleasure. I expect that in future more and better studies along these lines will come to the same conclusion. (Up to now, I have seen one further study on the subject, but - IIRC - it was not very rigorous.)

Yes, David, I know that you do not accept the notion that a "society" can adopt anything - that there is such a thing as a "collective mind". To that, let me say here only that my firm realization is otherwise. Perhaps we may debate this sometime.

My main interest in the research of W&P - and the reason that I referred you to the Equality Trust website - is from the perspective of philosophy (and sociology) rather than economics (although you probably classify all of that as economics as well). ☺ Personally, my interest in W&P's research is more from the angle of neohumanism than PROUT.

***DDF:** It is by the author of a book critiquing their *_Spirit Level_*, and includes a downloadable chapter 10, responding to their responses to critics. I read it, and it's devastating. The conclusion is:*

1. When they claim that massive research in the field generally supports their conclusion, they are lying--there is a lot of research, some supports their conclusion, some fails to support it. The chapter included brief quotes from lots of the latter.

2. Their evidence for their claims is a result of heavy cherry picking. For instance, they include Japan, which has a relatively equal income distribution, high life expectancy, other good outcomes. They do not include Singapore, which has an unequal income distribution, high life expectancy, other good outcomes. Similarly for many other cases.

3. Their response to serious criticism, much of it from people on their side of the political spectrum, is to pretend that all criticism is politically motivated.

If you are seriously interested in the subject, download the chapter from that site, read it, and see if you are still inclined to take them seriously. If, after doing so, you find a re-re-re-rebuttal that convinces you that the criticism is unjustified, by all means let me know.

AAA: David, you might like to watch the RSA debate between W&P and two of their more vocal critics, one of whom is Christopher Snowden (author of "The Spirit Level Delusion"). Several months back, I viewed the entire video (just under 40 minutes). The link is <http://tinyurl.com/bleulcj>.

Personally, I would not go so far as to say that Christopher Snowden's argument is "devastating". Clearly, it is far from that. He seems to be arguing his 'ideology', much as W&P seem to be arguing theirs, you seem to be arguing yours, and - no doubt - I seem to be arguing mine. Perhaps the best question to ask is somewhat similar to what the moderator of the RSA debate (see the above link) encouraged at the end of his introduction to the program: Are we being honest and open-minded?

Capitalism

***AAA:** If you haven't done so yet, David, you might like to consider the findings of Wilkinson and Pickett regarding the correlation of economic inequality with various social ills*

***DDF:** I recently came across another reference to this elsewhere online, and was sufficiently intrigued to follow it up. I first went to their web page and looked at the Kosmos article. It had an inset box with a some factoids about the history of U.S income. I checked two of them, and they were pretty clearly false.*

AAA: *David, I am glad to know that the possibility of there being merit to an egalitarian society might intrigue you. Perhaps there is some hope that you may yet learn something about social justice. 😊*

DDF: *Someone referred me to a critique of their work, and I located the relevant web page:*

<http://spiritleveldelusion.blogspot.com/>

AAA: *Did I speak too soon?*

It seems that you began your research from a critique that coincided with your bias.

DDF: What part of "I first went to their web page" do you have difficulty following?

AAA: *On the other hand, I do think that they have adduced sufficient evidence to demonstrate a tight correlation.*

DDF: I think the chapter I referred to provides pretty convincing evidence that they have done nothing of the sort.

...

AAA: *I might also add that in my personal contact with The Equality Trust Foundation, I felt that the workers there are running that Foundation like a business, which is rather unseemly in light of their message. I was particularly frustrated by a webpage that apparently offered the option to download a file with statistical source information only to discover that I could not download that file there without providing personal information and making a financial 'contribution'. The only alternative was to write a letter and beg for the file. Finally, when I did get the file, it was almost trivial.*

DDF: Interesting, but perhaps not surprising.

...

AAA: *Nevertheless, despite all of those reservations, I still think that W&P present enough evidence from credible sources (as seen in the almost useless file that they sent me) to understand that a healthy society must adopt the principle of social equality rather than the principle of selfish pleasure.*

DDF: But then, you believed that before reading their work, no? My conclusion from the downloaded chapter of criticism is that the credible sources divide between those who think the evidence supports their claim and those who think the evidence does not support their claim.

...

AAA: *David, you might like to watch the RSA debate between W&P and two of their more vocal critics, one of whom is Christopher Snowden (author of "The Spirit Level Delusion"). Several months back, I viewed the entire video (just under 40 minutes). The link is <http://tinyurl.com/bleulcj>.*

DDF: Thanks.

AAA: *Personally, I would not go so far as to say that Christopher Snowden's argument is "devastating". Clearly, it is far from that. He seems to be arguing his 'ideology', much as W&P seem to be arguing theirs, you seem to be arguing yours, and - no doubt - I seem to be arguing mine. Perhaps the best question to ask is*

somewhat similar to what the moderator of the RSA debate (see the above link) encouraged at the end of his introduction to the program: Are we being honest and open-minded?

DDF: Again, I suggest reading the Snowden chapter and seeing if you find it convincing.

PROUT

AAA: *If you haven't done so yet, David, you might like to consider the findings of Wilkinson and Pickett regarding the correlation of economic inequality with various social ills*

DDF: *I recently came across another reference to this elsewhere online, and was sufficiently intrigued to follow it up. I first went to their web page and looked at the Kosmos article. It had an inset box with a some factoids about the history of U.S income. I checked two of them, and they were pretty clearly false.*

AAA: *David, I am glad to know that the possibility of there being merit to an egalitarian society might intrigue you. Perhaps there is some hope that you may yet learn something about social justice. ☺*

DDF: *Someone referred me to a critique of their work, and I located the relevant web page:*

<http://spiritleveldelusion.blogspot.com/>

AAA: *Did I speak too soon?*

It seems that you began your research from a critique that coincided with your bias.

DDF: *What part of "I first went to their web page" do you have difficulty following?*

AAA: David, you said that you went to their website and looked at an article from Kosmos magazine - an article that is presented as a downloadable PDF.

You didn't say that you actually read anything - or anything much - on their website. You didn't even say that you read the article from Kosmos. What you said is that the article "had an inset box with some factoids about the history of U.S. income". You then said that you "checked two of [the factoids], and they were pretty clearly false".

First, the title of that inset box in the Kosmos article is "Some Facts About Inequality in the United States". In other words, the factoids are not only about history.

Second, and much more important, the 'facts' in that box appear to be attributed to David DeGraw and not to Wilkinson or Pickett. So it is quite likely that this inset box was inserted by the editors of Kosmos magazine - managing the layout of their pages - and not from the authors of the article on which page the box appears. (A footnote to the W&P article states that the article was first published elsewhere, but a quick search of the Web did not reveal the earlier article. So I cannot confirm or deny whether this inset box also appears in the earlier publication of the article. Most likely, however, it did not.)

So what I deduce from your words, David, is that you made a very shallow investigation. It seems likely that, from the outset, your mind was closed. Hence, you very quickly searched for a critique that would justify your rejection of egalitarianism.

AAA: *On the other hand, I do think that they have adduced sufficient evidence to demonstrate a tight correlation.*

DDF: *I think the chapter I referred to provides pretty convincing evidence that they have done nothing of the sort.*

AAA: That chapter will convince those whose minds are already made up against W&P's findings. I think you will find many people who are not at all convinced by that chapter.

As far as I am concerned, a lot of what is said there requires more context to evaluate. But some of it is so petty that I am not at all interested to seek the context. Take for example:

9. Why did Kate make a video called 'Why Cubans live longer than Americans?' when all the sources show that life expectancy in Cuba is lower than in the USA?

Wilkinson & Pickett: Kate was not consulted about the title for this online clip from a short interview. What she actually said was...

It is difficult to believe that Pickett would have no say about the title of a video she presented, or would have no power to rename or withdraw the video once it was given a misleading title...

~~~~~

As someone who has had a lot of experience with interviews and editors, it seems to me that Mr. Snowdon is in a dreamworld. I generally consider it a great blessing if an editor does nothing worse than give a title that slightly misrepresents my position. ☺

Anyway, David, I never asked you to \*believe\* everything that W&P said. I only asked you to \*consider\* what they said. Unfortunately, it seems that you still have not done that.

Look, David, it should be clear from my previous response to you that I myself do not believe everything that W&P said. I merely see a lot of evidence for their position, some parts of it stronger than others.

**DDF:** ...

**AAA:** *I might also add that in my personal contact with The Equality Trust Foundation, I felt that the workers there are running that Foundation like a business, which is rather unseemly in light of their message. I was particularly frustrated by a webpage that apparently offered the option to download a file with statistical source information only to discover that I could not download that file there without providing personal information and making a financial 'contribution'. The only alternative was to write a letter and beg for the file. Finally, when I did get the file, it was almost trivial.*

**DDF:** *Interesting, but perhaps not surprising.*

**AAA:** I have had a lot of experience with NGOs doing service work. My experience with The Equality Trust was disappointing but not surprising.

**DDF:** ...

**AAA:** *Nevertheless, despite all of those reservations, I still think that W&P present enough evidence from credible sources (as seen in the almost useless file that they sent me) to understand that a healthy society must*

*adopt the principle of social equality rather than the principle of selfish pleasure.*

**DDF:** *But then, you believed that before reading their work, no?*

**AAA:** Like you, David, I had a predisposition. In my case, I was predisposed to believe what W&P had to say. A similar assertion, only much broader, was made by the the propounder of neohumanism and PROUT twenty years earlier, and my personal experience tends to substantiate that position.

**DDF:** *My conclusion from the downloaded chapter of criticism is that the credible sources divide between those who think the evidence supports their claim and those who think the evidence does not support their claim.*

**AAA:** So, David, does this mean that you think that there's a 50-50 chance that W&P are correct? And if that really is your conclusion, then does it not make more sense to describe Mr. Snowden's book as 'damaging' to the thesis of W&P rather than 'devastating' to it (as you have done)?

**DDF:** ...

**AAA:** *David, you might like to watch the RSA debate between W&P and two of their more vocal critics, one of whom is Christopher Snowden (author of "The Spirit Level Delusion"). Several months back, I viewed the entire video (just under 40 minutes). The link is <http://tinyurl.com/bleulcj>.*

**DDF:** Thanks.

**AAA:** I thought it was an interesting debate. As I recall, I did not think that anyone put on a very good show or that anyone was a clear victor.

**AAA:** *Personally, I would not go so far as to say that Christopher Snowden's argument is "devastating". Clearly, it is far from that. He seems to be arguing his 'ideology', much as W&P seem to be arguing theirs, you seem to be arguing yours, and - no doubt - I seem to be arguing mine. Perhaps the best question to ask is somewhat similar to what the moderator of the RSA debate (see the above link) encouraged at the end of his introduction to the program: Are we being honest and open-minded?*

**DDF:** *Again, I suggest reading the Snowden chapter and seeing if you find it convincing.*

**AAA:** Again, to my eyes, some parts of what W&P say are more convincing than other parts. Mr. Snowden focuses on defects, and his arguments are sometimes unbalanced and lacking in context. I was not convinced by W&P, and I am not convinced by Snowden. I think that the truth is more subtle.

As I said earlier, social equality is not the same thing as economic equality. Furthermore, societies - like individuals - differ considerably in their notions of virtue and vice. Accordingly, different societies are bound to have different tolerance levels for income inequality. In addition, a myriad of factors could influence the various social issues that W&P correlated with income inequality. Frankly, I was a bit surprised to see the amount of correlation that W&P managed to demonstrate. Perhaps some of their data was contrived, but certainly not all of it was contrived. So I think that W&P still manage to make a compelling argument.

2011 November 24

## Capitalism

**AAA:** *It seems that you began your research from a critique that coincided with your bias.*

**DDF:** *What part of "I first went to their web page" do you have difficulty following?*

**AAA:** *David, you said that you went to their website and looked at an article from Kosmos magazine - an article that is presented as a downloadable PDF.*

**DDF:** The article was by them, in defense of their position, on their web site. How does that qualify as "began your research from a critique that coincided with your bias?"

**AAA:** *You didn't say that you actually read anything - or anything much - on their website. You didn't even say that you read the article from Kosmos. What you said is that the article "had an inset box with some factoids about the history of U.S. income". You then said that you "checked two of [the factoids], and they were pretty clearly false".*

*First, the title of that inset box in the Kosmos article is "Some Facts About Inequality in the United States". In other words, the factoids are not only about history.*

**DDF:** Read them. Claims about how income or the income distribution have changed over time are claims about the history of U.S. income.

**AAA:** *Second, and much more important, the 'facts' in that box appear to be attributed to David DeGraw and not to Wilkinson or Pickett. So it is quite likely that this inset box was inserted by the editors of Kosmos magazine - managing the layout of their pages - and not from the authors of the article on which page the box appears.*

**DDF:** Possible. But if it's on their article, the first guess is that they are responsible for it.

...

**AAA:** *So what I deduce from your words, David, is that you made a very shallow investigation. It seems likely that, from the outset, your mind was closed. Hence, you very quickly searched for a critique that would justify your rejection of egalitarianism.*

**DDF:** What I deduce from your post is that you are reluctant to admit error. Whether my search was shallow or not, there is no way that going to their web site and looking at an article by them fits what you wrote--and you know it.

I gather you have not yet read the chapter critiquing them that I pointed you at.

**AAA:** *On the other hand, I do think that they have adduced sufficient evidence to demonstrate a tight correlation.*

**DDF:** *I think the chapter I referred to provides pretty convincing evidence that they have done nothing of the sort.*

**AAA:** *That chapter will convince those whose minds are already made up against W&P's findings. I think you will find many people who are not at all convinced by that chapter.*

**DDF:** I'm sure you will. Many people have closed minds.

...

***DDF:** My conclusion from the downloaded chapter of criticism is that the credible sources divide between those who think the evidence supports their claim and those who think the evidence does not support their claim.*

***AAA:** So, David, does this mean that you think that there's a 50-50 chance that W&P are correct?*

**DDF:** I don't have enough information to estimate the probability. Pretty clearly Snowdon thinks it's an open question--and says so. I think the probability that the evidence for their thesis is anything like as strong as they claim is very low, but that doesn't mean that the thesis is entirely wrong.

***AAA:** And if that really is your conclusion, then does it not make more sense to describe Mr. Snowdon's book as 'damaging' to the thesis of W&P rather than 'devastating' to it (as you have done)?*

**DDF:** I said that it's devastating. I didn't say that it is devastating to the thesis of W&P, as you can easily see by reading my post--that's your addition. Hence I have not done what you just alleged I have done.

The conclusion I attributed to Snowdon was not that their thesis was false but that their claimed support for their thesis was. Demonstrating that the authors are either deliberate liars or, less probably, incompetent is devastating, whether or not the thesis they are supporting is true.

...

***AAA:** Again, to my eyes, some parts of what W&P say are more convincing than other parts. Mr. Snowdon focuses on defects, and his arguments are sometimes unbalanced and lacking in context. I was not convinced by W&P, and I am not convinced by Snowdon. I think that the truth is more subtle.*

**DDF:** The one example you gave was the title of a video, but, if I remember the chapter correctly, the title corresponded to what she said in the video, hence Snowdon's critique--that her claim was based on a population projection and was inconsistent with the available population evidence--is legitimate whether or not she controlled the title.

Do you have any other examples of "unbalanced" arguments?

...

## **Capitalism**

***DDF:** I gather you have not yet read the chapter critiquing them that I pointed you at.*

**DDF:** My error--later in your post you implied that you had.

## **PROUT**

***DDF:** I gather you have not yet read the chapter critiquing them that I pointed you at.*

***DDF:** My error--later in your post you implied that you had.*

**AAA:** No problem, David.

## **PROUT**

**AAA:** *It seems that you began your research from a critique that coincided with your bias.*

**DDF:** *What part of "I first went to their web page" do you have difficulty following?*

**AAA:** *David, you said that you went to their website and looked at an article from Kosmos magazine - an article that is presented as a downloadable PDF.*

**DDF:** *The article was by them, in defense of their position, on their web site. How does that qualify as "began your research from a critique that coincided with your bias?"*

**AAA:** David, you did not say whether you read the article. You only mentioned the inset box. I am not even sure how you managed to find that article first. After reading your post, I had to hunt for it for almost 3 minutes before I found it. ☺

**AAA:** *You didn't say that you actually read anything - or anything much - on their website. You didn't even say that you read the article from Kosmos. What you said is that the article "had an inset box with some factoids about the history of U.S. income". You then said that you "checked two of [the factoids], and they were pretty clearly false".*

*First, the title of that inset box in the Kosmos article is "Some Facts About Inequality in the United States". In other words, the factoids are not only about history.*

**DDF:** *Read them. Claims about how income or the income distribution have changed over time are claims about the history of U.S. income.*

**AAA:** Come on, David, give me a little credit here. Surely you don't think that I would say "the factoids are not only about history" if I had not read them and found at least one that was not about history. ☺ Indeed, the first two are not about history. They are about the current status.

---

The US has the highest inequality rate in the industrialized world.

The top 1% now owns over 70% of all financial assets.

~~~~~

AAA: *Second, and much more important, the 'facts' in that box appear to be attributed to David DeGraw and not to Wilkinson or Pickett. So it is quite likely that this inset box was inserted by the editors of Kosmos magazine - managing the layout of their pages - and not from the authors of the article on which page the box appears.*

DDF: *Possible. But if it's on their article, the first guess is that they are responsible for it.*

AAA: Then what sort of odds would you give me if we were to make a bet? And why are we guessing?

David, you implied that you were first disappointed by something that W&P had written. But, in this case, you are not even sure that they wrote the points that you found lacking. Surely, David, you can see how poor scholarship this is. If one of your students submitted a paper to you based on research like you did, you would probably fail them on that paper. I know that I would.

DDF: ...

AAA: *So what I deduce from your words, David, is that you made a very shallow investigation. It seems likely that, from the outset, your mind was closed. Hence, you very quickly searched for a critique that would justify your rejection of egalitarianism.*

DDF: *What I deduce from your post is that you are reluctant to admit error. Whether my search was shallow or not, there is no way that going to their web site and looking at an article by them fits what you wrote--and you know it.*

AAA: That is a vague allegation. I am not sure if you are talking about me or about you. Probably you, because you seem to prefer that topic. 😊

Anyway, David, if any of my words have insulted you, I apologize. Like I indicated after my story about the dudhwala who kept lowering his prices, let's not let the milk get so watered down that it loses its color.

DDF: *I gather you have not yet read the chapter critiquing them that I pointed you at.*

AAA: I wish I hadn't. 😊

AAA: *On the other hand, I do think that they have adduced sufficient evidence to demonstrate a tight correlation.*

DDF: *I think the chapter I referred to provides pretty convincing evidence that they have done nothing of the sort.*

AAA: *That chapter will convince those whose minds are already made up against W&P's findings. I think you will find many people who are not at all convinced by that chapter.*

DDF: *I'm sure you will. Many people have closed minds.*

AAA: My point was - and is - that minds are closed on both sides of the spectrum. Dogma is a mental prison that human beings must learn to reject. The utter rejection of dogma is one of the attractions of Shrii Sarkar's neohumanism.

DDF: ...

DDF: *My conclusion from the downloaded chapter of criticism is that the credible sources divide between those who think the evidence supports their claim and those who think the evidence does not support their claim.*

AAA: *So, David, does this mean that you think that there's a 50-50 chance that W&P are correct?*

DDF: I don't have enough information to estimate the probability. Pretty clearly Snowdon thinks it's an open question--and says so. I think the probability that the evidence for their thesis is anything like as strong as they claim is very low, but that doesn't mean that the thesis is entirely wrong.

AAA: Great. Then I think we are in agreement. I feel the same.

AAA: And if that really is your conclusion, then does it not make more sense to describe Mr. Snowdon's book as 'damaging' to the thesis of W&P rather than 'devastating' to it (as you have done)?

DDF: I said that it's devastating. I didn't say that it is devastating to the thesis of W&P, as you can easily see by reading my post--that's your addition. Hence I have not done what you just alleged I have done.

AAA: I understand now. When you read Mr. Snowdon's chapter, you were devastated to learn that W&P might not have been 100% correct. ☺

DDF: The conclusion I attributed to Snowdon was not that their thesis was false but that their claimed support for their thesis was. Demonstrating that the authors are either deliberate liars or, less probably, incompetent is devastating, whether or not the thesis they are supporting is true.

AAA: Now that's interesting, David. Do you really think that it is more likely that W&P are deliberate liars than that they are incompetent? If they were a bit creative with their statistics - presumably because they believe their thesis and sought to prove it - would that make them deliberate liars in your eyes? Might there not be a third possibility - somewhere between incompetence and deceit? Carelessness? Fanaticism?

And this reminds me of your assertions about rationality. If I understand correctly, from your economic perspective, whether W&P are acting out of incompetence or the desire to deceive, they are still acting rationally - pursuing the most desirable option for themselves. If that be so, then it does not bode well for science. ☺

DDF: ...

AAA: Again, to my eyes, some parts of what W&P say are more convincing than other parts. Mr. Snowdon focuses on defects, and his arguments are sometimes unbalanced and lacking in context. I was not convinced by W&P, and I am not convinced by Snowdon. I think that the truth is more subtle.

DDF: The one example you gave was the title of a video, but, if I remember the chapter correctly, the title corresponded to what she said in the video, hence Snowdon's critique--that her claim was based on a population projection and was inconsistent with the available population evidence--is legitimate whether or not she controlled the title.

AAA: Mr. Snowdon goes on to say something to that effect. But my sense was that his argument started out petty and ended petty.

DDF: Do you have any other examples of "unbalanced" arguments?

...

AAA: When you look at the video to which I gave you the link, you will see that Mr. Snowdon is the first to speak after the moderator. The first thing Mr. Snowdon says is "I am not

[something or other]", as if anyone really cares. Then he shows a graph that W&P offer, and his first comment on it is that the graph levels off at the top because the top is 100%. No one laughed, and the argument seemed quite shallow. All in all, in the video, my impression was that Mr. Snowden churned out a lot of verbiage, but he could have made his points more effectively and in a third of the time.

But, anyway, I do not want to defend W&P fully. I also think that their claims are inflated and their data distorted. I think that if we want solid proof of the benefits of greater parity of wealth, then we will have to wait a bit longer. But I also think that the work of W&P sheds light on the concept of a 'just distribution of wealth' (something that we discussed), and I think that W&P give an indication of some benefits that are likely to accrue from greater parity (if not entirely be caused by that). That is why I suggested that you consider their work.

Capitalism

AAA: I understand now. When you read Mr. Snowden's chapter, you were devastated to learn that W&P might not have been 100% correct. ☺

DDF: No. I was intrigued to see a detailed description of how people with few scruples commit fairly successful academic fraud for political purposes. The devastation was of the authors and their work, not of either me or their thesis.

DDF: The conclusion I attributed to Snowden was not that their thesis was false but that their claimed support for their thesis was. Demonstrating that the authors are either deliberate liars or, less probably, incompetent is devastating, whether or not the thesis they are supporting is true.

AAA: Now that's interesting, David. Do you really think that it is more likely that W&P are deliberate liars than that they are incompetent?

DDF: Yes. Not certain.

AAA: If they were a bit creative with their statistics - presumably because they believe their thesis and sought to prove it - would that make them deliberate liars in your eyes?

DDF: How about implying that a prominent scholar's work supported their position, when it didn't? Responding to the (correct) point that they hadn't controlled for race in statistical work where doing so eliminated their result by accusing the person who made the point of being a racist? Claiming that almost all of the research in the field supports their position when about half of it doesn't?

Whether the creative statistics were lying depends on how good they were at convincing themselves of the various special reasons that were supposed to justify leaving out countries that provided evidence against their position, but I think there is enough other dishonesty described to make lying the more plausible explanation.

AAA: Might there not be a third possibility - somewhere between incompetence and deceit? Carelessness? Fanaticism?

DDF: Fanaticism, but one of its results is to convince fanatics that lying is justified.

AAA: And this reminds me of your assertions about rationality. If I understand correctly, from your economic perspective, whether W&P are acting out of

incompetence or the desire to deceive, they are still acting rationally - pursuing the most desirable option for themselves. If that be so, then it does not bode well for science. 😊

DDF: More precisely, my view is that the assumption of rationality is the best available way of understanding and predicting the behavior of other people, especially strangers. Not that it does so perfectly.

In this case, I think it likely that their behavior was rational. It achieved two objectives:

1. Provided large personal benefits, in prestige and almost certainly money, for the authors.
2. Promoted political views that they believed in. They don't have to believe in their own story to be in favor of more equality.

...

***DDF:** The one example you gave was the title of a video, but, if I remember the chapter correctly, the title corresponded to what she said in the video, hence Snowden's critique--that her claim was based on a population projection and was inconsistent with the available population evidence--is legitimate whether or not she controlled the title.*

***AAA:** Mr. Snowden goes on to say something to that effect. But my sense was that his argument started out petty and ended petty.*

DDF: Checking his web page--I don't think that discussion is in the chapter--he points out that the source of life expectancy data they use in the book shows Cuba's life expectancy to be less than that of the U.S, and that in order to reverse that result she had to switch to using a projection of future life expectancies from a different source instead.

...

***AAA:** But I also think that the work of W&P sheds light on the concept of a 'just distribution of wealth'*

DDF: If the work is correct, it says something about the desirability of a more equal distribution, but how does that tell us what is just?

PROUT

***AAA:** I understand now. When you read Mr. Snowden's chapter, you were devastated to learn that W&P might not have been 100% correct. 😊*

***DDF:** No. I was intrigued to see a detailed description of how people with few scruples commit fairly successful academic fraud for political purposes. The devastation was of the authors and their work, not of either me or their thesis.*

AAA: David, I was just joking. Anyway, I am glad to see that you remain open to the thesis. But here arises another question regarding your concept of rationality. Below, you tell what W&P might have gotten out of "lying", but here you describe what they lost from it. Do you not factor cost into your concept of 'rational' profit? (That is a somewhat serious question, harking back to one that you asked me in our earlier discussion about maximum utilization of resources.)

Moreover, and all humor aside, David, there still seems to be a contradiction arising from your above remarks. Earlier you recognized the possibility of 'incompetence' on the part of

W&P. You merely stated that you consider 'deliberate lying' to be more likely. But above you describe W&P as "people with few scruples [committing] fairly successful academic fraud for political purposes". This sounds to me like you have effectively dismissed the 'incompetence' defense, come to a conclusion about W&P's overall moral character, convicted W&P of 'deliberate lying', and even identified W&P's mental motivation for committing a major ethical and intellectual transgression.

Personally, whether or not I think that your position is likely, I do not think that it is 100% certain (and you seem to endorse that below). Rather, I think that there may yet be reasonable doubt about the accusations you made. So here, in the spirit of social justice, my question is what should be the burden of proof required for convicting someone of "academic fraud"?

Personally, I would not go so far as you have. Social justice demands a presumption of innocence rather than guilt. The eminent legal authorities that I have studied all seem to agree with Blackstone's formulation, "better that ten guilty persons escape than that one innocent suffer".

This principle of justice traces back into antiquity. It may even be found in the Old Testament and the later commentaries on it by Maimonides.

This principle of justice not only impacts the way in which we should judge the accused but also the way in which we should 'punish' the convicted. If we apply that principle, then prisons must be conceived of as "correctional" and not "punitive" institutions. Prisons must not be places of immense suffering. Why should white-collar convicts be granted preferential treatment? To be fair, should not most, if not all, blue-collar offenders also get interned in a Club Fed?

Consider a hungry, unemployed person. Why compel her/him to commit theft to put food in her/his mouth and in the mouths of her/his children? Why not just offer them all an application form for entry into a comfortable prison and thereby spare everyone the commission of a needless crime? (Okay... admittedly... I have slipped back into a little humor - humor with a very serious edge to it.)

DDF: The conclusion I attributed to Snowden was not that their thesis was false but that their claimed support for their thesis was. Demonstrating that the authors are either deliberate liars or, less probably, incompetent is devastating, whether or not the thesis they are supporting is true.

AAA: Now that's interesting, David. Do you really think that it is more likely that W&P are deliberate liars than that they are incompetent?

DDF: Yes. Not certain.

AAA: You sounded pretty certain above. But, anyway, I was just confirming your position on the odds, which might well be right. I had not contemplated this question about W&P - liar or incompetent - earlier.

AAA: If they were a bit creative with their statistics - presumably because they believe their thesis and sought to prove it - would that make them deliberate liars in your eyes?

DDF: How about implying that a prominent scholar's work supported their position, when it didn't? Responding to the (correct) point that they hadn't controlled for race in statistical work where doing so eliminated their result by accusing the person who made the point of being a racist? Claiming that almost all of the research in the field supports their position when about half of it doesn't?

AAA: That sounds like there might be a strong case for the "deliberate lying" accusation. But you yourself say that the case is "not certain". Which standard of proof are you applying? Presumably, the evidence does not cross the threshold of 'beyond reasonable doubt'. Does it reach the level of 'clear and convincing evidence'? Or is it just a 'preponderance of evidence', the 'balance of probabilities'? Ultimately, my question is: What is the appropriate standard of proof in the academic world? (That question might have a different answer if we distinguish students from teachers, as presumably we must, giving weight to inexperience and the doctrine of 'in loco parentis'.)

DDF: Whether the creative statistics were lying depends on how good they were at convincing themselves of the various special reasons that were supposed to justify leaving out countries that provided evidence against their position, but I think there is enough other dishonesty described to make lying the more plausible explanation.

AAA: If the facts be correct, then I think that you are probably right here - that lying would be the more plausible explanation. But still I wonder whether that plausibility crosses the appropriate threshold of proof (whatever that may or should be).

AAA: Might there not be a third possibility - somewhere between incompetence and deceit? Carelessness? Fanaticism?

DDF: Fanaticism, but one of its results is to convince fanatics that lying is justified.

AAA: Or to blind them to the distinction between fact and fiction.

AAA: And this reminds me of your assertions about rationality. If I understand correctly, from your economic perspective, whether W&P are acting out of incompetence or the desire to deceive, they are still acting rationally - pursuing the most desirable option for themselves. If that be so, then it does not bode well for science. 😊

DDF: More precisely, my view is that the assumption of rationality is the best available way of understanding and predicting the behavior of other people, especially strangers. Not that it does so perfectly.

AAA: In law, I believe that what you are calling 'rationality' is more frequently - and, I believe, more accurately - described as motive.

DDF: In this case, I think it likely that their behavior was rational. It achieved two objectives:

- 1. Provided large personal benefits, in prestige and almost certainly money, for the authors.*
- 2. Promoted political views that they believed in. They don't have to believe in their own story to be in favor of more equality.*

AAA: But at what cost? As asked at the very beginning of my reply, does your concept of 'rationality' not factor in the cost? (Presumably, you will say that it does; but that is not obvious from your analysis above.)

David, personally, I find your use of the word 'rationality' to be somewhat disturbing. From a philosophical perspective - and perhaps from an antropological perspective as well - rationality is a defining feature of human beings. However, the way you use the term, it becomes the equivalent of a rat's learning the route to a piece of cheese in a maze.

In my philosophy, neohumanism, the concept of rationality is highly refined. Rationality is a two-stage process applied on the foundation of requisite study. In the first stage, rationality demands an analysis of the pros and cons (benefits and costs, if you like) for any course of action. In the second stage, rationality demands a decision based on two factors: practicality and the collective welfare. A course of action that meets those two requirements is termed as a 'blissful auxiliary'. So, for example, if a course of action would be practical but not benevolent, it would be a 'non-blissful auxiliary'. If a course of action would be benevolent but impractical, it would be a 'blissful non-auxiliary'. And if a course of action would not be benevolent and is also impractical, it would be a 'non-blissful non-auxiliary'.

These categories might shift over time. For example, a course of action might be impractical today but practical tomorrow. In that case, the rational rejection of a blissful non-auxiliary might only be temporary. However, the important point is that, from a neohumanistic perspective, only decisions in favor of blissful auxiliaries are classified as 'rational'. (Decisions opposing the other options are also blissful auxiliaries.)

Clearly, the decision-making process that you describe in respect to W&P does not meet the definition of rationality, according to neohumanism. So we have a philosophical difference here.

DDF: ...

DDF: The one example you gave was the title of a video, but, if I remember the chapter correctly, the title corresponded to what she said in the video, hence Snowdon's critique--that her claim was based on a population projection and was inconsistent with the available population evidence--is legitimate whether or not she controlled the title.

AAA: That is one of Mr. Snowdon's arguments. However, W&P do not seem to view the situation in the same light. Personally, I have not seen Kate Pickett's video. Hence, without grasping the full context of Ms. Pickett's remarks, I am reluctant to comment.

AAA: Mr. Snowdon goes on to say something to that effect. But my sense was that his argument started out petty and ended petty.

DDF: Checking his web page--I don't think that discussion is in the chapter--he points out that the source of life expectancy data they use in the book shows Cuba's life expectancy to be less than that of the U.S, and that in order to reverse that result she had to switch to using a projection of future life expectancies from a different source instead.

AAA: Okay.

DDF: ...

AAA: *But I also think that the work of W&P sheds light on the concept of a 'just distribution of wealth'*

DDF: *If the work is correct, it says something about the desirability of a more equal distribution, but how does that tell us what is just?*

AAA: On which level are you asking that question, David? Is it from a personal perspective, a social perspective, or an absolute (perhaps Biblical) perspective?

Justice is about fairness and impartiality - about getting a reasonable return on investment (to use economic terminology in a very broad sense). When it comes to the distribution of physical/material wealth, due to the inelasticity of that wealth, multiple persons are always directly or indirectly affected. (The same is the case with more elastic wealth, like intellectual property, but the argument is more subtle. So let's not go there for now. It is not our main topic of discussion here.)

When multiple people are affected by the distribution of wealth, the determination of what is a 'reasonable return on investment' must be made by and for the collectivity and not just by and for one individual. The assumption here - probably 'rational' even by your own definition of rationality - is that a smaller gap in the distribution of wealth is likely to be perceived by most people as more equitable than a larger gap.

David, have you never felt that someone received a privilege or an amenity that you were unjustly denied? If so, can you not conceive how such a feeling could lead to social unrest and hence crime? In terms of epidemiology (the perspective of W&P), I don't think that the statistics that W&P offer to show a correlation between economic inequality and crime are surprising. The statistics may be fudged, but they are not surprising. Rather, it would be surprising if the statistics pointed in another direction.

Capitalism

AAA: *David, I was just joking. Anyway, I am glad to see that you remain open to the thesis. But here arises another question regarding your concept of rationality. Below, you tell what W&P might have gotten out of "lying", but here you describe what they lost from it. Do you not factor cost into your concept of 'rational' profit?*

DDF: Of course.

But my guess is that the gain was much larger than the loss, so on net a gain for them, in both the forms I described.

...

AAA: *Moreover, and all humor aside, David, there still seems to be a contradiction arising from your above remarks. Earlier you recognized the possibility of 'incompetence' on the part of W&P. You merely stated that you consider 'deliberate lying' to be more likely. But above you describe W&P as "people with few scruples [committing] fairly successful academic fraud for political purposes". This sounds to me like you have effectively dismissed the 'incompetence' defense, come to a conclusion about W&P's overall moral character, convicted W&P of 'deliberate lying', and even identified W&P's mental motivation for committing a major ethical and intellectual transgression.*

DDF: I was responding to your question about their rationality by describing what I think the most likely explanation of their behavior was.

AAA: Personally, whether or not I think that your position is likely, I do not think that it is 100% certain (and you seem to endorse that below).

DDF: I agree.

AAA: Rather, I think that there may yet be reasonable doubt about the accusations you made. So here, in the spirit of social justice, my question is what should be the burden of proof required for convicting someone of "academic fraud"?

DDF: Depends on what "conviction" means. To fire a tenured professor, you need very strong evidence. To convince an observer with power only over his own actions--my case--a preponderance of the evidence is usually sufficient. In some other contexts, it doesn't even take that.

Suppose I was part of a search committee looking for a new hire for my university. There are ten people on the market, all with roughly similar qualifications, except that for one I have a .3 probability that he committed serious academic fraud in his most recent book. That's easily enough reason to drop him from the list.

AAA: Personally, I would not go so far as you have. Social justice demands a presumption of innocence rather than guilt. The eminent legal authorities that I have studied all seem to agree with Blackstone's formulation, "better that ten guilty persons escape than that one innocent suffer".

DDF: That's for criminal conviction. It's not the rule for tort conviction, and it certainly isn't the rule one follows in forming opinions about other people.

...

DDF: More precisely, my view is that the assumption of rationality is the best available way of understanding and predicting the behavior of other people, especially strangers. Not that it does so perfectly.

AAA: In law, I believe that what you are calling 'rationality' is more frequently - and, I believe, more accurately - described as motive.

DDF: No. The rationality assumption is that actors will tend to choose the correct action, the one that best achieves their objective. That's stronger than saying that people will only do something if they have some reason to do it.

...

AAA: David, personally, I find your use of the word 'rationality' to be somewhat disturbing. From a philosophical perspective - and perhaps from an antropological perspective as well - rationality is a defining feature of human beings. However, the way you use the term, it becomes the equivalent of a rat's learning the route to a piece of cheese in a maze.

DDF: More precisely, "rationality" in economics is a description of what people will do, not how they will figure out how to do it. It could be trial and error, it could be logical reasoning, it could even be genetic hardwiring.

And I don't limit it to human beings, although that's the usual application. The same assumption is useful applied to genes, among other things.

...

...

AAA: *David, have you never felt that someone received a privilege or an amenity that you were unjustly denied?*

DDF: I can't think of any examples.

AAA: *If so, can you not conceive how such a feeling could lead to social unrest and hence crime? In terms of epidemiology (the perspective of W&P), I don't think that the statistics that W&P offer to show a correlation between economic inequality and crime are surprising. The statistics may be fudged, but they are not surprising. Rather, it would be surprising if the statistics pointed in another direction.*

DDF: Judging by comments on Snowden's page, they do point in the opposite direction--I don't know if he is correct.

"6. Why do you not include the crime rate in your index of health and social problems? Is it because the crime rate tends to be higher in 'more equal' countries?"

Also, of course, while it's only a small bit of evidence, crime rates in the U.S. have fallen in recent decades, inequality increased.

PROUT

AAA: *David, I was just joking. Anyway, I am glad to see that you remain open to the thesis. But here arises another question regarding your concept of rationality. Below, you tell what W&P might have gotten out of "lying", but here you describe what they lost from it. Do you not factor cost into your concept of 'rational' profit?*

DDF: *Of course.*

But my guess is that the gain was much larger than the loss, so on net a gain for them, in both the forms I described.

AAA: David, at this point I could easily pass a remark about you possibly not having thought this through. But far be it from me to do so. ☺ What I will say is that I don't think you can precisely measure - or even define - W&P's "net gain". Hence, you are left with mere guesswork.

On what basis do you *guess* that the gain for W&P was "much larger than the loss"? Obviously, a purely monetary standard of measurement would not work. So how do you balance the monetary and the non-monetary factors? One Jewish proverb says: "There are three crowns: bible, priesthood, royalty. But the crown of a good name surpasses them all." Though W&P have become more popular, their good names might also have been besmirched. Being labeled a 'deliberate liar' is not the sort of reputation a person would typically seek.

It appears to me that some of your arguments rely on the logical fallacy of affirming the consequent. In this case, your argument seems to run like this. (1) W&P accrued fame and fortune from their book. (2) A conscious or even unconscious decision to write their book

would have resulted in their accruing fame and fortune. (3) Therefore, they made such a decision (weighing up profit and loss) and hence acted 'rationally'. But though the first two points are apparently correct, the third point is not necessarily valid.

W&P's decision to collaborate on this research and this book preceded the book's popularity, the resultant income from the book, and any prestige or loss of prestige as well. For all they knew when they actually wrote the book (and fudged any data, should that be the case), the book might not have become popular, at least not to the extent that it did. Hence, they could not know what you are now alleging as proof of 'rationality' - "that the net gain [would be] much larger than the loss" (assuming that this indeed is even the case). The consequences might well have turned out otherwise, and neither you nor I really know what was in their minds when they decided to write the book.

DDF: ...

AAA: *Moreover, and all humor aside, David, there still seems to be a contradiction arising from your above remarks. Earlier you recognized the possibility of 'incompetence' on the part of W&P. You merely stated that you consider 'deliberate lying' to be more likely. But above you describe W&P as "people with few scruples [committing] fairly successful academic fraud for political purposes". This sounds to me like you have effectively dismissed the 'incompetence' defense, come to a conclusion about W&P's overall moral character, convicted W&P of 'deliberate lying', and even identified W&P's mental motivation for committing a major ethical and intellectual transgression.*

DDF: *I was responding to your question about their rationality by describing what I think the most likely explanation of their behavior was.*

AAA: Okay, but when do you think that the "deliberate lying" began?

Perhaps, their 'incompetence' (the alternative offered by you) led them to make what they considered to be legitimate 'adjustments' to data or graphs. Later, others pointed out that their 'adjustments' were not legitimate. Let's say that at that stage - under threat of loss of prestige - they started to engage in "deliberate lying". Perhaps some might consider that to be a more likely description of what has occurred. Many times people engage in deliberate falsehood to avoid admission of a mistake. And, thereafter, in the words of Walter Scott: "Oh what a tangled web we weave, When first we practise to deceive!"

AAA: *Personally, whether or not I think that your position is likely, I do not think that it is 100% certain (and you seem to endorse that below).*

DDF: *I agree.*

AAA: *Rather, I think that there may yet be reasonable doubt about the accusations you made. So here, in the spirit of social justice, my question is what should be the burden of proof required for convicting someone of "academic fraud"?*

DDF: *Depends on what "conviction" means. To fire a tenured professor, you need very strong evidence. To convince an observer with power only over his own actions--my case--a preponderance of the evidence is usually sufficient. In some other contexts, it doesn't even take that.*

AAA: Okay. I tend to agree.

***DDF:** Suppose I was part of a search committee looking for a new hire for my university. There are ten people on the market, all with roughly similar qualifications, except that for one I have a .3 probability that he committed serious academic fraud in his most recent book. That's easily enough reason to drop him from the list.*

AAA: Perhaps so... under the exact circumstances that you describe.

***AAA:** Personally, I would not go so far as you have. Social justice demands a presumption of innocence rather than guilt. The eminent legal authorities that I have studied all seem to agree with Blackstone's formulation, "better that ten guilty persons escape than that one innocent suffer".*

***DDF:** That's for criminal conviction. It's not the rule for tort conviction, and it certainly isn't the rule one follows in forming opinions about other people.*

AAA: Yes, Blackstone's formulation is more commonly referenced in respect to criminal law. But, no, the broader concept - the presumption of innocence rather than guilt that is a sine qua non for legal justice - applies across the board, to both criminal and civil cases alike.

Even under civil law (in the USA), the initial burden of proof falls on the plaintiff. To recover damages, the plaintiff must prove the elements of her/his claim to the satisfaction of the judge or jury (whichever is the trier of fact). So, for example, in a tort case, the plaintiff must - at the very least - establish a prima facie case that there was a dereliction of duty and that the said dereliction of duty was a proximate cause of the plaintiff's injury. Furthermore and again to the best of my knowledge, in the USA for tort cases where fraud is alleged, the burden of proof on the plaintiff may even rise to the standard of 'clear and convincing evidence'.

***DDF:** ...*

***DDF:** More precisely, my view is that the assumption of rationality is the best available way of understanding and predicting the behavior of other people, especially strangers. Not that it does so perfectly.*

***AAA:** In law, I believe that what you are calling 'rationality' is more frequently - and, I believe, more accurately - described as motive.*

***DDF:** No. The rationality assumption is that actors will tend to choose the correct action, the one that best achieves their objective. That's stronger than saying that people will only do something if they have some reason to do it.*

AAA: Again, David, how can you possibly determine the "correct action", based on your definition that the "correct action" is "the one that best achieves [one's] objectives"? How can you know what would have resulted from a different course of action? Perhaps a different course of action would have been better at achieving one's objectives.

Once again, it seems that you are arguing backwards, engaging in the fallacy of affirming the consequent. You seem to assume that whatever took place must have been either the initial objective of the actor or a factored-in cost of achieving the initial objective of the actor. This assumption would require a high degree of prescience on the part of most or perhaps even all actors, including - as you tell us below - not just humans but also animals and even genes.

Such an outlook strikes me as highly unrealistic... unless you are talking about 'God' (a Supreme Entity, defined to be both omnipotent and benevolent) and arguing determinism. From that perspective, I would completely agree that everything happens for the best. But I would not say that everything happens for the best because all of the individuals involved in the process were acting rationally, much less in their self-interest. It happened for the best because that is the only possible outcome that is consistent with our definition of God. So what am I missing here?

DDF: ...

AAA: David, personally, I find your use of the word 'rationality' to be somewhat disturbing. From a philosophical perspective - and perhaps from an anthropological perspective as well - rationality is a defining feature of human beings. However, the way you use the term, it becomes the equivalent of a rat's learning the route to a piece of cheese in a maze.

DDF: More precisely, "rationality" in economics is a description of what people will do, not how they will figure out how to do it. It could be trial and error, it could be logical reasoning, it could even be genetic hardwiring.

And I don't limit it to human beings, although that's the usual application. The same assumption is useful applied to genes, among other things.

AAA: David, it seems to me that life is more complex than your theory envisions. In many cases, there is a range of objectives, not just one objective. Those objectives may even conflict.

If your 'rationality' indeed describes "what people will do", then it must have predictive capacity. When someone acts outside of the norm, then would that deviance be 'irrational' from the collective perspective? Or do you simply disregard either the collective perspective (akin to market forces) or the individual perspective (akin to free will)? My point is that we need to consider both perspectives, and that will often lead to different (and sometimes contradictory) notions of what is 'rational', according to your definition of 'rational'.

Let's say that the normal behavior of human beings in an air raid is to seek shelter. But one man, seeing an injured woman, rushes out of the shelter to protect her (possibly with intent to carry her back to the shelter). Quite possibly, most of the people in that shelter would not risk their lives in such a fashion. I doubt that you would claim that the man who risked his life to protect another was acting irrationally simply because it was not 'normal'. Presumably, you would apply a more individualized standard in that case.

But, once more, this type of reasoning merely seems to affirm the consequent. It is not predictive, because you almost certainly do not - and generally do not - know all of the factors involved in the 'decision' or 'snap impulse' that led the man to risk his life to save another. Perhaps the injured woman was his wife, and he could not bear the thought of a life without her. Or perhaps the injured woman was a stranger, and he simply felt compassion for her plight. Or perhaps the man just had a penchant for taking risks.

In the final analysis, David, it seems to me that your concept of 'rationality' has little to do with rationality on the part of the actor(s). Rather, your concept of 'rationality' appears to be just your own rationalization of events.

DDF: ...

...

AAA: *David, have you never felt that someone received a privilege or an amenity that you were unjustly denied?*

DDF: *I can't think of any examples.*

AAA: Okay, then, what about the converse? Have you never felt that you received a privilege or an amenity that someone else was unjustly denied?

AAA: *If so, can you not conceive how such a feeling could lead to social unrest and hence crime? In terms of epidemiology (the perspective of W&P), I don't think that the statistics that W&P offer to show a correlation between economic inequality and crime are surprising. The statistics may be fudged, but they are not surprising. Rather, it would be surprising if the statistics pointed in another direction.*

DDF: *Judging by comments on Snowden's page, they do point in the opposite direction--I don't know if he is correct.*

"6. Why do you not include the crime rate in your index of health and social problems? Is it because the crime rate tends to be higher in 'more equal' countries?"

Also, of course, while it's only a small bit of evidence, crime rates in the U.S. have fallen in recent decades, inequality increased.

AAA: And, yet, my guess - based on the very recent emergence of the 99% protests - is that W&P are likely to be correct in their assertion that statistical trends are systaltic and the ones in question had merely bottomed out in recent decades. My guess is that crime rates will go up in the USA as the 99% protests become more heated.

And let's not forget the portion of one W&P response to Mr. Snowden in which W&P claim: "There are more than 50 studies showing that inequality is related to violence, see for example the review by Hsieh and Pugh and the recent study by Elgar and Aitken." Are you - or Mr. Snowden - claiming that W&P made up those studies? Mr. Snowden's webpage that you referenced, <http://tinyurl.com/blugshr>, does not deny W&P's claim. Rather, Mr. Snowden seems to ignore W&P's response and stubbornly repeat an argument that I think W&P adequately countered (see Question 6).

To my eyes, W&P's assertion makes sense. If an increase in [economic] inequality correlates with an increase in violence, and an increase in violence correlates with an increase in crime, then ultimately - per the transitive law - an increase in economic inequality must correlate with an increase in crime (and, presumably, vice versa).

Capitalism

AAA: *W&P's decision to collaborate on this research and this book preceded the book's popularity, the resultant income from the book, and any prestige or loss of prestige as well. For all they knew when they actually wrote the book (and fudged any data, should that be the case), the book might not have become popular, at least not to the extent that it did. Hence, they could not know what you are now alleging as proof of 'rationality' - "that the net gain [would be] much larger than the loss" (assuming that this indeed is even the case). The consequences might well have*

turned out otherwise, and neither you nor I really know what was in their minds when they decided to write the book.

DDF: As I believe I have already explained, at least once and perhaps more than once, rationality as an assumption about what people will do, not about how they will decide whether to do it.

...

***DDF:** Depends on what "conviction" means. To fire a tenured professor, you need very strong evidence. To convince an observer with power only over his own actions--my case--a preponderance of the evidence is usually sufficient. In some other contexts, it doesn't even take that.*

AAA: Okay. I tend to agree.

DDF: ...

***AAA:** Personally, I would not go so far as you have. Social justice demands a presumption of innocence rather than guilt. The eminent legal authorities that I have studied all seem to agree with Blackstone's formulation, "better that ten guilty persons escape than that one innocent suffer".*

***DDF:** That's for criminal conviction. It's not the rule for tort conviction, and it certainly isn't the rule one follows in forming opinions about other people.*

***AAA:** Yes, Blackstone's formulation is more commonly referenced in respect to criminal law. But, no, the broader concept - the presumption of innocence rather than guilt that is a *sine qua non* for legal justice - applies across the board, to both criminal and civil cases alike.*

*Even under civil law (in the USA), the initial burden of proof falls on the plaintiff. To recover damages, the plaintiff must prove the elements of her/his claim to the satisfaction of the judge or jury (whichever is the trier of fact). So, for example, in a tort case, the plaintiff must - at the very least - establish a *prima facie* case that there was a dereliction of duty and that the said dereliction of duty was a proximate cause of the plaintiff's injury. Furthermore and again to the best of my knowledge, in the USA for tort cases where fraud is alleged, the burden of proof on the plaintiff may even rise to the standard of 'clear and convincing evidence'.*

DDF: The usual tort rule is "by a preponderance of the evidence," normally interpreted as "more likely than not."

...

***AAA:** David, it seems to me that life is more complex than your theory envisions.*

DDF: Of course it is. Economics doesn't claim to be a perfect description of all human behavior. At most it claims to do a better job of describing and predicting than alternative approaches.

...

2011 November 25

PROUT

AAA: W&P's decision to collaborate on this research and this book preceded the book's popularity, the resultant income from the book, and any prestige or loss of prestige as well. For all they knew when they actually wrote the book (and fudged any data, should that be the case), the book might not have become popular, at least not to the extent that it did. Hence, they could not know what you are now alleging as proof of 'rationality' - "that the net gain [would be] much larger than the loss" (assuming that this indeed is even the case). The consequences might well have turned out otherwise, and neither you nor I really know what was in their minds when they decided to write the book.

DDF: As I believe I have already explained, at least once and perhaps more than once, rationality as an assumption about what people will do, not about how they will decide whether to do it.

AAA: Predictability and rationality are not the same thing, David.

DDF: ...

DDF: Depends on what "conviction" means. To fire a tenured professor, you need very strong evidence. To convince an observer with power only over his own actions--my case--a preponderance of the evidence is usually sufficient. In some other contexts, it doesn't even take that.

AAA: Okay. I tend to agree.

DDF: ...

AAA: Personally, I would not go so far as you have. Social justice demands a presumption of innocence rather than guilt. The eminent legal authorities that I have studied all seem to agree with Blackstone's formulation, "better that ten guilty persons escape than that one innocent suffer".

DDF: That's for criminal conviction. It's not the rule for tort conviction, and it certainly isn't the rule one follows in forming opinions about other people.

AAA: Yes, Blackstone's formulation is more commonly referenced in respect to criminal law. But, no, the broader concept - the presumption of innocence rather than guilt that is a sine qua non for legal justice - applies across the board, to both criminal and civil cases alike.

Even under civil law (in the USA), the initial burden of proof falls on the plaintiff. To recover damages, the plaintiff must prove the elements of her/his claim to the satisfaction of the judge or jury (whichever is the trier of fact). So, for example, in a tort case, the plaintiff must - at the very least - establish a prima facie case that there was a dereliction of duty and that the said dereliction of duty was a proximate cause of the plaintiff's injury. Furthermore

and again to the best of my knowledge, in the USA for tort cases where fraud is alleged, the burden of proof on the plaintiff may even rise to the standard of 'clear and convincing evidence'.

DDF: *The usual tort rule is "by a preponderance of the evidence," normally interpreted as "more likely than not."*

AAA: Thank you for conceding all of my points.

DDF: ...

AAA: *David, it seems to me that life is more complex than your theory envisions.*

DDF: *Of course it is. Economics doesn't claim to be a perfect description of all human behavior. At most it claims to do a better job of describing and predicting than alternative approaches.*

...

AAA: David, it seems that you - or "economics" - claim far more ability than you demonstrate here.