

Re: Labor theory of cost

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- *From:* "Michael L. Coburn" <mikcob@xxxxxxxxxxxxx>
 - *Date:* Sat, 26 May 2007 18:17:51 -0700
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On Sat, 26 May 2007 12:11:25 -0700, radav wrote:

On May 26, 9:12 am, jmh <jmh...@xxxxxxxxxxxxxxxxxxxxx> wrote:

On Sat, 26 May 2007 08:08:06 -0700, Michael L. Coburn in sci.econ confessed to the world saying:

On Sat, 26 May 2007 12:22:16 +0000, Edmund Esterbauer wrote:

Cost under your definition is still subjective because it is derived from the value an individual attaches to the effort of providing that labour whether or not you assume land is free. Or to put it slightly differently, labour results from human action and is therefore subjectively measured by each individual. The value of the price paid to produce the good is called cost. Cost is equal to the value attached to the satisfaction that must be foregone in order to produce the good.

Well.... You have launched the attack exactly as I anticipated. We will see where we go from here. Unlike the word "value" which in its stand alone form has all sorts of wild subjectiveness the word cost

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is a little more contained. In this case we speak not of the "value" of labor but in the aristocratic view of such value. This cost/value is well documented in aggregates and in per capita statistics. It is not subject to the whim and fancy of an individual laborer/worker or even an individual neoeconomist/aristocrat. Regardless of what the aristocrat or the laborer might think about it the statistics provide an objective measurement of the "value" of labor. And that is, in fact, an objective view of COST from the 20K foot level where it actually matters.

Sure, if you want people just to be cogs in the wheels of social production then we can ignore the underlying human activities and mental processes that produce your "COST from 20K foot level".

That's really not the level it matter at though because that is not the level that social process is working at.

The claim that the marginal units of labor are equivalent to the inframarginal units of labor is wrong (even if the simplified econ 101 theory makes that assumption). Unless the units of labor across each person who is part of that production is identical then you "where it actually matters" claim fails also.

jmh– Hide quoted text –

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Cost is an accounting or bookkeeping concept which is useful for an individual firm in preparing an income statement but fail to see its relevance for exploring concepts in political economy.

It has to do with "value theory". If you don't know the cost how can you know the value????

Contrary to the Marxist concept of "surplus value", the real "surplus value" in every society is ground rent which is determined by the differential between the least productive (or desirable) land and all more productive land. The sizable speculative or anticipated ground

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rent which is capitalized into the selling price of land under the state system of land tenure is vital to a correct understanding of the process.

Theoretically, the cost of land would be zero were all the ground rent collected. The cost of land would be nominal if most of the ground rent were collected. The ultimate question is— to whom does the ground belong?

Keep Yer pants on. We'll get there soon enough.

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"I know no safe depository of the ultimate powers of society but the people themselves; and if we think them not enlightened enough to exercise their control with a wholesome discretion, the remedy is not to take it from them, but to inform their discretion by education." – Thomas Jefferson
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