

Study Questions for George Reisman's *Capitalism: A Treatise on Economics*

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CHAPTER 4. THE GAINS FROM THE DIVISION OF LABOR

1. Explain what is meant by the division of labor.
2. Describe how the individual lives in a division-of-labor society, in terms of the extent to which others are the physical beneficiaries of his labor and the extent to which he is the physical beneficiary of the labor of others.
3. Explain how the division of labor increases the amount of knowledge that is used in the production of products. (Illustrate in terms of the example of the "census of knowledge" in third-world societies and our own.)
4. What is meant by "the multiplication of knowledge" in a division-of-labor society?
5. Explain how the multiplication of knowledge makes possible the production of products that would otherwise be impossible.
6. "The division of labor makes it possible for geniuses to specialize in science, invention, and the organization and direction of the productive activity of others, thereby further and progressively increasing the knowledge used in production." Discuss.
7. "An important advantage of the division of labor is that individuals at all levels of ability can concentrate on the kind of work for which they are best suited on the basis of differences in their intellectual and bodily endowments." Explain and illustrate.
8. Explain and illustrate what is meant by the geographical gains from the division of labor.
9. Describe the effects of the division of labor on the ability of any geographical area to exploit its natural resources.
10. Describe the various ways in which the division of labor increases the efficiency of the processes of learning and motion that are entailed in production.
11. Describe four ways in which the division of labor underlies the use of machinery in production.
12. In the light of knowledge of the gains derived from the division of labor, explain why 18th Century England was the first country to experience the Industrial Revolution.
13. "What a division-of-labor society represents is the organization of the same total sum of human brain power in a way that enables it to store and use vastly more knowledge than would otherwise be possible." Discuss.
14. "The effect of a division-of-labor society is not only to increase the total of the knowledge that the same amount of human brain power can store and use, but also to bring that knowledge up to a standard set by the most intelligent members of the society." Explain.
15. "While man always possesses the faculty of reason, a division-of-labor society is necessary if he is to use his rationality efficiently in production." Discuss.
16. "The division of labor increases the efficiency with which man is able to apply his mind, his body, and his nature-given environment to production." Discuss.
17. Explain why the division of labor is an essential precondition for the achievement of a high and steadily rising productivity of labor.
18. "The division of labor is the essential framework for the ongoing solution of the economic problem." Discuss.

19. "Whoever, in the words of von Mises, prefers wealth to poverty and life and health to sickness and death, is logically obliged to value the existence of a division-of-labor society and all that it depends on." Discuss.
20. "The widely held notion that life in society requires the sacrifice of the individual's self-interest is totally mistaken in regard to a division-of-labor society." Discuss.
21. Explain how in the light of knowledge of the gains from the division of labor, the ethical principle of respect for the persons and property of others has a rational basis in the requirements of the individual serving his own material self-interest.
22. Explain why in a division-of-labor society, the individual's material self-interest is served to the extent that others are secure in their persons and property from the initiation of force.
23. "The claim that a division-of-labor society is incompatible with the well-rounded development of the individual, in accordance with the ideals of the Renaissance, is nonsensical. It is precisely in a division-of-labor society that the average worker, for the first time in all of human history, has the opportunity of actually becoming something of a Renaissance man." Discuss.
24. "A dull job performed for money is almost always less dull than one performed merely for the sake of a given physical result." Explain.
25. Describe how even the otherwise most monotonous, repetitious types of factory work might be given an important measure of challenge and excitement if a fuller measure of capitalism existed.
26. "The proportion of interesting and challenging jobs in the economic system has steadily increased with the progress of the division of labor." Discuss.
27. "While it is true that alienation is a growing problem in present-day society, it is not because of, but *in spite of* the existence of the division of labor." Discuss.
28. Define production and producer.
29. Define labor.
30. Explain what is meant by "land" as the term is used in economics.
31. Explain what is meant by "consumption," in the physical sense.
32. Describe the twofold relationship that exists between production and consumption.
33. Explain and illustrate what is meant by the concepts of productive consumption and reproductive consumption.
34. Explain and illustrate what is meant by the concept of unproductive consumption.
35. Explain and illustrate how in the context of a division-of-labor, monetary economy, the concepts productive consumption and reproductive consumption become synonymous.
36. Explain and illustrate what is meant by the concept of capital goods in the physical sense.
37. Explain what is meant by the concept of capital. (What form does this concept take in a division-of-labor, monetary economy?)
38. Why must a substantial portion of production be devoted to the production of capital goods in order to maintain the supply of capital goods?
39. What must be true of the portion of production devoted to the production of capital goods, in order to have capital accumulation?
40. Why is the supply of capital goods of importance to production?

41. How does a greater efficiency in the utilization of labor and existing capital goods serve to increase the supply of capital goods?

42. Explain why production with capital goods always represents an indirect, more time-consuming process of production as compared to production without capital goods.