CHAPTER 11
THE DIVISION OF LABOR AND THE CONCEPT OF PRODUCTIVE ACTIVITY

PART A: THE ROLE OF MONEYMAKING IN PRODUCTIVE ACTIVITY

_______1. The prevailing concept of productive activity is that it is synonymous with manual labor.

_______2. The IRS regards profits, interest, dividends, and capital gains as "earned income," and wages and sararies as "unearned income."

_______3. Labor union leaders, and many or most members of labor unions, and probably most of the general population, believe that the true producers of the products are the working men and women who toil on assembly lines or stand on their feet all day, while the bosses take a major slice off the top, in the form of profits and similar incomes.

_______4. A leading reason for the advocacy of socialism has traditionally been the belief that its establishment would give all income back to its true producers, i.e., the manual workers.

_______5. The belief that productive activity and manual labor are synonymous is held by

a. labor unions
b. the IRS
c. socialists, especially Marxists
d. all of the above

_______6. If productive activity is viewed as limited to manual labor, then the following major participant(s) and/or activity(ies) of a capitalist society are necessarily viewed as unproductive and/or parasitic

a. businessmen and capitalists
b. retailing
c. wholesaling
d. advertising
e. the banking and financial system including the stock market and commodity markets
f. all of the above

_______7. The belief that productive activity and manual labor are synonymous is reasonable in the context of

a. a division-of-labor society
b. a non-division-of-labor society
c. both (a) and (b)
d. neither (a) nor (b)

_______8. The doctrine that productive activity and manual labor are synonymous is a heritage from the conditions of the non–division-of-labor societies of old.

_______9. In the context of a division-of-labor society, money-making is an essential aspect of productive activity, because in such a society, the earning of money is necessary if an individual's activity is to enable him to be in a position to obtain the goods and services of others and thus to secure the benefits of life in a such a society.

_______10. Manual labor and the physical making of goods are not sufficient to enable an individual to obtain the goods and services of others. There is the further requirement that the activity earn money, with which to buy others' goods and services.

_______11. In the context of a division-of-labor society, manual labor that does not earn money does not serve to sustain the individual who performs it and is not productive.

_______12. The activities of a paid housekeeper and an unpaid housewife who perform identical physical labor are

a. perfectly equivalent
b. differ in the essential respect that the activities of the paid housekeeper make it possible for her to obtain the goods and services of other people and thus to sustain herself, while those of the unpaid housewife do not

_______13. If GNP/GDP were a true measure of productive activity, it would make an imputed allowance for the activities of unpaid housewives, whose labor does not differ in any significant way from those of paid housekeepers. Failure to allow for the labor of housewives leads to the understatement of GNP/GDP by trillions of dollars every year.

The following is a five-part question.

_______14. In the context of a division-of-labor society, the starting point of virtually all physically productive activities is an outlay of money to purchase materials, tools, equipment, and other means of production.

_______15. In the course of production, means of production are physically consumed—i.e., used up or worn out—and sooner or later need to be replaced.

_______16. Insofar as physically productive activities are carried on for the purpose of earning money, the money earned makes possible replacement purchases of the means of production physically consumed in the process of production, and to this extent the means of production are not simply used up and gone but are continually replaced, by virtue of the activity in which they are used up.

_______17. Insofar as physically productive activities are *not* carried on for the purpose of earning money, the means of production physically used up in the process of production cannot be replaced by virtue of that process of production, but are simply used up and gone.

_______18. In the context of a division-of-labor society, activity that physically results in the production of a product represents consumption if it is not carried on for the purpose of earning money, since means of production are physically used up in the product's production and cannot be replaced by virtue of its production. The process is a "consumptive production."

_______19. The concept of productive activity ultimately rests on the promotion of human life and well-being and must always be consistent with that ultimate purpose. Thus, to qualify as productive, the money brought in, in a process of productive activity must be obtained through voluntary trade, not physical force.

_______20. A successful bank robbery brings in money and is therefore a productive activity.

_______21. Productive expenditure is
a. buying for the purpose of selling
b. self-sustaining and a source of funds
c. a means by which one grows richer
d. made implicitly for the purpose of earning a profit
e. synonymous with reproductive expenditure, in that it is money which is both laid out and brought back by virtue of productive expenditure
f. all of the above

_______22. Consumption expenditure is
a. buying not for the purpose of selling, but for any other purpose
b. a using up of funds
c. a means by which one grows poorer
d. synonymous with unproductive expenditure
e. all of the above

_______23. Two people, both beginning with identically the same sum of money (we might imagine two brothers sharing equally in an inheritance), the one productively expending his funds, the other unproductively expending his funds, will almost necessarily arrive at opposite stations in life. The one will be richer; the other will be impoverished.

_______24. In the preceding example, the party who will be impoverished is the one making productive expenditures; the party enriched is the one making consumption expenditures.

_______25. Capital goods are
a. goods purchased for the purpose of making subsequent sales
b. the source of the funds required for their replacement, and of more besides, to the extent that the sales revenue they help to bring in shows a profit
c. like productive expenditures, self-sustaining and a source of funds
d. the same as producers' goods
e. all of the above

_______26. In order to qualify as capital goods, it is necessary that the goods purchased themselves be subsequently sold.

_______27. In order to qualify as capital goods, it is sufficient that the goods purchased contribute to the production of goods or services that are subsequently sold, as is the case with materials or machinery purchased by a manufacturer rather than by a dealer.

_______28. Consumers' goods are goods
a. purchased not for the purpose of making subsequent sales
b. require an outside source of funds if their purchase is to be repeated
c. like consumption expenditures, represent a using up of funds
d. all of the above

_______29. A roast beef purchased
a. by a housewife is a consumers' good
b. by a restaurant is a capital good
c. both (a) and (b)

_______30. The distinction between capital goods and consumers' goods is
a. exclusively one of the purpose for which the goods are purchased—*for* business purposes (i.e., the making of subsequent sales at a profit) or *not* for business purposes
b. a matter of their physical characteristics
c. both (a) and (b)

_______31. Machines, materials, tools, implements, and structures are
a. often consumers goods
b. capital goods

_______32. Washing machines, sewing machines, automobiles, corn flakes, roast beefs, lathes, drill presses, earthmoving equipment are
a. consumers' goods
b. capital goods
c. sometimes consumers' goods, sometimes capital goods, depending on the purpose for which they are purchased

_______33. The heavy construction equipment of the Army Corps. of Engineers is
a. consumers' goods
b. capital goods

_______34. If the Army Corps. of Engineers owned a factory for the purpose of producing its construction equipment, that factory would be
a. a consumers' good
b. a capital good

_______35. Government is essentially a consumer and its expenditure, consumption expenditure.

_______36. The government
a. does not buy for the sake of selling
b. uses up the funds it expends, in that the funds are not recovered in sales revenues
c. must turn to the taxpayers or the printing press in order to be able to continue spending
d. all of the above

_______37. The leading exception to the proposition that government is a consumer is the IRS, which brings in revenues far in excess of its expenditures.

_______38. The expenditures of a gang of safecrackers for such things as nitroglycerin and a get-away car are productive expenditures in that they serve to bring in far more money than is laid out.

_______39. Producers' labor is
a. labor employed for the purpose of its employer making subsequent sales
b. the source of funds making possible a repeated payment of its wages
c. similar in nature to capital goods and productive expenditure
d. all of the above

_______40. Producers' labor is
a. essentially just the labor of salesmen, since they alone make sales
b. the labor of all the employees of business firms, who are employed for the purpose of the firm making subsequent sales, to which their labor directly or indirectly contributes or which it facilitates in some way

_______41. Consumers' labor is
a. labor employed not for the purpose of the employer making subsequent sales
b. not a source of funds making possible its continued receipt of wages
c. similar in nature to consumers' goods and consumption expenditure
d. all of the above

_______42. The distinction between producers' labor and consumers' labor is from the perspective of
a. the employer
b. the wage earner

_______43. An individual grows richer by the [intelligent] purchase of capital goods and employment of producers' labor, and poorer by the purchase of consumers' goods and consumers' labor.

_______44. Examples of consumers' labor are
a. maids employed by housewives
b. butlers, cooks, and chauffers employed by very wealthy individuals
c. government employees—e.g., the clerks and secretaries in all the bureaus, the teachers in the public schools, policemen, firemen, the members of the armed forces
d. all of the above

_______45. Producers' loans are
a. loans taken out for the purpose of making subsequent sales
b. are normally a source of funds for the payment of interest and principal on the loans and of a profit to the borrower besides
c. both (a) and (b)

_______46. Consumers' loans are
a. loans taken out not for the purpose of making subsequent sales
b. loans on which the principal and interest must be paid out of a source of funds not provided by the loans themselves, such as the income from the borrower's job
c. both (a) and (b)

_______47. Loans taken out by the government represent consumer loans, since the government does not earn revenue or income by virtue of its borrowing and must pay interest and principal out of a source of funds not provided by the loans themselves, i.e., out tax revenues.

_______48. An essential difference between government borrowing and private consumer borrowing is that in the case of private consumer borrowing, it is the borrowers who must pay the principal and interest, while in the case of government borrowing, it is a different party who must repay, namely, the taxpayers—a group which includes the lenders.

_______49. Capital is
a. in general, wealth reproductively employed
b. in the context of a division-of-labor society, the wealth employed by business enterprises
c. both (a) and (b)

_______50. Consumers' wealth is wealth that exists but is in the process of being consumed without providing the funds required for its maintenance and replacement, such as owner occupied housing, home appliances, furniture, and personal automobiles.

_______51. The prior expenditure reflected in the possession of goods—whether productive expenditure in the possession of capital goods, or consumption expenditure in the possession of consumers' goods—is their book value.

_______52. Book value can be said to reflect a putting of money into goods.

_______53. Investment is the putting of money into goods for the purpose of making subsequent sales.

_______54. Just as the concept of property possessing market value is wider than the concept of wealth, the concept of capital value is wider than the concept of capital, and includes, in addition to the value of actual capital goods, the value of intangibles such as stocks and bonds, patents and copyrights, goodwill, and of loans made to consumers for homes, automobiles, vacations, and the like.

_______55. While capital value reflects prior productive expenditure, not all productive expenditure results in capital value, because not all productive expenditure is invested; some of it, such as expenditures for advertising and administrative overhead, is typically expensed rather than being added to any asset account.

_______56. Expenditures for consumers' goods that are necessary to keep one alive and able to work

a. qualify as productive expenditures

b. do not qualify as productive expenditures because earning money is not their purpose but merely their consequence, i.e., their byproduct

_______57. If expenditures for consumers' goods that are necessary to keep one alive and able to work were treated as productive expenditures,

a. they would have to be deducted as costs from one's earnings, and one's net income would then have to be stated merely as the remainder rather than as one's actual total earnings

b. the net income of wage earners would have to be regarded not as their wages but as the profit they made on those wages

c. since the purpose of the concept of net income is to show the financial *gain* from an activity, the gain would be held to begin only *after* all provision had been made for keeping oneself alive

d. there is no greater gain from working and earning money than being able to stay alive, which means that the money that must be expended to accomplish this should *not* be excluded from net income, thus should not be counted as a cost and therefore should not be counted as a productive expenditure in the first place

e. all of the above

_______58. Consumption expenditures imposed by the earning of an income, such as the employment of a housekeeper or babysitter by a working mother, having to eat one's lunches out, having to incur transportation expense getting to and from work, having to incur the costs of winter clothing and fuel for heating one's home if one works in a cold area, should be counted as productive expenditures and costs of earning one's income

a. in order to reduce one's taxable income

b. because such expenditures really are made for the purpose of earning money rather than as a matter of one's personal convenience in the context of earning money

_______59. Consumption expenditures of a kind that save money, such as the purchase of a home in comparison with renting, or the purchase of a washing machine in comparison with using a laundromat

a. should be treated as productive expenditures because they are income producing in that they reduce one's expenses, and the absence of an expense is the equivalent of money earned

b. should not be treated as productive expenditures because they represent merely smaller consumption expenditures, and smaller consumption expenditures are still consumption expenditures: i.e., the purchase of the house or the washing machine does not provide the funds to make possible its replacement purchase, which is still dependent on an outside source of funds

The following is a two-part question.

_______60. Government expenditures that increase the capacity of the citizens to pay taxes, such as, perhaps, expenditures for highways and river and harbor improvements, are

a. productive expenditures

b. consumption expenditures that have beneficial, productive effects for others

_______61. The government collects the additional tax revenues because the taxpayers

a. voluntarily choose to pay them, in exchange for the goods and services the government has provided

b. want to avoid being sent to prison

_______62. Workers employed in a charity's fund raising activities should

a. be regarded as producers' labor since their work serves to bring in money

b. not be regarded as producers' labor since the money brought in is charitable donations, not payments made in exchange for the receipt of goods or services

_______63. Other than for tax purposes, treating expenditures for personal, vocational education as productive expenditures, and thus the net incomes of the workers who incurred them as profits rather than wages, would entail radical conceptual change in order to deal with a relatively small set of concretes. At the same time, it would have no bearing on the amount or rate of profit that is of actual concern. To avoid such a fruitless procedure, it is far simpler for all practical purposes to regard such productive expenditures of wage earners as consumption expenditures.

_______64. Improvements in an individual's personal capacities, including his ability to earn an income, should not be regarded as capital or any kind of wealth because, unlike capital and wealth, they cannot be separated from the individual's person and sold off as a source of funds that would enable him to live for a time without working.

The following is a two-part question.

_______65. The artificial capital constituted by the market value of slaves in a society that sanctions slavery operates to prevent the formation of genuine capital, in that it creates the appearance of wealth and capital where it does not exist in reality and leads to the failure to accumulate genuine capital in the belief that sufficient such capital already exists and therefore need not first be accumulated.

_______66. The owner of a factory in the pre-Civil-War North counted as his capital the value of his factory and its equipment and inventories. He did not count his workers in his calculation of his capital. The owner of a plantation in the pre-Civil War South counted in the calculation of his capital the market value of his slaves and, in effect, considered himself, wealthy mainly because of the mere fact that he had workers. The prevalence of this delusion is largely what caused the South to be so much poorer in actual physical assets than the North.

The following is a five-part question.

_______67. Adam Smith distinguished between productive and unproductive labor on the basis of whether the labor was employed

a. to produce a tangible physical product that endured after the labor was performed or a service that disappeared in the instant in which it was created
b. for the purpose of bringing in subsequent sales revenues or not bringing in subsequent sales revenues
c. both (a) and (b)

_______68. Of the two criteria Adam Smith used in distinguishing between productive and unproductive labor,

a. the question of whether or not a tangible physical product is created is actually irrelevant
b. the valid and valuable distinction is whether or not the employment of the labor is for the purpose of making subsequent sales
c. both (a) and (b)

_______69. The latter distinction in the previous two questions is what explains

a. whether or not an employer grows rich or poor by the employment of any given type of labor
b. why in Smith's words, "The sovereign, for example, with all the officers both of justice and war who serve under him, the whole army and navy, are unproductive labourers. . . . Their service, how honourable, how useful, or how necessary soever, produces nothing for which an equal quantity of service can afterwards be procured. The protection, security, and defence of the commonwealth, the effect of their labour this year, will not purchase its protection, security, and defence for the year to come."
c. both (a) and (b)

_______70. The owner of a restuarant or theater can grow rich by the employment of workers whose services vanish in the instant in which they are created. He does so because the wages he pays them serve to bring in sales revenues that enable him not only to repeat the payment of their wages but also to earn a profit.

_______71. In contrast to the restaurant or theater owner of the previous question, a government-owned shipyard, say, that employs large numbers of construction workers consumes its funds, despite the production of massive, enduring tangible products, because the funds expended do not serve to bring in sales revenues to the government.

_______72. The doctrine of imputed income

a. claims that the absence of a cost constitutes an income—for example, that the saving of expense in owning a home compared with having to rent comparable accommodations constitutes equivalent extra income to the homeowner
b. ends up treating the sum that the homeowner saves on rent, plus the whole cost of owning and operating his home, as a pament of rent, despite the fact that no rent is paid—a payment of rent to himself
c. regards the homeowner's consumption expenditures incurred in connection with owning and maintaining his home as business productive expenditures to be deducted from the fictional gross rent that he allegedly receives from himself
d. treats the difference between the fictional rental revenue and the fictional business productive expenditures and costs as the homeowner's net rental income and adds it to GNP/GDP
e. all of the above

_______73. The concept of imputed income could be applied to the saving of expense provided by

a. the ownership automobiles, furniture, and even clothing, as well as housing, with a corresponding further enlargement of GNP/GDP
b. being married and not having to pay for the services that are provided by one's spouse without charge
c. not having all manner of possible illnesses or disabilities
d. all of the above

_______74. The concept of imputed income can turn beggars into millionaires, by crediting them with massive incomes based on the lack of all kinds of major expenses, such as the saving of expense from not having cancer or heart disease, or needing a psychiatrist, even though they may not be able to afford to buy a cup of coffee.

_______75. The concept of imputed income has the potential to raise taxes, to the extent that it would be used not only to artifically bloat people's incomes but also to make those bloated incomes subject to taxation.

_______76. The doctrine of opportunity cost holds that the absence of an income constitutes a cost—for example, that the wages and interest that the self-employed owner of a shop foregoes because he works in his shop and has his capital invested in it, should be counted as costs of his business.

_______77. The doctrine of opportunity cost
a. can lead to the conclusion that a business certified to be profitable by its accountant is nevertheless unprofitable
b. can lead to the conclusion that the owner of that business who has managed both to consume out of the profit reported by its accountant and add to his net worth, to the extent he has consumed less than the reported accounting profit, has nevertheless lost money
c. both (a) and (b)

The following is a three-part question.

_______78. An example of the opportunity-cost doctrine is that a small business and its accountant report a profit of $75,000 in a given year. Nevertheless, someone who accepts the opportunity-cost doctrine claims that the business has actually lost $25,000, because its owner could have earned $50,000 a year in wages or salary doing the same or less work as an employee somewhere else and could have earned $50,000 in interest on his capital if he had invested it elsewhere. When these additional costs, which, taken together, amount to $100,000, are subtracted from the reported profit of $75,000, the result, according to the opportunity-cost doctrine, is a loss of $25,000.

_______79. In the preceeding example, despite the opportunity-cost doctrine's claim of a loss of $25,000, the business owner has managed to consume $40,000 and add $35,000 to his net worth. If the business had actually lost $25,000 while its owner drew $40,000 from it for his own consumption, the firm's net worth would have declined by $65,000, not increased by $35,000.

_______80. The opportunity-cost doctrine reconciles its implication of a $65,000 decline in the firm's net worth with the fact that the firm's net worth has increased by $35,000—a discrepancy of $100,000—by claiming that the business owner, who did not earn any wages or interest, and whose failure to do so was alleged to constitute the additional costs of $100,000, by introducing the contradictory claim that the business owner did after all earn the wages and interest he didn't earn. He not only has non-existent costs in the amount of $100,000 but also non-existent income in the amount of $100,000. He allegedly earns the wages and interest he didn't earn, as well as incurring them as additional costs deducted from his profit. Thus, instead of the $75,000 profit he and his accountant believe he has, he has $100,000 of fictional wages and interest income alongside a fictional loss of $25,000.

_______81. It follows from the opportunity-cost doctrine that precisely to the degree that one is confronted with profitable ways to invest one's capital, and precisely to the degree that one's services are in great demand, one's profit income must be less, because one's opportunity costs of choosing any given alternative will be correspondingly greater.

_______82. It follows from the opportunity-cost doctrine that someone who makes a small accounting profit and who has little or no alternative opportunities for the employment of his labor or profitable use of his meager capital earns a higher profit than someone who makes a huge accounting profit but also has alternative opportunities for earning money that yield almost as much income or more.

_______83. It follows from the opportunity-cost doctrine that if one invests a million dollars in stock A, which doubles in value, but might have invested that million in stock B, which triples in value, one has lost a million dollars and perhaps should contemplate jumping from a tall building. It also follows, that if one loses a million dollars but might have lost two million dollars, one has gained a million dollars, and perhaps should at least throw a party.

PART B: THE PRODUCTIVE ROLE OF BUSINESSMEN AND CAPITALISTS

_______84. The productive role of businessmen and capitalists is to raise the productivity of manual labor, and thus its real remuneration, by means of
a. creating division of labor
b. coordinating the division of labor
c. improving the efficiency of the division of labor
d. all of the above

_______85. Businessmen and capitalists create division of labor by means of
a. founding and organizing business enterprises
b. providing capital
c. making productive expenditures
d. all of the above

_______86. Business firms are the central units of the division of labor, in that the division of labor exists both between the various individual business enterprises, all of which engage in specialized areas of activity, and within each individual business enterprise that comprises the labor of more than one person.

_______87. The provision of capital is essential to the existence of the division of labor in its vertical aspect, in that it makes possible the existence of a necessary division of payments in the productive process. In its absence, the only source of payments to producers would be the ultimate consumers, with the result that many groups of producers would be compelled to wait intolerable lengths of time between the completion of their contribution to production and their receipt of payment.

_______88. The provision of capital contributes to the division of labor in its horizontal aspect—that is, the extent to which it can be carried at any given stage of production. This is because greater division of labor at any given stage of production requires the existence of larger-scale production, which in turn requires the existence of greater amounts of capital.

_______89. The saving and productive expenditure of businessmen and capitalists is what makes possible the existence of a class of wage earners separate and distinct from the sellers of products, and thus of the existence of the division of labor insofar as it depends on the existence of wage earners.

_______90. Businessmen and capitalists coordinate the division of labor

a. among the various firms and industries by the very fact of seeking to make profits and avoid losses, which serves, via the uniformity-of-profit principle, to keep the various branches of the division of labor in proper relative size
b. within each individual firm insofar as they perform the functions of management, management being largely the coordination of the activities of separate individuals working within an establishment
c. both (a) and (b)

_______91. Businessmen and capitalists improve the efficiency of the division of labor by means of

a. their competitive quest for higher profits, which leads to the continuous introduction of new and improved products and more efficient methods of producing existing products, the benefits of which are continuously passed forward to the consumers
b. their saving and productive expenditure, which results in a growing supply of capital goods by means of assuring a sufficiently high relative production of capital goods
c. their efficiency in the use of existing capital goods, which also serves to increase the supply of capital goods
d. progressively increasing the supply of capital goods, which is essential to a rising productivity of labor and rising real wages
e. all of the above

_______92. The essential productive role of the stock and bond markets, the banking system, and financial markets and financial institutions in general is to

a. promote the investment of savings
b. the efficiency of the investment of savings
c. the overall degree of saving
d. all of the above

_______93. In the absence of financial markets and financial institutions,

a. the only way that anyone could invest his savings would be either under his own direct management, in his own business, or under the management of a trusted friend or relative
b. a substantial portion of savings would not be invested but held in the form of cash
c. the efficiency with which funds were invested would be sharply curtailed by the narrowness of the alternatives available for investment
d. all of the above

_______94. The effect of the additional saving and investment and greater efficiency of investment brought about by the existence of financial markets and financial institutions is

a. to raise the demand for and productivity of labor and the general standard of living
b. similar to the productive role of businessmen and capitalists themselves insofar as they provide capital and are responsible for a growing supply of capital goods
c. both (a) and (b)

_______95. Since the stock market deals overwhelmingly in already outstanding shares, rather than in new issues of stock, it does not play a significant role in channeling funds to business firms.

_______96. The existence of the stock market and the ready ability it gives people to sell the stocks they have bought, greatly promotes the purchase of the stocks in the first place, since people to know that they can easily disinvest.

_______97. A stockmarket investor's sale of already outstanding shares that he owns can be a means whereby he obtains the funds for direct investment in his own business.

_______98. A company's stock price determines the extent to which ownership of the company must be turned over to outsiders as the condition of raising additional capital.

_______99. The stock market makes it possible for firms that demonstrate their success to obtain capital at a much faster rate than they could if they had to rely exclusively on the reinvestment of their profits. This is because a firm's demonstration of the ability to earn a high rate of profit on its existing capital operates to raise the price of its outstanding shares and thus to make it possible and worthwhile for the firm to obtain substantial additional capital from the sale of additional stock.

_______100. The existence of the stock market serves to penalize poor management and to offer a protection against the abuse of stockholders by corporate managements.

_______101. The effect of poor management, or of the abuse of stockholders, is

a. a low price of the firm's stock relative to the value of the firm's assets

b. an invitation to an outside takeover of the firm, the firing of its present management, and, very often, the sale of some or all of its assets to other firms which are capable of putting them to better use

c. both (a) and (b)

_______102. Government restrictions on hostile takeovers improve the stockmarket's ability to penalize bad managements.

_______103. The productive contribution of retailing and wholesaling rests on the fact that in a division-of-labor society,

a. the producer and consumer are different persons

b. the supply of every product originates in a great concentration, in the hands of a relatively small number of producers and in order for any benefit to be derived from these supplies, they must be moved into the hands of the vast body of consumers

c. retailing and wholesaling, along with exchange and money, are the means whereby goods are brought from their producers to their consumers

d. all of the above

_______104. The failure to appreciate the value of retailing and wholesaling rests on the failure to keep in mind the existence of the division of labor and then to approach the subject of production and consumption as though all that were required to consume was physically to produce.

_______105. In a view of the economic world dominated by the image of conditions in a pre-division-of-labor society, it appears that retailing and wholesaling are useless appendages to what really counts: i.e., the mere physical production of goods.

_______106. What is accomplished by retailing and wholesaling is

a. nothing but the addition of "markups" by useless "middlemen" to the prices charged by manufacturers and farmers, which prices are all that the consumers justly ought to be made to pay

b. an enormous increase in the benefit derived from physical production in bringing goods from their producers, where the far greater part of the supply would be useless if it had to remain with the producers, to their consumers, who value the supplies far more highly

c. Retailing and wholesaling are responsible for a major reduction in the amount of time and money that would otherwise need to be spent in obtaining goods, and for an equally major increase in the variety and quality of goods available.

d. all of the above

e. (b) and (c) but not (a)

_______107. Retailing and wholesaling make possibile the saving of expense to

a. consumers of not having to send their own purchasing agents, trucks, and so forth out to the dozens or hundreds of manufacturers or farmers whose products the retail store carries

b. producers of not having to send out their own salesmen and establish their own distribution outlets wherever they sought to sell their goods

c. both (a) and (b)

_______108. The existence of wholesalers makes possible

a. a radical reduction in the number of transactions that would otherwise have to exist between retailers and manufacturers, and a corresponding reduction in costs

b. economies of large-scale purchases and low-cost storage, which are largely passed on to retailers and consumers

c. both (a) and (b)

_______109. It is inherently unjust for the retail price of a good, such as potatoes or eggs, to rise at the same time that the price paid to the farmers or manufacturers who physically make the good falls.

The following is a three-part question.

_______110. In the case of inexpensive bulky goods, like potatoes, or goods which require special handling and packaging, like eggs, the price of the good to the producer may well account for less than half of the total cost of bringing the good to the consumer, because other costs, such as transportation and packaging, play such a large role.

_______111. In such cases, even though from a strictly physical point of view the product is hardly changed when it reaches the consumer from what it was when it left the producer, the price to the producer represents no greater proportion of the total cost than, say, the price of steel represents in the cost of an automobile.

_______112. In such cases, a fall in the price of the good to the producer may very well be accompanied by a rise in other components of its total cost that are more than offsetting and thus raise its total cost and necessitate a rise in the retail price of the good.

_______113. The existence of the division of labor is what makes advertising necessary, in that the producer and consumer are separate persons and the consumer thus has no automatic knowledge of what is available, where, or on what terms.

_______114. The productive role of advertising is to supply the knowledge desribed as lacking in the previous question.

_______115. Even when people already know what goods are available and where and on what terms, advertising still has the effect of increasing the amount of benefit that is derived from the same amount of physical production. Advertising accomplishes this by increasing the awareness people have of the availability of various goods and by thus inducing them to try goods they would not otherwise have tried, or tried as soon, which they then discover that they prefer to goods they were previously consuming and would otherwise simply have gone on consuming.

_______116. There is an important gain from advertising even in conditions in which its use leads to a rise in the price of the type of product being advertised, in that it leads consumers to try different things and often to find that they are better satisfied as a result.

_______117. There is an inherent limit to any rise in price that advertising might ever cause, in that those who chose to advertise less and thus to incur less cost on account of advertising would be in a position to advertise their lower costs and prices.

_______118. There is such a thing as diminishing returns to advertising. Once a certain degree of awareness of a product is established, additional advertising serves to increase awareness less and less and even to become annoying. Any producer spending excessively for advertising will find himself at the mercy of other producers, who advertise adequately, but less than he does and who can advertise their lower prices based on lower advertising costs.

_______119. Normally advertising serves to reduce prices, by encouraging new competition and the introduction of new and improved products.

_______120. In the absence of extensive advertising of new products, people's main guide to what to consume would be personal experience, which necessarily would favor the established firms, since they are the only existing firms with which people have had experience. Extensive advertising, however, allows new entrants into an industry to gain entree into people's awareness alongside of the established firms.

_______121. Advertising reduces prices and promotes the introduction of new and improved products by shortening the period of time required for a product to gain a mass market

a. and thus achieve the economies of large-scale production
b. and over which it would otherwise be necessary to earn compound profits on outlays for such things as research and development, thereby increaing the extent to which such outlays would necessitate a higher price of the product
c. both (a) and (b)

_______122. It usually does not pay to advertise products which people will buy only once and then advise others against buying.

_______123. The expenditure for advertising is comparable to a seller's posting a bond with the public, insofar as it is usually necessary, if the advertising is to be effective, that those who are induced to try a product buy it again and recommend it to others. A large advertising budget can be taken as signifying the seller's conviction that this will be the case with his product.

_______124. The rule for success in advertising is to advertise products of the kind that when tried will be liked and recommended by the buyers. Apart perhaps from people who are highly suggestible, the advertisers have little or no power over what it is that when tried will be liked and recommended.

_______125. People consume what advertisers tell them to. This is confirmed by the fact that advertising has the power to make people prefer candles to electric light, and the horse to the automobile. The competitive success of electric light and the automobile is the result of the fact that the advertisers chose to advertise in favor of them rather than against them.

PART C: BUSINESSMEN AND CAPITALISTS: CLASSICAL ECONOMICS VERSUS THE MARXIAN EXPLOITATION THEORY

_______126. The leading source of the denial of the productive role of businessmen and capitalists and of the hostility to profits and interest is the Marxian exploitation theory.

_______127. The essential claim of the Marxian exploitation theory is that all income naturally and rightfully belongs to the wage earners, but that under capitalism the wage earners receive only bare, minimum subsistence, while everything over and above this is expropriated by the capitalist exploiters in the form of profits, interest, and land rent, or, in the terminology of Marx, "surplus-value."

_______128. The classical economists held ideas, notably, "the labor theory of value" and "the iron law of wages," which are almost universally assumed to lead inexorably to the Marxian exploitation theory.

_______129. The labor theory of value claims that the prices of goods are in proportion to the quantities of labor directly or indirectly required to produce them, that, for example, if the total quantity of labor required at all stages of production to produce an automobile is five times the quantity of labor required to produce a motorcycle, the price of the automobile will tend to be five times as high as that of the motorcycle.

_______130. The classical economists held the labor theory of value only with major qualifications.

_______131. The iron law of wages held by the classical economists claims that the combination of population growth and the operation of the law of diminishing returns drives real wage rates toward an equilibrium of minimum subsistence.

_______132. In the view of the author, what Marx meant by the labor theory of value and the iron law of wages are two very different sets of ideas than what the classical economists meant, and are in fact gross distortions of what the classical economists meant.

_______133. In the view of the author, the main contribution of classical economics to the Marxian exploitation theory was

a. the labor theory of value

b. the iron law of wages

c. its errors and confusions pertaining to the conceptual framework of the exploitation theory, which assumes that all income due to the performance of labor is wages and that profits are a deduction from what is originally, naturally, and rightfully wages

_______134. In the view of the author, the validity of the conceptual framework of the exploitation theory is accepted by the opponents of Marx as much as by Marx.

_______135. In the view of the author, despite whatever support certain aspects of classical economics may have given to the Marxian exploitaion theory,

a. essential elements of classical economics provide the basis for demolishing both the conceptual framework of the exploitation theory and the whole of the specific substance of the exploitation theory

b. classical economics makes it possible to understand such propositions as why profits, not wages, are the original and primary form of income and that precisely because of the work of businessmen and capitalists, wages can rise out of all connection with minimum subsistence—literally without limit

c. both (a) and (b)

_______136. The classical economists' doctrine of the wages-fund held that at any given time there is a determinate total expenditure of funds for the payment of wages in the economic system, and that the wages of the employees of business firms are paid by businessmen and capitalists, out of capital, which is the result of saving; not by consumers in the purchase of consumers' goods.

The following is a nine-part question.

_______137. In the view of the author, the abandonment of classical economics doctrine of the wages fund in the late 19th century, and with it, its perspective on saving and capital, made possible the acceptance of Keynesianism and the policy of inflation, deficits, and ever expanding government spending in the 20th century.

_______138. In the view of the author, with roughly the same time lag, the abandonment of classical economics' doctrine that cost of production, rather than supply and demand, is the direct (though not the ultimate) determinant of the prices of most manufactured or processed goods led to the promulgation of the doctrines of "pure and perfect competition," "oligopoly," "monopolistic competition," and "administered prices," with their implicit call for a policy of radical antitrust or outright nationalizations to "curb the abuses of big business."

_______139. In the view of the author, the ideas of Adam Smith on the subject of productive activity are among the best and the worst in the literature of economics.

_______140. Adam Smith

a. essentially recognized the necessity of moneymaking in order for an activity to be productive and its connection to the distinction between production and consumption

b. essentially identified government as a consumer

c. maintained that the only productive parties in the economic system are wage earners

d. regarded businessmen, capitalists, and landowners as having no productive function, and as existing as parasites upon the labor of the wage earners

e. all of the above

_______141. Adam Smith

a. equated labor with wage earning

b. declared that "the produce of labour constitutes the natural recompence or wages of labour" and believed that if an income is due to the performance of labor, it must be wages

c. denied that profits could be an income attributable to the labor of those who make profits because of the fact that profits tend to vary with the size of the capital invested

d. believed that the profits earned on capital bear no relation to the quantity, the hardship, or the ingenuity of the businessman's labor

e. declared that "As soon as land becomes private property, the landlord demands a share of almost all the produce which the labourer can either raise or collect from it. His rent makes the first deduction from the produce of the labour which is employed upon the land."

f. declared that ". . . profit makes a second deduction from the produce of the labour which is employed upon land" and that "The produce of almost all other labour is liable to the like deduction of profit."

g. all of the above

_______142. Adam Smith can properly be called the father of the Marxian exploitation theory because he provided the conceptual framework of that theory.

_______143. The conceptual framework of the exploitation theory, that Adam Smith provided, is the primacy-of-wages doctrine.

_______144. The "primacy-of-wages doctrine," advanced by Adam Smith and taken over by Karl Marx, claims that wages are the original and primary form of income from which profits and all other nonwage incomes emerge as a deduction with the coming of capitalism and businessmen and capitalists.

_______145. The conceptual framework of the exploitation theory and its supporting beliefs easily lead to the assertion of the wage earner's right to the whole produce or to the full value of that produce.

_______146. Adam Smith understood the essential role of private ownership of land in progressively increasing the output from the land and in raising living standards while holding down the economic significance of land rent.

_______147. Adam Smith understood the vital role of businessmen and capitalists and private ownership of the means of production in increasing the standard of living of wage earners.

_______148. Smith understood that the division of labor and the rise in living standards that it brings depends on the accumulation of capital.

_______149. Smith implied that the division of labor, and the consequent rise in the productivity of labor, has no connection with the activities of businessmen and capitalists, nor with the institution of private property in land, and might have developed just as well in their absence.

_______150. Adam Smith is usually regarded as the leading advocate of capitalism in the history of economic thought.

_______151. Smith's view of an alleged "early and rude state of society," in which all income is wages and no income is profit, and the alleged effects of the coming of capitalism and capitalists is repeated by Marx in his *C–M–C* and *M–C—M′* sequences that he says respectively desribe "simple circulation" and "capitalistic circulation."

The following is an eight-part question.

_______152. In the view of the author,

a. "Profit" is the excess of receipts from the sale of products over the money costs of producing them.
b. A "capitalist" is one who buys in order subsequently to sell for a profit, i.e., a capitalist is one who makes productive expenditures.
c. "Wages" are money paid in exchange for the performance of labor—not for the products of labor, but for the performance of labor itself.
d. all of the above

_______153. On the basis of above definitions, it follows that if there are merely workers producing and selling their products, the money which they receive in the sale of their products is not wages.

_______154. In buying commodities, one does not pay wages, and in selling commodities, one does not receive wages. What one pays and receives in the purchase and sale of commodities is not wages but product sales revenues.

_______155. The proposition that in buying commodities one does not pay wages was propounded by the great classical economist John Stuart Mill, who held that "Demand for commodities is not demand for labour."

_______156. In the precapitalist economy imagined by Smith and Marx, all income recipients in the process of production are workers. But, in the view of the author, the incomes of those workers are

a. not wages
b. they are, in fact, profit
c. both (a) and (b)

_______157. In the view of the author, all income earned in producing products for sale in the precapitalist economy is profit or "surplus-value" and no income earned in producing products for sale in such an economy is wages. For not only do the workers of a precapitalist economy earn product sales revenues rather than wages, but also those workers have zero money costs of production to deduct from those sales revenues.

_______158. The workers of a precapitalist economy have zero money costs precisely because they have not acted as capitalists. They have not bought anything in order to make possible their sales revenues, and thus they have no prior outlays of money to deduct as costs from their sales revenues. Having made no productive expenditures, they have no money costs.

_______159. Because the workers of Smith's "early and rude state of society" and Marx's "simple circulation" had product sales revenues and zero money costs to deduct from those sales revenues, it follows that profits, rather than wages, are the original and primary form of income.

The following is a six-part question.

As we have seen, Adam Smith and Karl Marx postulated a simple state of affairs in which manual laborers produced and sold products, kept the whole sales proceeds, and did not act as capitalists, i.e., did not buy for the sake of subsequently selling. They believed that in such circumstances all income was wages, and no income was profits. They held that profits came into existence only with the development of "capitalistic circulation" (buying for the sake of selling) and were a deduction from what was originally all wages. To test these propositions, you are given the following information: Receipts from the sale of products are 1000, all of which is consumed and which constitutes a fresh 1000 of receipts from the sale of products in the next period.

_______160. State the amount of productive expenditure present.

_______161. State the amount of wages paid in the production of products.

_______162. State the amount of money outlays to be deducted from sales revenues as costs.

_______163. State the amount of profits earned on the sales revenues.

_______164. State the amount of nominal capital in existence.

_______165. State the rate of return on capital.

_______166. Businessmen and capitalists are not responsible

a. for the phenomenon of profit, which exists prior to their appearance and equals the entire sales revenues received by the workers of Smith's "early and rude state of society" and Marx's "simple circulation"
b. but rather for the phenomena of productive expenditure, wages, and costs, and for the reduction in the proportion of income that is profit and rise in the proportion of income that is wages
c. both (a) and (b)

_______167. While important passages in Adam Smith's *The Wealth of Nations* support the primacy-of-wages doctrine, the doctrine of John Stuart Mill that "demand for commodities is not demand for labor" opposes it.

_______168. Ricardo's doctrine that profits fall as wages rise and rise as wages fall supports the primacy-of-profit doctrine and the harmony of interests of wage earners and capitalists, rather than class warfare, when it is realized that it is capitalists, not consumers, who pay the wages expended in the production of products for sale. For then, it follows that if, as in the precapitalist economy, there are no capitalists, then there are no wages paid in production, and if there are no wages paid in production, the full income earned in Ricardo's framework must be profits.

_______169. The fact that profits are an income due to the performance of labor can be observed all around us in the present day world, but is systematically obliterated by contemporary economic theory.

_______170.

a. Everyday, accountants report the incomes of small proprietors, whose labor bulks overwhelmingly large in the success or failure of their operations, as profits.
b. Despite the fact that that these profit incomes are obviously attributable to the performance of labor by these small businessmen, the doctrine of "opportunity cost" serves to obliterate this fact by renaming the profit as wages, interest, and losses, and leaving as profit only the extent to which the profit exceeds all the opportunity costs.
c. both (a) and (b)

The following is an eleven-part question.

_______171. In the complex conditions of modern society and of "capitalistic circulation," profit continues to be a labor income, indeed, the income of the most important workers, whose labor is now mainly one of thinking, planning, and decision making, rather than manual labor.

_______172. The variation of profits with the size of the capital invested is perfectly consistent with their being attributable to the labor of businessmen and capitalists because

a. such labor tends to be predominantly of an intellectual nature—a work of thinking, planning, and decision making
b. capital is the means by which businessmen and capitalists implement their plans—it is their means of buying the labor of helpers and of equipping those helpers and providing them with the materials of work
c. the possession of capital serves to multiply the efficacy of the businessmen's and capitalists' labor, for the more of it they possess, the greater is the scale on which they can implement their ideas
d. all of the above

_______173. Equal labor does not necessarily produce equal products. It produces unequal products when unequal means are employed. It is always labor which produces, however, because it is labor which supplies the guiding and directing intelligence in production.

_______174. Guiding and directing intelligence, not muscular exertion, is the essential characteristic of human labor, and the basis for attributing all production to labor.

_______175. All labor is the "labour of direction." It is because the man directs the tool, that he, and not the tool, produces the product. The tool, whether an ordinary shovel, a steam shovel, dynamite, or an atomic explosive, does not produce, but is the *means* by which the man who employs it produces.

_______176. Guiding and directing intelligence in production is supplied by businessmen and capitalists on a higher level than by wage earners—a circumstance which further reinforces the primary productive status of profits and profit earners over wages and wage earners.

_______177. In the view of the author, the fact that profits are an income attributable to the labor of businessmen and capitalists, and the further fact that their labor represents the provision of guiding and directing intelligence at the highest level in the productive process, requires a radical reinterpretation of the doctrine of labor's right to the whole produce.

_______178. In the view of the author, properly understood, labor's right to the whole produce is satisfied when first the full product and then the full value of that product comes into the possession of businessmen and capitalists, for they, not the wage earners, are the fundamental producers of products.

_______179. In the view of the author, the employees of the firm are accurately described by the common expression "help." They are the helpers of the businessmen and capitalists in the production of their—the businessmen's and capitalists'—products.

_______180. In the view of the author, the realization of labor's right to the whole produce is exactly what occurs in the everyday operations of a capitalist economy, inasmuch as it is businessmen and capitalists who are the owners first of the products and then of the sales proceeds received in exchange for the products.

_______181. By the standard of attributing results to those who conceive and execute their achievement at the highest level, one must attribute to businessmen and capitalists the entire gross product of their firms and the entire sales receipts for which that product is exchanged.

_______182. The underlying standard of attribution used in the preceding questions is the same as that normally employed in fields outside of economic activity. For example, one attributes the discovery of America to Columbus, the victory at Austerlitz to Napoleon, the foreign policy of the United States to its President. These attributions are made despite the fact that Columbus could not have made his discovery without the aid of his crew, nor Napoleon have won his victory without the help of his soldiers, nor the foreign policy of the United States be carried out without the aid of the employees of the State Department. The help these people provide is perceived as the means by which those who supply the guiding and directing intelligence at the highest level accomplish *their* objectives. The intelligence, purpose, direction, and integration flow down from the top, and the imputation of the result flows up from the bottom.

_______183. By the standard of attribution to the guiding, directing intelligence at the highest level, the products of the old Ford Motor Company and Standard Oil Company are to be attributed to Ford and Rockefeller, and today those of Microsoft are to be attributed to Gates.

The following is a five-part question.

_______184. If the payment of incomes to capitalists whose role in production might be judged to be passive, such as, perhaps, most minor stockholders and many recipients of interest, land rent, and resource royalties, represented an exploitation of labor, it would be an exploitation of the labor

a. not of wage earners

b. but of businessmen and the active capitalists, from whose profit incomes they are a deduction

c. would mean that individuals like Ford and Rockefeller were exploited by such people as widows and orphans, who largely make up the category of passive capitalists

d. all of the above

_______185. In fact there is no genuine exploitation in the case described in the preceding question, because the payment of such incomes is a source of gain to those who pay them. They are paid in order to acquire assets whose use is a source of profit over and above the payments which must be made.

_______186. Furthermore, the recipients of such incomes need not be at all passive; they may very well earn their incomes by the performance of a considerable amount of intellectual labor. Anyone who has attempted to manage a portfolio of stocks and bonds or investments in real estate should know that there is no limit to the amount of time and effort that such management can absorb, in the form of searching out and evaluating investment possibilities, and that the job will be better done the more such time and effort one can give it.

_______187. In the absence of government intervention in the form of the existence of national debts, loan guarantees, and insurance on bank deposits, the magnitude of truly passive income in the economic system would be quite modest. This is because most forms of investment require the exercise of some significant degree of skill and judgment. Those not able or willing to exercise such skill and judgment would either rapidly lose their funds or would have to be content with very low rates of return in compensation for safety of principal and, in many cases, would have to bear the expense of the deduction of management fees by trustees or other parties.

_______188. In a laissez faire economy, without personal or corporate income taxes (a real exploitation of labor) and without legal restrictions on such business activities as insider trading and the award of stock options, the businessmen and active capitalists are in a position to own an ever increasing share of the capitals they employ. With their high incomes they can progressively buy out the ownership shares of the passive capitalists. In this way, under capitalism, those workers—the businessmen and active capitalists—who do have a valid claim to the ownership of the industries in fact come to own them.

_______189. Böhm-Bawerk, who is regarded as the leading critic of the exploitation theory, bases his critique on
a. the primacy-of-profit doctrine
b. the primacy-of-wages doctrine

_______190. According to Böhm-Bawerk, profits/interest are a justified deduction from what is originally all wages.

_______191. The labor theory of value as held by the classical economists
a. admitted the existence of numerous cases in which prices were determined simply by demand and supply, by the utility and scarcity of goods, and to which neither the labor theory of value nor even determination by cost of production applied
b. especially Ricardo, recognized the important role in the determination of relative prices of the time which must elapse between the payment of wages and the sale of the ultimate consumers' goods, over which time the rate of profit had to compound; goods produced by equal quantities of labor but over unequal such periods of time would have permanently unequal prices
c. especially Ricardo, implicitly recognized the role of the rate of profit
d. recognized the role of differences in wage rates between skilled and unskilled labor and between different countries
e. all of the above

_______192. The labor theory of value held by Marx claimed to apply to all goods and services without exception and that relative quantity of labor alone was the explanation of relative value.

_______193. The labor theory of value held by the classical economists can be harmonized with recognition of the productive role of businessmen and capitalists by virtue of
a. the fact that the activities of businessmen and capitalists progressively reduce the quantities of labor required to produce goods, and thus reduce their prices
b. recognizing that wage rates are among the prices not determined by quantity of labor but by supply and demand, with the result that the activities of businessmen and capitalists progressively reduce prices while leaving wage rates unchanged, thereby progressively raising real wage rates
c. both (a) and (b)

_______194. The "iron law of wages" claims that the natural, equilibrium level of wages is minimum subsistence.

_______195. According to the classical economists, such wages
a. were the result of the combination of population growth and the operation of the law of diminishing returns, including the need to resort to progressively inferior lands as population grew
b. existed as a tendency, not as an absolute fact and could be escaped by means of capital accumulation and economic progress
c. both (a) and (b)

_______196. According to the version of the iron law of wages propounded by Marx, wages
a. were arbitrarily set at minimum subsistence by the fiat of the capitalists, not by virtue of the effects of population growth and diminishing returns
b. could not rise above minimum subsistence on the basis of economic progress, but would be immediately reduced by the capitalists in response to any cheapening in the price of the wage earner's necessities
c. would be reduced even below the level of minimum subsistence as the result of capital accumulation in the form of a rise in fixed capital relative to "variable" capital (the doctrine of progressive impoverishment of the masses)
d. all of the above

_______197. The "iron law of wages" could seem reasonable in the early 19th century, when Ricardo wrote, because all of human history prior to that time seemed to confirm it, in the same way that it seemed to confirm the proposition that land rents tended to constitute a growing proportion of the total, combined income of a nation's inhabitants.

Answers to Questions 1-198 on Chapter 11

Ques-tion #	Correct Answer	Ques-tion #	Correct Answer	Ques-tion #	Correct Answer	Ques-tion #	Correct Answer	Ques-tion #	Correct Answer	Ques-tion #	Correct Answer
1	T	34	a	67	c	100	T	133	c	166	c
2	F	35	T	68	c	101	c	134	T	167	T
3	T	36	d	69	c	102	F	135	c	168	T
4	T	37	F	70	T	103	d	136	T	169	T
5	d	38	F	71	T	104	T	137	T	170	c
6	f	39	d	72	e	105	T	138	T	171	T
7	b	40	b	73	d	106	e	139	T	172	d
8	T	41	d	74	T	107	c	140	e	173	T
9	T	42	a	75	T	108	c	141	g	174	T
10	T	43	T	76	T	109	F	142	T	175	T
11	T	44	d	77	c	110	T	143	T	176	T
12	b	45	c	78	T	111	T	144	T	177	T
13	F	46	c	79	T	112	T	145	T	178	T
14	T	47	T	80	T	113	T	146	F	179	T
15	T	48	T	81	T	114	T	147	F	180	T
16	T	49	c	82	T	115	T	148	F	181	T
17	T	50	T	83	T	116	T	149	T	182	T
18	T	51	T	84	d	117	T	150	T	183	T
19	T	52	T	85	d	118	T	151	T	184	d
20	F	53	T	86	T	119	T	152	d	185	T
21	f	54	T	87	T	120	T	153	T	186	T
22	e	55	T	88	T	121	c	154	T	187	T
23	T	56	b	89	T	122	T	155	T	188	T
24	F	57	e	90	c	123	T	156	c	189	b
25	e	58	a	91	e	124	T	157	T	190	T
26	F	59	b	92	d	125	F	158	T	191	e
27	T	60	b	93	d	126	T	159	T	192	T
28	d	61	b	94	c	127	T	160	zero	193	c
29	c	62	b	95	F	128	T	161	zero	194	T
30	a	63	T	96	T	129	T	162	zero	195	c
31	a	64	T	97	T	130	T	163	1000	196	d
32	c	65	T	98	T	131	T	164	zero	197	T
33	a	66	T	99	T	132	T	165	infinity		