

# On Productivity

## *a Socratic dialogue between a Buddhist Lama (BL) and a Mainstream Economist (ME)*

Nadia Johanisova

**BL:** I have come to ask you a question.

**ME:** Well, go ahead. But I only have five minutes.

**BL:** What is productivity and why is it so important in your culture?

**ME:** Well, that's an easy one. Productivity is a measure of how many outputs you produce with a given amount of inputs. You try for higher productivity in order to get a higher profit.

**BL:** Could you give me an example?

**ME:** A factory tries to produce as many cars with as few people as possible.

**BL:** Excuse me, I still do not understand. What are the inputs in this case and what are the outputs?

**ME:** Well, the outputs are the cars and the inputs are the people, but we do not call them that.

**BL:** What do you call them?

**ME:** We call them labour.

**BL:** That is very strange. But why does this factory try to produce as many cars as possible? Are cars such a good thing?

**ME:** Well – yes. Cars are very useful. For example, a car takes me to work every day so that I do not have to walk.

**BL:** You do not like to walk?

**ME:** To tell you the truth, I love to walk, but I can't really afford the time. I would be too unproductive.

**BL:** So what do you produce?

**ME:** I produce – er – economic theories.

**BL:** Like the one about productivity?

**ME:** Well, yes.

**BL:** Let us get back to your example. I have heard that cars pollute the atmosphere.

**ME:** That is true, but it is only an externality.

**BL:** What do you mean by externality?

**ME:** I mean that the productivity theory never expected such a thing to happen. Products according to this theory are all beneficial to humankind. Our philosophers explained that to us two hundred years ago. Life in cultures which have low productivity tend to be nasty, brutish and short. But an emphasis on productivity has led to the accumulation of capital and to expanding production possibility curves, we have been able to produce more and more things and this has made our lives more pleasant, more interesting than those in traditional cultures. We are now happier. At least that is what our theory says.

**BL:** I have been in your country but the people – or labour as you call them – do not seem to be happier than in my country. They seem to have much less time to do the things they really enjoy.

**ME:** That is because they have to make money to be able to buy the things which make life worth living. Our people are not only labour. They are also consumers, which means they do a lot of shopping.

**BL:** But if they spend all their time working to make money and producing things to be more productive, and then shopping, when do they actually enjoy life? When do they find time to be together, to take a walk, to enjoy nature?

**ME:** Well... some of them, usually the ones who made a profit because their factories were productive, buy a house in the country when they retire. There they are far from the pollution of the city and can really start enjoying life. I look forward to such a future myself one day.

**BL:** So productivity makes most people work harder and produce more and more strange things, such as cars, which often destroy the environment. They can't afford to take a walk because they have to be productive, but then some of them, the ones who thought up ways of being even more productive, get a chance to stop being productive and enjoy life in their old age. Well, friend, you have not persuaded me of the merits of productivity. Have you ever considered, as a society, becoming less productive as a path to greater happiness?

**ME:** To tell you the truth, that has stopped being an option.

**BL:** What do you mean?

**ME:** Our country has signed agreements with other countries saying we will do nothing to stop them importing their products to our country if they can produce them more productively - with cheaper labour or fewer environmental constraints, for example. So we need to be productive to compete with them.

**BL:** And why did your country sign such agreements?

**ME:** Isn't that obvious? So that our people can buy things more cheaply than would otherwise be the case.

**BL:** But if someone else produces these things which you need, what will your labour do?

**ME:** They will have to accept a lower wage packet or maybe part-time jobs in services.

**BL:** Will this make them more happy?

**ME:** No, but it is a price we have to pay for making the whole world a more productive place.

**BL:** You mean – the world will be producing more and more things with less and less inputs?

**ME:** Yes.

**BL:** And by inputs you mean people?

**ME:** Er – yes.

**BL:** Do you get the feeling that somewhere along the way, people have become a means to an end? To the end of producing ever more things? Most people here are not happy, have no time to enjoy life and nature is suffering from externalities. All this, it seems to me, is caused by the product of economists such as you – this theory of productivity. Maybe you economists should have been less productive in the first place!

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