

Re: Don't Forget Mises -- and Dump the Third Way!

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From: jmh (j_m_h_at_cox.net)

Date: 09/18/04

Date: Sat, 18 Sep 2004 11:03:31 -0400

royls@telus.net wrote:

> On Mon, 13 Sep 2004 12:33:14 -0400, jmh <j_m_h@cox.net> wrote:

>

>

>>royls@telus.net wrote:

>>

>>>On Sat, 11 Sep 2004 11:07:23 -0400, jmh <j_m_h@cox.net> wrote:

>>>

>>>

>>>>royls@telus.net wrote:

>>>>

>>>>

>>>>>On Fri, 10 Sep 2004 12:48:24 -0400, jmh <j_m_h@cox.net> wrote:

>>>>>

>>>>>

>>>>>>royls@telus.net wrote:

>>>>>>

>>>>>>

>>>>>>>On Thu, 09 Sep 2004 22:29:54 -0400, jmh <j_m_h@cox.net> wrote:

>>>>>>>

>>>>>>>

>>>>>>>>royls@telus.net wrote:

>>>>>>>>

>>>>>>>>

>>>>>>>>>On Wed, 08 Sep 2004 18:43:36 -0500, Albert <alwagner@tcac.net> wrote:

>>>>>>>>>

>>>>>>>>>

>>>>>>>>>>The land input is still a productive

>>>>>>>>>>factor input for which the owner wants some compensation.

>>>>>>>>>>

>>>>>>>>>>>Simply _wanting_ something for nothing is not the same as earning

>>>>>>>>>>>something by making a contribution. There is no doubt that land is a

>>>>>>>>>>>production factor. The point is, the landowner's only function is to

>>>>>>>>>>>collect money in return for not interfering with production. It's

>>>>>>>>>>>morally and economically equivalent to a protection racket.

>>>>>>>>>>>

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>>>>> *Which implies that all Georgists are racketeers.*
>>>>>
>>>>> *??? Nonsense. Unlike the private landowner, the community _does_*
>>>>> *have a function other than collecting the rent: to provide the*
>>>>> *services, infrastructure, opportunities and amenities that create it.*
>>>>>
>>>>> *The fact that the community then takes the money and spends*
>>>>> *it elsewhere, which may or may not be valuable expenditures*
>>>>> *for everyone, is beside the point.*
>>>>>
>>>> *No, it is not. We are assuming a responsible, democratic government*
>>>> *that acts on behalf of and in the interest of the community, not a*
>>>> *despot that takes the land rent and spends it on foreign wars. The*
>>>> *services, infrastructure, opportunities and amenities the community*
>>>> *provides are what create the land rent.*
>>>>
>>>> *What the rent is spent on does not matter,*
>>>>
>>>>
>>>> *??? Of course it does. The fact that it is the community that*
>>>> *creates the land rent, and that some of the costs it incurs thereby*
>>>> *can be recovered by charging for access to the land is very much to*
>>>> *the point.*

You're addressing the wrong point. You are starting from the presumption that someone is collecting the rent and saying that the rent is largely driven by network effects. My claim was that no one can charge a rent for access to Land if we're taking a production-based theory of ownership—not the person and not the community as neither created Land. The access fee to Land, be it charged by a person or a group is not legitimized by the claim that the fee will be spent on good things or even mostly given back to the person required to pay.

>
>>> *and I'll remind*
>>> *you the context was not about taxes*
>>>
>>>
>>> *<yawn> Don't imagine for a moment that you'll get away with that crap*
>>> *with me, sonny boy. I'll shove it right back down your throat.*
>>>
>>> *In point of fact, I'll remind _you_ that the context was most*
>>> *certainly about the community charging a fee for use of land, which*
>>> *most people would certainly call a tax.*
>>>
>>> *Capisci?*
>>>

>
>>*but able a private*
>>*person expecting to get some share in the production*
>>*output of some activity to which that person's*
>>*contribution was the factor of production Land.*
>
>
> *But he did not contribute the land. It was already there and*
> *accessible, with no help from him. We've been here before.*
>
>
>>*The "responsible, democratic government" acting "on behalf"*
>>*of the community still has no more rights to claim any*
>>*rent for access to nature when the basis for rejecting*
>>*such an action by an individual is the claim that*
>>*no one produced the land.*
>
>
> *Wrong. The reason for rejecting the claim was that neither the*
> *private landowner nor any previous owner whom he may have paid for the*
> *land created _either_ the land _or_ its rental value (i.e., what the*
> *land adds to production, for which the landowner seeks to be paid).*
>
>
>>*Don't try to shift the topic.*
>
>
> ?? *Back atcha, pal.*
>
>
>>>>*Your claim was that*
>>>>*charging for access to land was the same as a protection*
>>>>*racket.*
>>>
>>>
>>>*No. My claim was that for a _private_ landowner who does nothing to*
>>>*create the value he demands from the land's user to nevertheless*
>>
>>*Neither does the community at large contribute anything*
>>*by allowing the producer to produce on the particular*
>>*location.*
>
>
> *Wrong. At the very least, the security of tenure government and the*
> *community provide is absolutely essential to almost any productive use*
> *of the land. That is why when government disappears, land value goes*
> *to near zero.*
>
>
>>*At best they simply consume the output, a*
>>*separate activity from producing.*

>
>
> *That is an outrageous falsehood. It is the community, and most
> certainly _not_ the private landowner, that provides the services,
> infrastructure, opportunities and amenities that make the land more
> productive.*
>
>
>> *Finally, the owner of capital, assuming they only
>> contribute capital (financial or real) personally
>> contribute to production--their assets do.*
>
>
> *??? They contribute the capital, which _unlike_land_, would not have
> existed or been devoted to production without the effort of the owner
> and whoever the owner paid to _produce_ it. I'm not sure how you are
> preventing yourself from knowing this perfectly evident fact of
> objective reality. But I think I can guess _why_ you are....*
>
>
>> *That's
>> why the contribution alienable input factors of
>> Land and Capital can be treated similarly:*
>
>
> *Nope. The fact that your above claim is false is why they can't. See
> above.*
>
>
>> *owners
>> get to claim on the basis of the productivity of
>> their assets in the production process.*
>
>
> *Of course the basis of the landowner's claim is the productivity of
> his assets rather than what he actually contributes. That is the
> point. He doesn't contribute anything to production. He simply
> claims for himself the additional productive value that the community
> contributes to his land.*
>
>
>>> *capture and retain that value is morally and economically equivalent
>>> to a protection racket. Look up about 25 lines and you will see what
>>> I actually wrote, rather than what you want to claim I wrote.*
>>>
>>> *The distinguishing feature of a protection racket, what makes it
>>> different from a security provider, is that the racketeer doesn't
>>> provide any value: he only threatens to remove value. It is rightful
>>> for a security provider to charge a payment for his services because
>>> like the community charging land rent, he provides a valuable service
>>> that includes securing possession against violations by third parties.*

>>

>>*Protection or security wasn't the topic, was it Roy.*

>

>

> <yawn> *I understand that you do not wish me to identify any relevant facts; and I understand why.*

>

>

>>*The issues were a) are input factors productive or is only Labor*

>>*productive*

>

>

> *IMO that is semantics, and not an interesting issue.*

>

>

>>*and b) if the input factor is distinctly separate*

>

>>*from the owner, i.e., capital and land,*

>

> *And slaves, of course...*

>

>

>>*does ownership*

>>*grant some claim to a share in the total output to which*

>>*that alienable property contributes to producing.*

>

>

> *Of course it does. That has never been in dispute. The question is*

> *exactly _what_ claim does ownership per se grant? I think you will*

> *agree that ownership per se grants nothing more than a legal claim to*

> *the slave owner. And it therefore grants no better claim to any other*

> *owner of any other production factor.*

>

>

>>*Please try stay with the topic if you're going to*

>>*argue against what I was saying.*

>

>

> *What you were saying, and the topic on which I am correcting your*

> *erroneous statements, is that the claims of the owners of capital are*

> *equivalent to the claims of the owners of land, and founded*

> *exclusively on the legal fact of ownership, like the claims of the*

> *owners of slaves. That claim is false, on both counts.*

>

>

>>>>*where did the right to charge for*

>>>>*access to nature come from?*

>>>

>>>

>>>>*From the need to secure private individuals' rightful property in the*

>>>>*products of their labor that are inseparable from the land, and to*

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>>> *appropriately repay the contributions of those who make access to
>>> nature more valuable.*
>>
>> *Either we all have free access to nature and any barrier
>> in the way of our free access to nature is not just or
>> there is some mechanism by which nature becomes private
>> and therefore some (or just one) may exclude others from
>> any access--including allowing access for a fee.*
>
>
> *OK, as long as you are clear that by "becomes private" we mean "is
> allocated to a private user."*
>
>
>> *That*
>> *proposition must logically precede the issue you mention
>> above.*
>
>
> *Certainly there is either some allocative mechanism, or there is a
> free-for-all.*
>
>
>> *So what is it, does man have the right to appropriate
>> nature and make it private or not.*
>
>
> *Certainly. But a "right" legitimized by nothing but appropriation is
> just as legitimately overturned by appropriation.*
>
>
>> *If not then the*
>> *community cannot make any more demand for access to
>> nature than a person can.*
>
>
> *What the community can do is provide an alternative to violent
> conflict over who gets access to each specific piece of nature.*
>
>
>> *If yes then you need to*
>> *show some argument why that appropriation of nature
>> can only occur at the community level and not at
>> the individual level.*
>
>
> *It can certainly occur at an individual level; but unless he is alone,
> the individual's claim can be overturned and "his" land forcibly
> appropriated by anyone else, just as legitimately. The community has
> both the means to administer possession and use of the land by
> peaceful methods, and a just claim to the rent, which it creates.*

>
>
>>Note, appropriation of nature has nothing to do with the
>>level of land value, though it probably is the source of
>>the existence of land value.
>
>
> Security of tenure, which comes from a peaceful, orderly community, is
> the source of land value.
>
>
>>>>You are being selective in your concerns about why
>>>>ownership grants a claim to output.
>>>
>>>Exactly! Ownership per se is a matter of (more or less arbitrary)
>>>law, not of moral right or economic efficiency. At one time a slave
>>>owner owned his slaves' output as a matter of law. Are you claiming
>>>that that claim to output based on ownership had the same moral and
>>>economic status as a worker's claim to the fruits of his own labor?
>>
>>Which doesn't quite address the problem.
>
>
> Yes, actually, it does. In fact, it flat-out proves you wrong, unless
> you are going to start claiming that the slave owner's claim to his
> slave's output is as valid as the slave's (which would not surprise
> me).
>
>
>>WHy is it any
>>better that the "community" is now the slave owner--using
>>your analogy--than a bunch of separate people?
>
>
> For the same reason that democracy is better than feudal monarchy.
> Owners and owned can't be the same people.
>
>
>>The Land
>>isn't theirs to charge a fee to access that land.
>
>
> It isn't "theirs" or anyone else's. But the alternative to government
> administration of possession and use of land is forcible private
> appropriation thereof. And we know where that leads.
>
>
>>>>If it's illegit for
>>>>a person to own land and demand some compensation for
>>>>access then it's not fair for a group to attempt that
>>>>either

>>>

>>>*Of course it is, if the group consists of the whole community that makes access to the land valuable. Are you able to understand the difference between A charging B for what A provides, and C charging B for what A provides?*

>>

>>*Then you require a globalist approach or you're back in the same boat as the individual owner setting.*

>

>

> *Nope. The community consists of all those who live under a single sovereign land-administration authority.*

>

>

>>*However, that still does not explain why the community can actually claim any land*

>

>

> *It doesn't "claim" the land. It just administers possession and use thereof, as a matter of physical fact.*

>

>

>>*--what if could do, assuming universal membership and presumably universal (or near or effective) agreement, is get agreement for everyone not to use any land without making a contribution to the public pot.*

>

>

> *That is more or less what happens where there are property taxes.*

>

>

>>*That would not require people own any natural resources at all, merely an agreement on how each would access what they otherwise freely could.*

>

>

> *Exactly. Government administration avoids violent conflict over access to limited natural resources (of course, governments can also come into violent conflict over access to natural resources...).*

>

>

>>*But the we're back with the question about how that--other than the assumption of agreement--differs from the protection racket.*

>

>

> *I have already explained that. Can't you read? The protection racket is distinguished from the security firm (or government) by the absence of a third-party threat. The protection racket offers the victim protection primarily against itself.*

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>
>
>>Why should
>>anyone agree that they need to pay another, or the entire
>>world, for access to nature?
>
>
> To avoid being killed for it by some other private individual who also
> wants access to it without paying for it.
>
>
>>>>--neither the person nor the group created the
>>>>land so neither can claim it from a producer's right
>>>>standpoint.
>>>
>>>Neither created the land, but the community produces the land's
>>>_value_, so it _does_ have the producer's right to recover that value.
>>
>>And what was the original issue: an owner giving access to
>>Land.
>
>
> No. The owner does no such thing. All he does is threaten to _block_
> access to what would otherwise be perfectly accessible.
>
>
>>This is different that the issue of the Land value
>>and goes to the matter of ownership not value.
>
>
> There is no valid way to obtain rightful ownership of land, because
> rightful ownership is founded on the producer's right to his product,
> and land is no one's product.
>
>
>>>>What's the real difference here in terms of charging
>>>>for access to land?
>>>
>>>The difference is in the justice and economic efficiency of the
>>>distribution of rent.
>>
>>You keep asserting that somehow as a group some
>>people
>
>
> No. Not just "some" people. Only the people who give the land its
> value and, through their government, administer its possession and
> use.
>
>
>>can demand that others pay to access land

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>>*that group makes some collective claim on is*
>>*just but that the same actions by a person is not*
>>*just.*
>
>
> *The justice of the _whole_community's_ (not "some people's") claim is*
> *based on the fact that the land's value as a production factor comes*
> *precisely from that whole community, not its private owner.*
>
>
>>*Saying so doesn't make it so.*
>
>
> *Right. The fact that it _is_ so is why I say it is so.*
>
>
>>*As for the efficiency claim, is that based on*
>>*some social welfare function?*
>
>
> *No, it's a fact of economics, one of the longest-known and most firmly*
> *established facts in the discipline.*
>
>
>>*Also, is that*
>>*an implicit refutation of the Coase Theorem?*
>
>
> *The Coase Theorem isn't about the real world. It's just an abstract*
> *mathematical exercise.*

It certainly appears to underly an awful lot of empirical studies and analysis within Law and Economics.

Would you say the same thing about a demand curve?

It doesn't really exist in the real world either;
it's just and abstract mathematical exercise that helps people organize thoughts for analysis and tends to produce fairly good results.

>
>>>>>*My statements have been made in the context of *given**
>>>>>*ownership and not in the context of "why* or *how**
>>>>>*ownership. I don't deny that that those are not important*
>>>>>*or interesting questions, only that they were not part*
>>>>>*of the initial claims about what is and is not productive*
>>>>>*and the follow claim that only that which is productive*
>>>>>*can claim a share of the output.*
>>>>>
>>>>>*The issue then is to define what is a "contribution to" production,*
>>>>>*and the matter should be disputed on that basis, not on the basis of*

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>>>>> *who has a legal right to claim a share of it.*
>>>>
>>>> *Which should have been pretty clear from the discussion:*
>>>> *the productivity of the factor included in the production*
>>>> *process.*
>>>>
>>>> *Fine. Based on the productivity of the production factor owned, the*
>>>> *private landowner has just as much right to the land rent as the slave*
>>>> *owner has to his slaves' products.*
>>>>
>>>> *Or, as the discussion was actually being conducted,*
>>>> *as the worker providing Labor or the investor*
>>>> *providing Capital.*
>>>>
>>>>
>>>> *Right. The difference is that unlike the claims of the landowner and*
>>>> *slave owner, the claims of the worker and capitalist are not based*
>>>> *on nothing whatever other than formal ownership of a production*
>>>> *factor. They are based on their respective*
>>>> *contributions to production, which would not have existed or been*
>>>> *contributed to production but for their efforts.*

But here is where we've been either at odds or cross purposes. Neither the community nor the government did anything related to the productive of the land.

What you start to focus on here is that value generated through network effects that are collected in the form of land rents. That's actually a horse of a different color--but I do agree a natural distinction can be made between Land, Capital and Labor in this area that allows a non-arbitrary distinction between Land and the other two factors in terms of how we treat that value. At the same time there is a totally arbitrary way in which you treat the value generated by the network effects by granting that value be collected and kept by the owners of both Labor and Capital but not Land owners. Clearly there is a fairly large portion of the income going to both Labor and Capital that is due to the network effects present and completely independent of the direct contribution of either factor. Your "Right, The difference is that unlike..." then becomes a somewhat arbitrary claim.

>>>> *Exactly why you felt the need to take this side track*
>>>> *and confuse the issue with one that is orthogonally*
>>>> *related I have no idea but thanks for finally conceding*
>>>> *the obvious.*
>>>>
>>>>
>>>>

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> *The obvious has never been in dispute by anyone but you.*
>
>
>>*In a world of input factor ownership those*
>>*owners will expect and receive a share in the output because*
>>*the input factor is productive.*
>
>
> *Certainly, just as in a world of slave ownership, the slave owners*
> *will expect and receive a share in the output because their slaves are*
> *productive. I have never said otherwise. But IMO that is not an*
> *interesting issue. The interesting issue is whether, in _this_ world,*
> *workers, capitalists or landowners have any _better_ claim on a share*
> *of output than the slave owner has in his world. You seek to prevent*
> *yourself from knowing that the landowner's claim is no better than the*
> *slave owner's, while the worker's and capitalist's claims _are_ better*
> *than the slave owner's.*
>
>
>>*Were the input not*
>>*productive it would not be needed and so not used--resulting*
>>*in the owner not getting any share of the output.*
>
>
> *Right. But that has never been in dispute.*
>
>
>>>>*But even here we're still moving away from the*
>>>>*original point I was making. The argument being made that*
>>>>*only Labor is productive was invalid and the disproof was*
>>>>*to apply the claim to Labor and prove that Labor was*
>>>>*not productive. Recall, the claim was that Capital on*
>>>>*it's own doesn't do anything, it needs to be combined*
>>>>*with Labor. Well, Labor in isolation from other inputs*
>>>>*also has an output of 0; therefore Labor is unproductive.*
>>>>*The argument was then shifted to Labor is the only*
>>>>*"active agent" to which I pointed out being active was not*
>>>>*the same a productive and was never part of the definition*
>>>>*of "productive".*
>>>
>>>*I agree, the claim that "only labor is productive" is either unclear,*
>>>*unwarranted, or too broad to be meaningful.*
>>
>>*Which is why I am surprised at difficulty I had with*
>>*you on this basic point*
>
>
> *You have never had any difficulty with me on that point. Perhaps you*
> *are thinking of Albert.*

But Roy this entire discussion arose from that very point and the side track into the whole LVT/Georgist approach. The only objection I've really be raising--though it's made in several contexts so that's probably less than crystal clear--has been your claim that the community or government has any moral right to charge a fee for access to Land. This is not an issue about LVT or even Land Value. The use vale of land is not always driven by the network effects that underly the LVT perspective. For some people and for some activities those network effects are unimportant within the conctect of a specific activity. For those cases then the required fee for access to existing available land is little different than the private ownership case or the protection racket analogy. You cannot make the moral case for Georgism, only a (and won't say it's a bad one--or the best one either) pragmatic case. It's be you're essential insistence on the moral case that I've been disagreeing with.

>

>>*and the resultant detour*

>>*into the echange we had.*

>

>

> *The detour occurred because you claimed that the claims of capitalists*

> *and landowners to their respective shares of output were equivalent.*

> *They are not, and I accordingly corrected you.*

No, the detour occurred because you claimed that it the georgist propostion of collecting a fee for using land was justified by how the collected funds were spent. I suppose I should have pointed out that your argument only explains the magnitude of the rents collected but does not justify the basic claim of collecting rent for access to Land per se.

jmh