

Re: More Anarchism with Roy L

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- *From:* royls@xxxxxxxxxx
 - *Date:* Sat, 07 May 2005 20:54:44 GMT
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On 2 May 2005 12:07:40 -0700, "Quirk" <quirk@xxxxxxxxxx> wrote:

>royls@xxxxxxxxxx wrote:

>

>> >If they add nothing to the sum, then labour ought
>> >to be able to produce the same value without using land as a
>resource.

>

>> No, the natural resources used to create capital add nothing to the
>> return to capital, because their full value must be paid out in rent,
>> up front.

>

>I am very interested in this.

>

>How is this full value calculated?

The market does it.

>And could not the same argument be
>made to support the private ownership of the lot itself, could not its
>"full value in rent be paid out up front" as well, and thus private
>ownership justified?

No, because the depleted resource is gone. The lot is still there.
Its full rental value can't be calculated, because it hasn't happened
yet. And also because it might well diverge (i.e., be infinite).

>> >Land is an input to production, as such, it's value is part of the
>sum.

>>

>> Yes, but its value is _subtracted_ from the _return_, because it must
>> be paid for, in full.

>

>Paid to whom?

The resource owner.

>Who do you pay for something with no rightfull owner?

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A wrongful one.

>Isn't this just current possessors robbing future possessors?

No, it's current possessors robbing current potential users.

>> >So if I Rent a gold mine from the community, extract all the gold
>and
>> >other resources, and poison all the ground water while making an
>> >advanced computing platform with it, the Rental value of the land
>has
>> >fallen by the use of the land being downgraded from gold mining to
>data
>> >center housing on a polluted lot, thus the community has lost Rent.
>
>> Presumably you pay the community a severance tax for depleting the
>> resource, and are thus quits on that score.
>
>How does the community determine what the depletion of their resources
>and poisoning of their environment is worth?

With due care and attention.

>And how can it stop me
>from using wealth from influencing this process?

Prison terms for corrupting public officials.

>> >However, I, having a giant data center, can then Rent out its
>storage
>> >and computational facility back to the community, thus my increase
>in
>> >Capital Yield has come directly as a result of a decrease in Rent.
>This
>> >is the "leakage" I mean.
>
>> But that makes no sense. The amount you can rent out the computing
>> facility for does not depend on how much you have decreased the
>> resource rents the community can recover.
>
>Not when it comes to new frontiers of Capital formation, but in an
>established industrial usage this would be a simple cost/benefit
>analysis.

No.

>> The relationship you hypothesize simply does not exist except by
>accident.
>
>Or in known cases, which is typical in commodity Capital goods.

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Not really. You have no way of knowing if a given commodity capital good came from rent-yielding resources or marginal ones.

>> >Except that consumer goods do not earn income, and is exactly
>unearned
>> >income that both both of us are concerned with.
>
>> The return to capital is not unearned, because it is obtained in
>> return for a _contribution_to_production_.
>
>In theory, but in practice it is in return for paying wages to somebody
>else to make this contribution for you.

The wages paid were also in principle gained by the payer making a contribution (I agree that they often weren't in fact, but we can't undo the injustices of the past, only of the future -- this is well explained in Henry George's "The Great-Great Grandson of Captain Kidd").

>Thus, in practice, it is yet
>another unearned return to property.

Garbage. It is only unearned if the property itself was unearned.
ANd we can't untangle that.

>> >As you know, I have no intention of taking anything against
>anybody's
>> >will, so this is a straw man.
>
>> OK, but I am trying to clarify what you might mean by "capital
>remains
>> mutual property," and have not yet succeeded.
>
>I mean that in the Anarchist mode of production, Capital is owned
>jointly, and its formation is funded jointly.

OK, so that does not apply to anything produced outside the Anarchist mode.

>> Of course he'll sell it outright. The reason he doesn't is because
>> the best price anyone offers him is less than the present value of
>> what he can get by renting it out to those who can't afford to buy.
>
>And they can't afford to buy it because the price of their labour is
>driven towards its cost by the Capitalist mode of production,

Just the private land rent collection part.

>while the
>price of the Capital is kept at above its cost by anticompetitive
>privilege at least in part granted and protected by the State.

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The return to capital is increased far more by competition from rent collection opportunities than by artificial barriers to entry.

>> >let him keep it, and let him also do without our labour.
>
>> Why should he, if he offers a better return to it (and makes a better
>> return on it) than your syndic?
>
>Impossible, the worker can not have a return that is any greater than
>the entire product, which is his share in my syndicate.

Nope. The entire product under Anarchist production could well be less than the worker's share under private ownership of capital by the most productive managers.

>> It seems you have not grasped a key
>> advantage of free markets: resources moving into the most productive
>> hands. That often means capital moving into private hands.
>
>Perhaps, and your explanations are helpfull as always, however I
>believe that you have not grasped the advantages of the Anarchist free
>market, land and capital at cost

You still have not explained the capital producer's motive for providing his product at cost.

>and under the control of the most
>productive labour.

That's not necessarily the most skillful manager. And it doesn't explain the most productive workers' motives for placing their superior skills in the service of a collective rather than themselves.

>> >I agree, but labour when sells itself for wages alone to the
>> >Capitalist, it is robbed.
>
>> I see no warrant for such a claim.
>
>Because the natural wage of labour is its entire product.

But it isn't. It's the entire product less rent and interest.

>> >I agree that in a truly free market, whatever
>> >the capitalist takes he only turns over to the landlord, as the
>price
>> >of Capital is driven to its cost.
>
>> Indeed, historically the risk-adjusted price of capital has often
>been
>> driven _below_ its cost. The airline industry as a whole, for

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>> example, has made massive losses over its whole history.

>

>Exactly, which is why I have repeatedly said that this quibble between
>us regarding Capital is insignificant in comparison to our agreement
>regarding mutual Land and private Labour.

I don't regard it as a quibble. It is a smaller — maybe even trivial
— issue in terms of what is at stake materially, but the principle at
stake (the rightfulness of interest) is IMO not trivial.

>> >By having mutual organisations buy it out right from the producer,
>or

>> >produce it themselves.

>

>> Well, that does leave others who can't afford to buy it free to rent

>> it...

>

>Sure, but Venture Communists would not do that. They would sooner debt
>finance it.

And who is going to lend them the money at 0% interest?

>> >It isn't. Let him eat it if he wont part with it permanently.

>

>> I repeat: owners of capital are willing to part with it permanently,
>> just not for less than the present value of what they can get by
>> renting it out.

>

>And by enclosing labour against this practice,

That sounds like violating people's liberty.

>we lower that value,

>driving it back towards its cost.

Interest reflects a cost, too: the bearing of risk despite aversion.

>> OK, I guess the problem is in your assumption of better returns to
>the

>> worker through mutual ownership of capital. I strongly suspect that
>> the optimum returns to all will be achieved by placing resources in
>> the most productive hands, which will usually be private, not
>> collective.

>

>Private hands will tend to conspire to raise the price above cost for
>their private benefit.

But that is known not to work in a free market environment, as the
failure of so many cartels demonstrates.

>When the Capital is mutual, its price will tend

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>to fall towards cost, as nobody benefits from a higher price.

Allocation may benefit from a higher price.

>Placing it "in the most productive hands" is achieved by pushing the
>price of Capital towards its cost.

But you are just _assuming_ that interest does not represent a cost,
and is just another form of rent. It isn't.

>> >I see it

>> >as a bad deal for the wage earner, and thus the implicit force of

>> >poverty comes in to make the wage earner accept this deal.

>

>> Assuming the problem of landowner privilege can be excised from the

>> equation, I don't see it as a bad deal for the wage earner at all: he

>> doesn't have to buy capital he may not want to own, and the owner

>> bears a portion of the risk.

>

>Where risk is high, that is true, however for commodity Capital goods,

>the risk tends not to be that high.

Actually, it is still pretty high.

>And a Commune of sufficient

>diversification is as capable of bearing risk as any private person.

But is it capable of bearing the risk as _wisely_ as the most skilled
private person?

>> >Further, as you endorse this logic, then you must also admit that

>there

>> >is nothing economically or morally unsound with the Anarchist

>> >mutualisation of Capital as described.

>

>> I think it's economically unsound inasmuch as it eschews mutually

>> profitable transactions for reasons that look entirely spurious to

>me.

>

>But the best examples you can show to support these missed

>opportunities for mutually profitable transactions are corner cases at

>best, and do not really describe the much more garden variety capital

>that is the basis of production. The few opportunities missed where the

>Capitalist does refuse to sell the Capital and the Commune can not make

>it itself, seem hardly enough to sink an otherwise sound model.

Well, if it is sound, go ahead and make it work.

>> >I don't accept this, seems like a bad deal for the community to

>allow

>> >the user of the land to reduce its mutual value for private benefit.

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>
>> But why? He pays the rent (and severance tax, if applicable)
>> precisely for the right to use the land for his private benefit.
>
>Because I am sceptical about the calculation of severance tax, and
>worried by the possibility of whatever agency makes this calculation
>being captured by an elite.

The price of liberty is eternal vigilance. What else is new?

>> >Anarchist and Marxist agree on the exploitive nature of Property,
>> >Proudhon's "What is Property?" predates Marx's "Communist
>Manifesto."
>
>> And IMO both are wrong to claim that private ownership of privately
>> produced capital is exploitive.
>
>However, as Proudhon predates Marx it is wrong to attribute this belief
>of mine to Marxism, which was my point here.

It doesn't matter who said it, or who said it first.

— Roy L

• *Follow-Ups:*

- ◆ [*Re: More Anarchism with Roy L*](#)
◇ *From:* Quirk

• *References:*

- ◆ [*Re: More Anarchism with Roy L*](#)
◇ *From:* Quirk

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