

Re: Economic Rent As Sum of Externalities

Source: <http://sci.tech-archive.net/Archive/sci.econ/2007-06/msg00040.html>

- *From:* royls@xxxxxxxx
 - *Date:* Wed, 06 Jun 2007 00:37:07 GMT
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On Tue, 05 Jun 2007 00:40:43 GMT, jmh <jmhall@xxxxxxxxxxxxxxxxxxxx> wrote:

On Mon, 04 Jun 2007 23:47:00 GMT, royls@xxxxxxxx in sci.econ
confessed to the world saying:

On Sun, 03 Jun 2007 21:58:52 GMT, jmh <jmhall@xxxxxxxxxxxxxxxxxxxx>
wrote:

On Fri, 01 Jun 2007 06:30:00 GMT, royls@xxxxxxxx in
sci.econ
confessed to the world saying:

On Fri, 01 Jun 2007 03:41:39 GMT, jmh
<jmhall@xxxxxxxxxxxxxxxxxxxx> wrote:

You can also just read Part 2
of the chapter, sine that is
where
Smith talks about the
production activities where
land may or may
not earn rent.

I would assum this is
perfectly fine with your
position.

He's not saying anything I'd object to, it's
just that his analysis is
restricted to the rent of land, and does not
extend to other rent
collection privileges.

Really?

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Yes.

So what about all his comments about merchantilist and labor unions?

He does not call their returns rent, although obviously he is aware that they are not rightly called wages or interest.

Exactly the point. The concept is the same, but terminology proved to be a chain around the classical economist analysis.

?? My concept is the same. Smith's isn't, and the neoclassical one is not the same as either Smith's or mine. That is exactly the point.

Neoclassical treatment of the phenomenon is the same and simplifies the situation by adopting the term that has a very simple and understandable example historically.

No. I have explained to you why the neoclassical concept is not the same: it defines rent according to the amount of a factor payment, not its source.

Clearly the issue to Smith was widespread but he simply reserved the lable "rent" when talking about income going to Land owners.

Right. Which proves you are a liar.

Not at all. If I'm the liar so is Smith and since the issue hear is about what Smith wrote,

No, that is not the issue here. The issue would be the same even had Smith never existed. You don't seem to understand that it is a scientific issue, not a mere matter of exegetical scholarship.

and is quoted above
it's obvious you have not moral fiber at all and simple

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seek to twist everything into your world view, right or wrong doesn't matter. All that matters is agreement or disagreement with you.

<yawn> I have explained why the neoclassical redefinition of rent is inherently misleading.

You've lost the ability to recognize anyone else's thoughts that conflict with yours.

No, I recognize them as erroneous, and show why.

No. You've blindly applied your view and done so with way more text than required. If rent is simply the payment to the Land factor input then that's a simple definition and has 0 import to the issue of legitimacy or fairness or equal rights. It's just a Label and nothing more.

Nonsense. If rent is the payment for land, then it is self-evidently a payment for nothing, as the land was already there with no help from the owner.

If the issue is more than the definitional argument

The definition is absolutely central. Science cannot proceed without clear, accurate, agreed definitions. The neoclassical definition of rent may be (largely) agreed, and it may be clear, but it is not accurate or scientifically useful because it defines rent as an amount paid, but provides no means to measure that amount because it is the excess over a hypothetical and circularly defined amount.

then clearly understanding that the concept Smith was describing about rent being a surplus value above and beyond what is necessary to satisfy the economic exchanges within society that lead to its wealth is critical.

No. That concept of rent is not even useful (let alone critical) to scientific understanding of economics because we have no way to measure or determine the _amounts_ of payment necessary for exchanges to proceed. The neoclassical concept is furthermore circular, because

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it defines rent by reference to a rate of profit that is itself determined by the availability of rent collection opportunities.

By contrast, defining rent by its source rather than its amount makes it glaringly (and, to moneyed interests, unacceptably) clear that even a rent return less than the prevailing rate of profit is not necessary for the exchanges that create national wealth.

Your the one wishing to blur that insight and the value that comes from understanding rent in the neoclassical sense and the value that adds to political economic analysis.

See above. The deliberate misdefinition of rent to rationalize parasitism is a crucial error at the center of neoclassical economics's failure as an empirical science.

You're so myopic on the definiton and you belief that land cannot be privately owned that you're willing to not only toss out the baby with the bath water but actually put the baby on the alter and split it wide open to pay tribute to "rent".

I am not the one sacrificing not only scientific clarity but the rights of the productive in order to rationalize the unearned rent incomes of wealthy, idle parasites. You are.

— Roy L

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