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## **A Geoist Robinson Crusoe Story**

By Fred E. Foldvary

"Once upon a time, Robinson G. Crusoe was the only survivor of a ship that sunk. He floated on a piece of wood to an unpopulated island....." "Since he was the only person on this island, it was all his....." " "I possess the whole island. You may only have this rocky area," said Robinson."

I object: By what right does Robinson lay claim to absolute ownership to the entire island? He is cultivating the best 4 acres but the rest of the island is not his. The only thing he can claim ownership to is the fruits of his labor, cultivating a crop.

"Friday was also a geoist. "I should get half the island," he told Robinson.

Again, why should Friday have any claim on half the island? Doesn't he have the right to claim only any part of the island not already occupied and cultivated by Robinson that he too is able to cultivate with his labor in an 8 hour day?

Presumably he can also cultivate 4 acres so he would chose to cultivate 4 of the 98 remaining 2 bushel acres.

"But the margin of production there is zero!" cried Friday.

"Too bad," said Robinson. "All you are morally entitled to is half the economic rent."

"Came the harvest, Friday said, "Since the margin of production is zero, the marginal product of labor is zero, wages are zero, and the entire output consists of rent, so I get half, 10 bushels." Robinson had to admit this was correct, and handed over half his harvest."

With the 2 bushel land the margin would be 8.

"In the next harvest, Friday produced 8 bushels, and Robinson again harvested 20 bushels. Friday said, "The best land available free has an output of 2, so wages are 2 per acre. My output is all wages. So 8 bushels of your output is wages, and 12 is rent. I get half, 6 bushels." Robinson had to admit this was correct. His income was therefore  $20 - 6 = 14$ , and Friday's income was  $8 + 6 = 14$ . They again had equal incomes, but higher incomes than before."

I really do not see why 12 bushels of Robinsons fruits from his labor is rent that is due to Friday when it too is wages.

Just because Robinson has prior access to the best land on the island, why does he owe anything to Friday? Non of those bushels would ever exist without the labor of each.

What you are expecting Robinson to do is share his excess earnings or profits with Friday.

Why should he do that?

Where does the economic rent come from?

What is the difference in value between what the land would have produced naturally with no cultivation and the value of the crop which is a product of human labor?

If the marginal value is produced by human labor each one is entitled to 100% of what each one of them was able to produce. Why does either one of them owe rent to the other?

"Robinson realized that it did not matter which lands he possessed. He could possess better land, but so long as the rent is split equally, if the wage rate is equal, their income will not be affected. Lawyers say that possession is nine tenths of the law, but the law of rent says, possession does not matter."

How do you figure the wage rates are equal? Why do you say that wages are equal to the production of the least productive cultivator and his land and anything over that, produced by the other is rent?

"If the rent is split equally, those who possess land and want to maximize their income will possess only that amount that maximizes income for all. If they possess too much land, they would drive wages down and rents up, leaving less for the possessors. So it does not matter who owns what land, if the rent is equally split."

It does not matter who owns the land it matters who cultivates that land. The person who cultivates the land owns the fruits of his own labor.

--Warren C.

Massachusetts

Friday June 10, 2005

Concerning a letter below on this page:

"In the next harvest, Friday produced 8 bushels, and Robinson again harvested 20 bushels.

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"I really do not see why 12 bushels of Robinson's fruits from his labor is rent that is due to Friday when it too is wages. Warren C."

No, the product is either wages or rent; they cannot be both. Each factor, labor and land, has its own distinct return. Wages are 2 per acre, and any output beyond that on that acre is rent.

"Just because Robinson has prior access to the best land on the island, why does he owe anything to Friday?"

His prior ownership is irrelevant. Each resident is entitled to an equal share of rent.

"None of those bushels would ever exist without the labor of each."

Yes, and for that the worker should get wages but not rent. The output would also not exist without land.

"What you are expecting Robinson to do is share his excess earnings or profits with Friday."

The profits (rent) are not his, but morally belong equally to both.

--Fred Foldvary