

Re: Bush busts Social Security with massive deficits

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From: The Trucker (*mikcob_at_verizon.net*)

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Igor wrote:

> *William F Hummel wrote:*

>

>

>> *Here you completely ignore the effect on the macroeconomy that would result from your proposal. Increasing payroll taxes is precisely the wrong thing to do in terms of promoting vigorous growth in our productive capacity. If there is a future problem in SS, it will be in our productivity, not are financials.*

>>

>

> *It will have little effect on the Long term economy.*

Assertion with nothing else.

> *Yes there could be*

> *a short term hit but not a long term hit.*

More assertion and nothing else.

> *It will effect capital little*

> *in the long run.*

More assertion and nothing else.

> *Capital to labor ratio are steady in the long run. See*

> *Kondor's Stylized facts. This is what drives Solow '56.*

Assertion and appeal to THE AU TORITIES and no presentation of anything else.

> *Returns to*

> *capital are diminishing and capital reaches a steady state in the long run*

> *in which taxes do not effect.*

More assertion and nothing else.

- > *We can't get much more return from*
- > *physical capital.*

More assertion and nothing else.

- > *It is human capital and research and development that*
- > *fuel long run growth. These may not be subject to diminishing returns. I*
- > *will say may because the evidence is not clear yet.*

Thank you very much for your pronouncements. I will now address this crap with logic and reason as opposed to AUTHORITY!

There is little doubt that imagination, coupled with a good analytical mind and a basic education in science and mathematics will give rise to new ideas and new technology. I do not believe that I need to offer any proof of this. You seem to agree with it and I doubt that anyone would disagree. The next assertion is that the result of this imagination and education and natural ability will be, among other things such as art and stuff that tastes good, *_real_* capital manifestations of that which has been imagined. I offer the laser as an example. Here again I offer no proof and believe none to be necessary. And now we get to the part that is debatable: Is talent (the ability to reason and analyze and imagine) inherited or is it a product of environment or accidental evolution that is not inherited (e.g. a freak sort of thing), or is it gained through environment?

I do not claim to know the answer but I do not see any evidence whatsoever that would say that such traits are inherited. And it would seem therefore that one cannot predict which child will be the next Einstein or the next Newton, or whatever. And if we wish to maximize our long run utility then we must invest in the education of all children at least to the point where such talent AND DESIRE becomes evident. And that means we must support public education in the early years and probably K12 is about right. And this is debatable but have a care: If you think education for the nobility is the correct course you will get a very big argument. When you short change wages by taxing wages you will be short changing education of the young. It would make a lot more sense to increase the progressive nature of the income tax, most especially on unearned income from interest, rent, royalties, and capital gains from land price escalation. Leaving other capital gains and dividends at a lower level and leaving wage taxes as they are. This seems intuitively obvious and yet you tell us that Condor and Solow don't see it. Well, so much for these dudes. They must be stone cold stupid. This later is MY PRONOUNCEMENT.

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"I know no safe depository of the ultimate powers of society but

sci.econ: Re: Bush busts Social Security with massive deficits

the people themselves; and if we think them not enlightened enough to exercise their control with a wholesome discretion, the remedy is not to take it from them, but to inform their discretion by education." - Thomas Jefferson. <http://GreaterVoice.org>