

Re: Samuelson: "It's More Than Social Security"

Source: <http://sci.tech-archive.net/Archive/sci.econ/2005-01/1190.html>

royls_at_telus.net

Date: 01/18/05

Date: Tue, 18 Jan 2005 22:44:20 GMT

On Tue, 18 Jan 2005 06:55:28 +0000 (UTC), "Kent Paul Dolan"
<xanthian@well.com> wrote:

>Between two of my automobile purchases,
>the dollar cost of an ordinary sedan *_tripled_*, not
>just once, but three times in a row. Inflation has
>been harsh, but not that harsh.

Sure it has, just not equally for everything. The modern car is far more complex and of far better quality.

>My first purchase of
>a new auto, the first "square look" Volvo sedan
>year, now costs upwards of twentyfold more in
>unadjusted dollars.

About like the increase in typical wages over the same period...?

>The twenty dollars that filled
>the trunk *_and_* back seat of my grandmother's
>Cadillac with layers of bags of groceries, will now
>not fill a single paper bag.

If you can't fill a bag with groceries for \$20, you're buying junk and conveniences, not food. A couple of years ago, I saw a young guy in front of me at the local greengrocer pay \$6.95 for two bags of chips and a couple of candy bars. I filled *_two_* standard grocery bags with fresh fruit and vegetables for \$6.93, which contrast I considered pretty revealing.

And how long did it take your grandfather to earn that \$20, hmmm?

>The two dollars that
>would fill a big car with gasoline, won't buy a
>gallon today in California.

The real price of oil bottomed in the 1930s, and again around 1970, but is still much lower now than it was in 1980.

sci.econ: Re: Samuelson: "It's More Than Social Security"

- >You are paying far too much attention to computer
- >technology, and assuming its cost curve is widely
- >shared. Such is profoundly not the case.

The curve is admittedly most extreme with computer technology, but applies in lesser form to almost all standard products.

- >The world
- >has long been laboring with economies of ever
- >increasing scarcity, and that is more true now than
- >ever.

No. The labor prices of almost all commodities continue to fall. The main things that have increased in price faster than wages are land, medical care and education.

- >Go check the price trend of copper in real
- >dollars, for example, since the mines mostly have
- >gone barren.

?? The copper mines haven't "gone barren." Such a claim is just flat false, and indeed ridiculous. The recent price spike (in a long downtrend in real price) was due to extremely rapid and unpredicted growth in Asian (especially Chinese) demand. World copper production has increased monotonically for the last decade, and is expected to continue increasing:

<http://www.dailyfutures.com/metals/>

Don't worry about being proved wrong again, Kent. It's bound to happen pretty much any time you presume to dispute with me.

- >Sadly, that "more and more production" is still
- >being wildly outstripped by population growth.

Agricultural production has been increasing faster than population for a number of years now.

- >Land is a finite and unexpandable resource. If you
- >tax it to "punish" concentrated holdings of land,

That is neither the purpose nor the effect of recovering land rent for the purposes of the public that creates it. The purposes are to secure freedom and justice for all; the effect is to move land into the most productive hands, however much of it they can use efficiently.

- >you merely return the US to the inefficiencies of
- >smaller farms. Such stupidity would be its own
- >reward, and the tax would merely be returned to
- >the landholders from the shelves of your grocery

>store.

Wrong. You clearly understand nothing whatever of the relevant economics. A tax on land rent cannot, repeat cannot be shifted to tenants or consumers, and this fact of economics has been known for nearly 200 years.

However, you are not intelligent enough to understand it, even after I have explained it to you.

>Most businesses are simply immune to taxes, they
>just fold them into product prices,

The "business" of landholding cannot fold taxes into any product price, because there is no product involved. The land was all already there, with no help from the landholder, and its quantity cannot be augmented by his or any human being's efforts.

>and since the
>taxes are evenly imposed on their competitors as
>well, there is no imbalance to elicit lower prices.

The price of land stays the same under a land tax. The only difference is in who gets the money for what nature provided to all.

It has been a known fact of economics for nearly 200 years that a tax on land rent cannot, repeat cannot be shifted to tenants or consumers. The landholder bears the entire burden. None of the burden can ever be passed on in higher rents or prices.

>In the end, taxes can only be paid in a way felt by
>the taxpayer, by the consumer, or by the landholder
>whose land produces no income,

That claim is also flat false. A land tax is paid — and presumably "felt" — by landholders alone, and it is paid and felt by them whether their land produces any income or not. These are also facts of economics that have been known for nearly 200 years.

>and these,
>unfortunately for you "one trick pony" types, are
>the bulk of the voters.

Right. And like you, those who own only the land (or a share of it) under their dwellings are not intelligent enough to understand that the \$5K/yr they get as residential landholders comes at the expense of the \$20k/yr they pay in taxes, commercial/industrial/agricultural land rent (indirect or shifted taxes), and mortgage interest.

>The rich have owned the rest of us in all but name
>throughout recorded history, and surely before that.

That is of course also false. There have been numerous historical cases where people have not been under the effective control of the rich, the westward expansion of the American frontier during the 19th C being perhaps the most obvious recent example.

>So, how about we get rid of the rich? Well, no.

The idle rich are merely a symptom, not the disease.

>What we learned from the failed British experiment
>in confiscatory taxes on earned income

Land rent is not earned, at least not by its private recipients.

What you all too obviously didn't learn from the successful British experiment in taxes on unearned income in the 19th C — a success well known to economists, and often (though dishonestly) cited in support of modern taxes on earned income — is that economic rents can be heavily taxed, even taxed away entirely, with no negative effect on production or efficiency — or even with a positive effect.

>is that it
>merely impoverishes the nation when there are no
>private concentrations of wealth from which venture
>capital can flow guided by shrewd and proven
>intelligence (as specifically contrasted to
>"guided by civil servants") known to be able to use
>wealth to create more wealth.

<yawn> Which must explain why Singapore and HK stayed poor for the last 60 years, as their civil servants faithfully mimicked the "shrewd and proven intelligence" of private landowners by just letting public lands to the highest bidders...

>What we are learning from the ongoing confiscatory
>British land/property tax

??? What on earth makes you think you can get away with lying about this issue, Kent, when you know very well that I and others reading this are far more knowledgeable about it than you? There is no British land tax, let alone a confiscatory one; and property tax rates there, far from being confiscatory, are modest compared to property tax rates in prosperous, high-property-tax American jurisdictions such as New Hampshire, Oregon, Connecticut and Wisconsin.

Land and property taxes were high in Britain before the 20th C, when it was a world leader in economic growth and industrialization. But since WW I, they have provided very little government revenue compared to other taxes, especially those on earned income, consumption, VAT, inheritances, etc. The Council Tax now provides less than 5% of

total government revenue in the UK, which is much less than typical property taxes in the USA provide.

- >is that it is possible to
- >drag even the nobility down to the level where they
- >have to sell tickets to keep their manors, but that
- >the poor do not thereby suddenly become inhabitants
- >of manors.

ROTFL!! How much idle, parasitic landowning would be enough for you?

- >Again, all that is accomplished is the
- >impoverishment of the nation, this time culturally
- >as well as economically. No one will pay manor
- >builders to build manors any more, the tax system
- >has made them impractical, and so an entire nation's
- >finest craftspersons have been essentially taxed
- >out of existence.

ROTFL!! And the buggy whip makers are all selling their wares to sex fetishists instead of teamsters! Oh, the humanity!

- >Jealousy is an ugly thing to use as a basis for a
- >tax policy.

But it's an even uglier thing to use as a basis for viciously slandering advocates of freedom, justice and truth.

- >Among other reasons I can't do that for you is that
- >I am cripplingly, disablingly insane, but that's a
- >story google can tell you, no need to repeat it here.

Indeed.

-- Roy L