

Re: novel argument against taxing rents

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- *From:* royls@xxxxxxxx
 - *Date:* Tue, 11 Apr 2006 14:54:07 GMT
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On Tue, 11 Apr 2006 00:35:53 -0400, "tonyp" <tonyp@xxxxxxxxxxxxxx> wrote:

<ruetheday@xxxxxxxx> wrote

Income that derives from the creation of
goods and services that people want
is productive and thus earned.

Some people want heroin, hookers, or hip-hop. Pushers, pimps, and punks are
therefore productive? Okay.

To the extent that they are providing goods or services that were not
already there, yes. But...

"Pimps don't get you dates. They just take your money."
— Jane Fonda as call girl Bree Daniels in "Klute"

Income that derives from restricting access
to something that already existed
(land in the case of landlords,
taxi service in the case of the government
granting of taxi medallions,
and the right to do business without being
beaten by thugs in the case of the
Sopranos example)
is not productive and thus unearned.

"Taxi service" is not exactly what "already existed" before governments took
to issuing taxi medallions.

?? Huh? Of course it is! Give your head a shake.

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Sure, there were (and are) people willing to drive strangers around for money.

And taxi service would be different from that how, exactly?

Maybe there would be nothing wrong with letting them all have at it, without regulation of any sort. Maybe. But that approach might, also, lead to the sort of turf wars that the Sopranos would just love to settle by cracking a few heads -- for a price. Maybe such head-cracking goes on anyway -- I don't know.

So? It's the same for any business. We have police forces to stop such shenanigans. Hello?

Maybe such head-cracking would be "productive" in your sense -- I don't know that, either.

You should know it wouldn't.

But suppose, for a moment, that the issuing of a (fixed) number of medallions actually results in reasonably orderly "taxi service".

Is "orderly" a synonym for "Soviet style"?

In particular, taxi fares are regulated by the same government that issues the (fixed) number of medallions.

Fares can be regulated without medallions.

Now, who gets the "unearned income"? I am supposing here that if I want to buy a taxi medallion, I have to buy it from someone who already owns one. Because I am competing against other potential buyers, I will end up paying him pretty much the net present value of the "unearned income" stream it represents. My total income (what strangers pay me for driving them around) is the sum of the income I "earn" plus the "unearned income" that I get for just having a medallion. But that latter fraction is what I paid to the former owner up front.

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So here's a question: if the "former owner" was in fact the government, would you still object to taxi medallions? Assume that all details are as I described above.

I certainly would. Suppose instead of taxi medallions, government were selling "shakedown medallions." You buy a medallion, you get to shake down everyone in a particular neighborhood (this is in effect what some ancient governments did through the institution of "tax farming"). Taxi medallions violate people's rights. Case closed.

Here's another question: is "the government" the "former owner" of the (fixed) number of acres of land over which it has jurisdiction?

It just administers the land in trust.

-- Roy L

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