

Re: Taxing Intelligence/Talent (was: 'Waterhole' and land rents)

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Source: <http://sci.tech-archive.net/Archive/sci.econ/2007-01/msg00283.html>

- *From:* "Andy F." <never.mind@xxxxxxxxxx>
 - *Date:* Tue, 23 Jan 2007 02:06:53 -0000
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"S. Doo" <none@xxxxxxxxxxxxx> wrote in message
news:7t18r21t35v5lu7qt2g5pt80efslrnu8up@xxxxxxxxxx

On Sun, 21 Jan 2007 14:08:48 GMT, "Dan in Philly" <[djrr8@xxxxxxx](mailto:djr8@xxxxxxx)>
wrote:

"Dan in Philly" wrote in message

That's why a tax on intelligence/talent may be unworkable. I
don't see
any
way to separate earnings due to intelligence from earnings
due to
effort.

Self-correction: effort is easy to measure (just add up hours worked).

Hmmm... You don't know the difference between working hard and
punch-clocking a lot of hours with your feet up on a desk?

The real problem is this: some jobs are cushy whereas some are
dirty/difficult/dangerous. So we need some measure of how yucky a job is
before we can tax the 'rent.'

Not at all, you are forgetting what "rent" is: "payment made to a
factor of production in excess of what is required to elicit the
supply of that factor".

So the measure of the rent to the labor of a worker is simple: It's
the amount he is actually paid minus the minimum pay he would accept
to do the same work.

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Determining the amount of that rent is simple too: Just keep telling him "You're fired unless you take pay cut of \$X". As long as he says "OK, then I'll take it", then you say it again. When he says "Damn, that's too little, I quit", you give him back the minimum pay he accepted.

Now you've identified the former rent to his labor and have taken it away from him.

Whether the job is cushy or dirty/difficult/dangerous has nothing to do with it.

The whole procedure is simple and accurate.

Though I'm not sure it is a practical way to run a business or administer tax policy.

In that case there's hardly any labor rent, since a rational employer will only pay the minimum they have to. There would only be 'rent' if the employer made a mistake or was unusually generous.

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