

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

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Source: <http://sci.tech-archive.net/Archive/sci.econ/2007-01/msg00302.html>

- *From:* "Andy F." <never.mind@xxxxxxxxxx>
 - *Date:* Wed, 24 Jan 2007 01:11:02 -0000
-

"S. Doo" <none@xxxxxxxxxxxxx> wrote in message
news:v8jcr25eahgiecfqv dvo5bq3i6vbfrrt81@xxxxxxxxxx

On Tue, 23 Jan 2007 14:01:08 -0000, "Andy F." <never.mind@xxxxxxxxxx>
wrote:

"S. Doo" <none@xxxxxxxxxxxxx> wrote in message
news:bvuar21im8qssa07bradj43aem8sn9n8c6@xxxxxxxxxx

On Tue, 23 Jan 2007 02:06:53 -0000, "Andy F."
<never.mind@xxxxxxxxxx>
wrote:

"S. Doo" <none@xxxxxxxxxxxxx> wrote in
message
news:7t18r21t35v5lu7qt2g5pt80efslrnu8up@xxxxxxxxxx

On Sun, 21 Jan 2007
14:08:48 GMT, "Dan in
Philly" <[dj r8@xxxxxxxx](mailto:djr8@xxxxxxxx)>
wrote:

"Dan in
Philly"
wrote in
message

The real
problem is

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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.

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.

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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.

Not at all --- there's plenty of such rent collecting all over the
place.

You are assuming that it isn't rational for an employer to pay
a high
price that includes a huge amount of rent --- but it can be
entirely
rational, profit maximizing and unavoidable.

Keep the definition in mind: "payment made to a
factor of production in excess of what is required to elicit the
supply of that factor".

A MLB backup utility infielder might happily play pro ball
for \$100k
or less a year just as his kind did for generations before ---
but to a
team like the Yankees, the *one* game he might win (or
lose) for them
over a season could be worth literally millions of dollars if it
makes
the difference between making the playoffs or not, or
winning in the
playoffs or not. So if he's the best utility infielder available, it
can be entirely rational for the Yankees to pay him a couple
million

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dollars, as the result of rational bidding for his services
against
other teams like the Red Sox to whom that game is worth
almost as
much.

But then your method of finding out the rent wouldn't work. If you offer
the
Yankees player a pay cut, he refuses and goes to work for the Red Sox.

My method....?? Of course it wouldn't work.

So what did you mean when you said 'The whole procedure is simple and
accurate'?