

This Free E-Book is brought to you by [Natural-Aging.com](http://Natural-Aging.com).

**100% Effective Natural Hormone Treatment**  
**Menopause, Andropause And Other Hormone Imbalances**  
**Impair Healthy Healing In People Over The Age Of 30!**

**How Taxing Utilities Can Keep Governments In Check**

**By Jim Thio**

Under free market, all companies can talk all they want that all the stuff they put there is for my own good. However, if the product is overpriced or if it doesn't serve my interest to get the product, I just don't buy it.

No companies, full with corruption and inefficiency, will last in the market, unless it is governments companies.

The same mechanism doesn't apply to governments program.

Indonesian governments build airplanes. It doesn't make business sense. Then every one is required to buy air plane stocks. Then governments sell the planes to Indonesians' airways companies. Bad business gets smaller, smaller, and gone. Bad governments business gets bigger and bigger. There is no check and balance mechanism whatsoever to ensure that when governments spend money the money worth spending.

When governments build public school, people simply says that it benefits the people. Yet, how do we know that the benefits worth the cost? Governments' public school can be plagued with corruption and efficiency. What are the intensives that the school boards will care about the kids' interests when deciding curriculum?

Recently we heard costly debate on whether evolution or creationism that should be taught in school. Face it. Do we care? Most of us would rather learn business or economy so we can make big bucks.

I took graduate level Math classes straight without prerequisites and got As easily. Do I need to pay expensive teachers? Different kids have different needs and capability that properly harvested can really cut down costs of education. How do governments' regulated system adapt to it?

However, the harm of governments' program can be greatly reduced by requiring anyone that uses it to pay for the utility. That way, if governments build a pyramid and no body visits it then we know that its money wasted.

## How Taxing Utilities Can Keep Governments In Check

The list can go on and on. Currently poor people use bikes and the rich use car. Yet governments pay to build roads. The usage of roads is proportional to the usage of gas. There will be less cars and more bicycle if governments tax gasoline and use the money to build roads. That way, people that work at home (like me) and save a lot of cash hence getting rich faster. The only time people will buy car is if it worth's to pay for the car and the road.

The exception to this principle is on business with economic of scale. Some Nobel winner, like John Nash, argues that deviation from competitive equilibrium is inefficient and encourages governments to actively split monopoly, or even create public monopoly. Some like Milton Friedman argues that even though it is true that some economic of scale is un-efficient. However, there's nothing you can do about it. After all, the only naturally occurring worldwide monopolies nowadays are diamond monopolies, which will be toppled if it goes too much. The market failures fail to exceed typical governments' failure.

Hence, I have no strong opinion.

If our country is full with corruption then cost for governments' failure is huge. So market mechanism is the way. If corruption rate is relatively low, we may be able to play around safely with some governments' intervention. Watch out for what Friedman says.

Jim Thio is a silver medalist in International Physics Olympiad. He uses his Math skills to provide free financial, business, and marketing advices in

<http://FasterFinancialFreedom.com/art.390.0.html>

### **Why Income Tax Hurt Income Earners And Workers**

**By Jim Thio**

All wealth redistribution comes in the form of the equivalent of tax and welfare. However, you need to be careful. Incorrect taxation schemes can result in less wealth for you. You see, by reading this website I would suppose that you're poor or middle class wanting to skyrocket your income, right. Rich means owning a lot of money. If you're poor and would want to get rich, you need to have a lot of income. So will income tax help? No! Abolish income tax.

#### **The Peril of Income Tax**

Income tax can exaggerate wealth difference and can cause great deviation from meritocracy. Income tax can be very unfair and bad for workers.

Think of it this way. Imagine a country where you live. Say your friend Bob has an employee Ann. Bob is a rich man because he owns a lot of farm land that he uses as his recreational facility. Ann works for Bob as a farm labor. You work by productively serving the market through various means.

Bob earns his land through inheritance from his ancestors. His ancestors earn the land by massacring

## How Taxing Utilities Can Keep Governments In Check

Indians and seizing their land. Not exactly productive means of acquiring wealth, however for all legal purposes, Bob's land is his.

The market tends to reduce the effects of injustice. A stupid lazy person owning great wealth will lose it in gambling table while the smart and diligent worker will have plenty of capital owners willing to lend money to him. So I am not going to argue much over 300 years old injustice.

It's simply a natural order that the more capable gets more money and it does take skill to commit genocide I must admit. Moreover, people often earn large amount of money unproductively due to society's failure to embrace meritocracy. If the rule says you got to bribe or be a dictator to get rich, can we blame people to do just that? So in a certain very twisted sense, it's fair.

Nevertheless, I look much more kindly on capitalistic wealth earned recently through merit within ones' own lifetime rather than wealth earned through inheritance. The latter is rather dubious.

Now, what would income tax do with this injustice? Income tax will exaggerate it. You, as workers who serve the will of the market will have to pay income tax. The money goes to pay subsidy for farm products. Politicians will say that it benefits Ann. Will it? No. Ann is a farm laborer. The market value of any labor is constant across industry. If Ann gets paid with less money as farm labor, Ann will move job to a service industry.

So the subsidy does not profit Ann. Then who profits? Bob... You see how a combination of income tax and governments' controlled subsidy take money from you, the still poor workers, and give the money away to rich land owning people?

The perils of income tax go on and on. You make money honestly. Your friend is lazy. Say you're both poor. Who pays more tax? You. That's because you have more income. The pretext is to take money from the rich and give it to the poor. Yet, even though you're both poor and start of with the same

amount of money, you pay more tax. That punishes diligence and productivity.

Say Bob and you are equally rich. Bob builds mansions. You build factories. Who pays more tax? You... Why? That's because factories produce income. Factories also create jobs. So, income tax reduces incentives to use wealth for productive means.

### Increase of Fearsome Governments Power

Income taxes give governments far more power than what's originally intended. In US, for example, governments do not have power to know your financial transaction. Yet governments can take your money through tax and then demand that you voluntarily report your financial transactions to get tax returns.

Federal governments do not have the power to regulate some aspects of the states. Yet federal governments can tax everyone and deny funding for states that do not observe federal speed limit. Federal governments do not have direct power to indoctrinate your kids, however, the governments

## How Taxing Utilities Can Keep Governments In Check

can tax everyone and subsidies public school. The list can go on and on. With income tax, everyone is a slave.

If income tax is such a bad idea, how should we replace that then?

### Non Productive Means to Acquire Wealth

There are two types of wealthy people. Self made millionaires, and the rest. Self made millionaires are highly capable, diligent, and ambitious individuals. That is you or what you'll become. To be rich, such self made millionaires need to have a lot of income. Taxing income hurts self made millionaires. Not only that, we're talking about highly diligent and capable people here. Those people don't go down easily. When income is taxed, they'll resort to other ways to create wealth. That ranges from hiring lawyers to avoid tax, fighting governments, corruptions, or becoming a dictator.

Just look at Saddam. Why do you think he chose to be a dictator? Why Kim Yong Il became a dictator? Are those people too stupid to earn wealth productively? No. They're smart. But they chose to be a dictator because productive means of creating wealth are harassed by various regulations like income tax.

Supporting income tax or any consensual means of making money will not only hurt you, but also hurt all poor and middle class. Just look at the median wealth of capitalistic countries and socialistic countries and you'll see my point easily.

If you really want wealth redistribution, don't tax income, tax wealth.

Jim Thio is a silver medalist in International Physics Olympiad. He uses his Math skills to provide free financial, business, and marketing advices in

<http://FasterFinancialFreedom.com/art.390.0.html>



This Free E-Book has been brought to you by [Natural-Aging.com](http://Natural-Aging.com).

**[100% Effective Natural Hormone Treatment](#)**  
**Menopause, Andropause And Other Hormone Imbalances**  
**Impair Healthy Healing In People Over The Age Of 30!**