Perspective

Towards a Sustainable Economy:
Cosmic Justice in Economics

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Abstract

A review of the 2008 financial meltdown demonstrates instabilities in the global financial system that stem from an accepted corporate philosophy of short term profit maximization for its own sake, accompanied by huge executive bonuses. A thorough review of the foundations of international banking indicates a number of fallacies that permeate financial system. These issues are interrelated and require a coherent integrated paradigm shift involving the re-education of the captains of industry, trade and commerce. In this regard it is necessary to recognize that sovereign nations are not corporations in business to produce goods and services. While nations regulate the corporate playing field their primary responsibility is to the sustainable wellbeing and national identity of their domestic population. This is not consistent with a blind corporate philosophy of globalization for profit maximization by playing nations off against one another. Equitable domestic profit distribution between shareholder, employee and customer is essential to this end for the benefit of all. A definitive strategy is needed to implement the paradigm shift.

Keywords: profit motive, income tax, deficit budgeting, balance of payments, currency devaluation, money supply, national debt, outsourcing, corporate takeovers, globalization, three brains, business structure, profit distribution, sustainability.

Introduction

We do not have to be financial or economic experts to know that something fundamental is wrong with the global financial system. The global financial meltdown in 2008 that impoverished much of the world and required government bailouts of the financial institutions that created the problem was ample evidence of that. It was triggered by bankers and financial institutions that were packaging Mortgage Backed Securities (MBS) and re-packaging them with toxic sub-prime mortgages as Derivatives, Collateralized Debt Obligations (CDOs), CDO's of CDO's, and synthetic CDO's. The latter consisted of Credit Default Swaps betting on whether or not the CDO's would fail without direct exposure to the actual investment. The many variations of these devices that traded over the counter allowed banks and hedge funds to resell most of their credit risk in a pool of arbitrarily created financial instruments that were highly leveraged up to twenty to one. The bankers swapped their risk for a small payment to other investors who were willing to assume it. To the extent that they were able to sell their risk this freed up reserves for other investments. It was not necessary to be a party to the debt obligation to trade in it. At the end of 2007, just before the crash Credit Default Swaps totaled internationally over 62 trillion dollars.[1] This compares with a Gross Domestic Product of the USA for 2015 of 18 trillion dollars.[2]

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The rating agencies such as Moody's, Standard & Poors, and Fitch were knowingly complicit in the financial collapse which facilitated the widespread global sale of risky investments. They continued to give AAA ratings to financial instruments that consisted largely of sub-prime mortgages even after large scale mortgage defaults had begun with the housing market collapse. The AAA ratings allowed insurance companies, pension and other funds to purchase them in the belief they would not fail. The Financial Crisis Inquiry Commission estimates that by April 2010, of all mortgage-backed securities Moody's had rated triple-A in 2006, 73% were downgraded to junk.[3] Refinancing was widely advertised with no money down, low adjustable rate mortgages, with bad credit acceptable. In some cases variable rate mortgages were offered at more than the value of the home providing people with extra cash in anticipation of rising prices that never materialized when the crash came. The real value of the properties was ignored. The emphasis was on unrestricted sales for sales commissions and huge executive performance bonuses. Under these conditions people could buy a home for less than the cost of paying rent, so they had nothing to lose. When interest rates rose they could no longer afford the payments and large scale mortgage defaults occurred. Six million people in the USA lost their homes. Ten million people lost their jobs.[4] Pension funds collapsed to the tune of over $5 trillion USD in OECD countries.[5] The 2015 movie The Big Short popularized the 2010 book by the same name.

Many banks, and large corporations including the insurance giant AIG and car manufacturers required huge government bailouts at taxpayer expense, even while the CEOs of these organizations received multimillion dollar bonuses, despite restrictions on bonuses associated with the bailouts. The bailouts officially totaled 700 billion dollars according to the TARP bill passed by congress.[6] That is officially 2,000 dollars for every man woman and child in the USA. But it is still ongoing with 4.6 trillion already paid out including by other agencies as of 2010.[7] The total cost is about three times more yet according to a 2012 Bloomberg article.[8] The alarming level of corruption that bankers and rating agencies have engaged in[9] has gone unpunished despite the massive extent of suffering that is still going on. Interest income on lifetime savings for retired people has vanished. And banks are at it again creating similar instruments for short term profit.[10]

The essence of the problem distills to an engrained belief in short term profits as the primary engine of business. If it is good for business then it must be good for the captains of business. There is a hoary belief that the promise of immediate profit in excessive bonuses attracts the best executives, the same people who brought about the collapse. Short term greed was the prevailing mentality then, and it still is. Corporate ethics and social responsibility to the cultures in which businesses function has been ignored. There is no place for it in the short term bottom line. An executive performance bonus has no long term meaning. And in these circumstances they were rewarded for criminal actions that brought about failure of the global financial system. Apart from one man with Credit Swisse no one was prosecuted. The mentality has gained propriety in business circles. Widespread high level robbery on a massive scale is apparently sanctioned.

Profit as the Goal of a Business

No business organization makes a profit. A business can only make a product or service. Profit is not a goal of business. This indoctrinated belief is a misuse of language. Business organizations *earn* a profit as a *consequence* of making a contribution of value to the market place. Profit is a consequence of a creative response to a market need. The creative response to a perceived need is the goal that directs the company's activities. Profit as a goal in itself is meaningless. If the creative effort is a failure no profit results and the corporation fails.

Moreover, the accumulation of corporate wealth as an end in itself is meaningless. Wealth must be invested in some constructive way to have meaning. There has been a traditional belief in a capitalist economy that profit should rightly accrue to the stockholder who finances the creative effort of the corporation. The stockholders are regarded as the capitalists. In corporations that trade on the stockmarket the stockholders are generally anonymous. Senior corporate executives that take credit for the profitable stance of the company are reluctant to give it all way to anonymous stockholders. It is contrary to the prevailing mentality of profit as a goal to give money away to strangers. Instead they milk it for exorbitant executive pay and bonuses. The accumulated remainder they attempt to manipulate into more profit and stock market bonanzas through corporate takeovers, mergers, and hostile buyouts to dismember and sell off the victim corporation's assets. Leaders of large corporations are skilled at this kind of endeavor to maximize short term profit.

The business schools are turning out professional managers that are trained at fiscal manipulation as a management style associated with leadership. There is a mindset involved that brings together diverse elements for the implicit purpose of personal material success by maximizing corporate financial success in the competitive context of the market place. It is not necessary for the executive managers to have a practical insight into the creative dynamics of the specific organizations they are entrusted with. Sections of the organization tend to become assessed in terms of their fiscal relationship to the corporate balance sheet. They become cost and profit centers for the attendant purpose of trimming costs in favor of immediate profits accordingly. This financial perspective lacks insight into organizational problems that underlie symptoms. A loss in one profit center may underpin other segments of the operation. An organization is an integrated whole. The professional management mindset disregards interests of employees and customers and it is irrelevant to the long term sustainable interests of the stockholder. Although there are peripheral exceptions the core focus of business schools is predominantly on finance despite some peripheral talk of social responsibility in that context. Financial orientation of professional managers on general business practices cannot do justice to managing practical operational concerns in diverse industries.

Profit Motive and the Casino Syndrome

The goal of short term profit carries with it risk in financial markets including the stock market. Fundamentals tend to take second place to speculative profits. The computer has greatly facilitated the use of programs to automate selling and buying selected stocks according to market trends independently of fundamentals. Buying and selling on minor fluctuations over minutes becomes possible. A few enormous investment funds can manipulate markets even between countries. Speculative capital gains attract investors looking for large short term gains in preference to comparatively modest dividends. The stock market together with the great variety of contrived financial instruments, many of which trade over the counter without regulation, generally focus on speculative profit and speculative risk management through a variety of practices and hedge funds.

This accentuates the role of gambling in financial markets of all kinds. A classic example is the collapse of Barings Bank, one of the most respectable in the UK with 233 years of history, as a result of speculative trading in futures derivatives entrusted to their young employee Nick Leeson.

One can gamble on equities, foreign exchange, debt instruments of many kinds, crop failures, even on the weather and the price of fuel or rice. Political events, wars, terrorist activities, hurricanes, earthquakes, news releases, insider trading, and more can all affect market fluctuations and upset stability in financial markets to the detriment of the average person. While those who follow markets closely can often hedge their bets and otherwise profit from volatility, the average person pays the bill. The speculative cost of enriching others always comes back to the consumer. This is especially evident in bailouts of institutions that are regarded as too big to fail. It is a casino in which a few major investors can be assured of playing with the house odds at the expense of others, while the government has their back if their failure is too massive. There are also small wise investors of course who are satisfied with a reasonable return and seek out equities with solid fundamentals and a long history of sustainable dividends.

The Distribution of Profit for Sustainable Advantage

Some people will say that profit is a goal because it is essential to a corporation's survival. So are employees, customers and shareholders. The capitalist might say that the shareholder is entitled to all the profit because they fund the operation of the company. A labor union may argue that workers create the profit through their labor and they are entitled to a share. The customer can only realize a share in the company's profit if it is passed on in lower product prices or increased product value as compared to competitive products available in the market place. There are always these three primary interest groups, Shareholders, Employees and Customers. The private interests of each of them lie outside the company's creative efforts and yet each profits from it as a consequence of the company's success.

A free market economy does not mean it must be a capitalist economy. All it means is that any company is free to enter the market to offer its products or services for sale. This need not be done to maximize short term profits. In fact the evidence is painfully clear that greed is not a sound business strategy. No one works to enrich another at their own expense. Employee commitment to their job is lost. Shoddy products at inflated prices ultimately result in loss of customer commitment and market share. Higher profits may attract shareholder investment in the short term but it will not be sustainable. Investment in corporate infrastructure is a long term undertaking that takes years to establish and can take years to deteriorate through neglect to exaggerate short term profit.

The sustainable interests of a business are best served by the equitable distribution of profit between shareholder, employee, and customer, after a suitable reserve to cover product development, infrastructure renewal and market contingencies. The shareholder is assured of a fair return on investment, the employee is assured of improved pay and benefits, and the customer is assured of good product value at reduced price. This assures the commitment of all three interest groups to the success of the company, it enhances the quality of life for everyone, and it prevents the erosion of the consumer base through low wages and outsourcing. Beyond this profit has no meaning. It is all reinvested in the sustainable success of the company for the benefit of all.

The Three Company Dimensions

There are three internal activities that creatively relate to the three external interest groups.[11, 12] The three polar relationships between them constitute three company dimensions.

Product Development has a polar relationship to Financial Resources. A new Product Idea is sterile without the Financial Resources to develop it and Financial Resources are sterile without a Product Idea to develop. This is the ***Potential Dimension*** of a company. It relates to the stockholder.

Product Sales have a polar relationship to the assessment of market need which is properly an independent Marketing function that must be separately delegated in companies large enough to warrant delegation. Marketing is not Sales. It is the long term vision of the company's direction. It involves the assessment of market needs and trends and the capacity of the company to meet those needs through possible development of new product lines or the phasing out of others. For example a typewriter company had better get into the computer business when word processors broke into the market. This is the ***Performance Dimension*** of a company. It relates to the customer.

Product Production has a polar relationship to the Organization Structure. If something is wrong with Production either something is wrong with how the Organization is structured or with how it is staffed. For example purchasing is sometimes included under Finance because they pay the bills. This means that Production does not have control of the material resources needed to achieve its results. Or there may be insufficient screening or job training to ensure competent employees at all levels. It is the job of the Personnel or Human Resources Department to ensure proper Organization Structure as well as competent Staffing. This is the ***Commitment Dimension*** of a company. It relates to the employee.

The Human Resources Department might better be called the Organization Department because it must ensure separate delegation of the six company domains that relate in polar pairs in order to ensure transparent insight into the three dimensions. This is just as important as having competent staff. If the structure is wrong the company will function blind and may face failure despite having competent staff. A classic example is the global financial collapse of 2008. There was no genuine Marketing Department in the financial institutions that created the problem. Marketing was interpreted as creating a market for selling derivatives and other financial instruments for short term profit. The banks and related institutions had no long term vision of genuine responsibility to market needs. They created false markets.

Three Company Dimensions and Our Three Brains

It is an established scientific fact that we have three distinct brains that function differently and that seek a mutually sustainable balance. Although the relationship of our three brains is not fully recognized in the scientific community the empirical evidence is firmly established particularly by the work of MacLean and Sperry.

In the latter half of the twentieth century Dr. Paul MacLean showed that the ancient limbic lobe of the cerebral brain together with other brain deep brain structures is intimately associated with our autonomic nervous system which constitutes our emotional apparatus. The new part of our cerebral brain to which we owe our intellectual capacity has no direct biological controls over our emotions which are rooted in our evolutionary ancestry. They must live in the same house together and often they do not get along.[13, 14]

In the late 1960s Dr. Roger Sperry devised a method of testing split brain patients who had had the hemispheres of their new brain surgically separated for the treatment of severe epilepsy. He was able to show that only the left hemisphere in right added people can speak and that it is thus related to formulating explicit behavior in a social context. The mute right hemisphere excels at spatial and temporal integration. It intuitively integrates meaning as a timeless whole.[15, 16] It is value oriented. In other words we employ left hemisphere language to relate to the linear flux of social circumstance, while our right brain focuses on mute intuitive ideas that timelessly integrate experience holistically according to our personal history. Both hemispheres are fueled by emotional energy patterns that anchor us to our evolutionary roots.[17]

We can thus see in this triad of relationships three personal dimensions that correspond to the three company dimensions. Our left brain focuses on the Production of language and behavior in relation to our Social Organization. It is our ***Commitment Dimension***. Our right brain focuses on Idea Development in relation to our timeless Resource Capacity of memory. It is our ***Potential Dimension***. Our emotional limbic brain focuses on the balance or lack of it between our Behavioral Performance as it relates to emotionally Perceived Needs. This polar balance is our ***Performance Dimension***.

It is thus apparent that business organization structure is properly a delegated reflection of how we ourselves are structured to integrate experience as human beings. If a business is properly structured its creative dynamics become transparent to all participants. Everyone can see their creative value to everyone else and to the organization as a whole. Implicitly knowing one’s worth is a powerful incentive. A creative balance between the three dimensions is not consistent with profit maximization for absentee shareholders or with huge executive bonuses.

It is noteworthy that our three brains, namely right, left, and limbic, have received different emphasis in different regions of the planet as human civilization evolved.[18]

Delegation in Four Levels

Separate delegation of the six domains is essential to maintaining insight into the three polar dimensions. There is a degree of flexibility allowed associated with parallel delegation of some domains while maintaining the three polar relationships. Delegation also follows in four distinct levels which can begin to repeat in some domains of very large companies.

Functional Work and Task Cycles: Task cycles are associated with a functional level of work and delegation always proceeds first at this level. There may also be sublevels within it, such as a general foreman in the Production domain, area foremen reporting to him, and crew foremen reporting to area foremen, but they are all concerned with task cycles. Task cycles are concerned with the final ***Form*** of the domain product. In the Production domain it is the tasks involved in making the physical product such as a car or TV set. They may also be the actual task of selling, of attending to accounts payable, of screening new employees, and so on in each domain.

Supervisory Work and Product Cycles: Product cycles are associated with what will be called Supervisory work. It is concerned with scheduling resources of labor, infrastructure and equipment, and material to the creation of specific products. In a factory this may involve scheduling certain functional teams, complements of equipment and essential materials needed to produce certain products. In the Sales domain this may involve committing sales teams to regional or technically diverse product areas, together with the advertising, facilities and equipment required. The accounting domain may be more centralized and the supervisory level involves organizing people into accounts receivable, accounts payable, budgeting finance requirements, scheduling disbursements associated with operational needs and so on. Supervisory work in the HR or organization domain may involve establishing job descriptions and pay scales, organization analysis, training, public relations, union negotiations and grievances. Marketing may involve organizing surveys of competitor operations and market trends, assessment of existing and projected corporate capacities in various market segments and so on. Product Development or Engineering may involve commitment to new technologies, specialized research and development of equipment and similar themes. Product Cycles concern creative ***Routines*** essential to directing functional Task Cycles.

Administrative Work and Infrastructure Cycles: Infrastructure cycles are associated with what will be called Administrative work. This involves the acquisition and technical development of operational facilities and related methods including budget assimilation and creating systems of monitoring reports and feedback. It may involve land purchases, new factories, equipment replacements, upgrading existing facilities, extending sales to international markets, decentralizing production into distinct product segments with associated decentralized accounting, integrating and rationalizing pay scales over the whole organization, establishing pension plans and health benefits. Some issues such as outsourcing may conflict with commitments to the domestic culture and some related issues may require government regulation, tariff protection, and international agreements. Also involved are conformance to minimum industry standards. Infrastructure cycles concern the implementation of technical ***Knowledge*** essential to Product Routines.

Managerial Work and the CEO: Managerial work is done by the CEO or Managing Director. This one person is the embodiment of the integrating company ***Idea***. This job focuses on maintaining the three polar relationships in creative balance. To do this the six domains must be separately delegated in order to maintain polar insight into the three dimensions.

Four Levels Generate the Three Polar Dimensions

The four levels are a universal hierarchy that generates what is called System 4 of the Cosmic Order. The Cosmic Order is a nested hierarchy of discrete Systems, each System possessing a specific number of active interfaces between a common inside and outside. For example System 4 has four active interfaces. It defines biological processes and is nested within System 3 that defines physical processes. System 4 is always present in human behavior as follows:

Idea gives direction to Knowledge *(Managerial Work).* ***Knowledge*** gives direction to Routines *(Administrative Work).* ***Routines*** give direction Form *(Supervisory Work).* ***Form*** gives direction to physical behavior *(Functional Work).*

Idea →Knowledge →Routines →Form

Each level in the Primary Universal Hierarchy is an active interface that relates in steps from inside to outside. This is one of nine possible ways that four active interfaces can mutually relate to one another with respect to a common inside and outside. Each way is called a Term. The integrated creative activity is generated by five Sets of the four active interface processes that interact as Terms. A Primary Universal Set has a transform sequence that coheres with that of a Secondary Universal Set.

The other three are Particular Sets that transform through a six Step sequence of Terms one Step apart. For example the Primary Universal Set can represent the Archetypal pattern of the Human Species that coheres with the Secondary Personal Archetype of each human person while the Particular Sets transform through the many parallel pathways of each person's nervous system since the nervous system is universally structured the same for all members of our species. The six Step transform sequence corresponds synapse by synapse with the structure of the nervous system.[19]

It is the six Particular Terms that relate in Polar Pairs to provide us with intuitive insight into the three Polar Dimensions. The Universal Sets meaningfully integrate them in recurrent cycles. The human nervous system has evolved to meaningfully integrate phenomenal experience in precisely this way synapse by synapse. The cosmic order works this way. Always.[20]

Nations Are Collective Individuals

There is a belief that nations are like corporations and should be operated like a business. While all nations are perceived to participate in a global economy a nation does not exist for the purpose of making a contribution in the form of products and services for sale in a global market place. National and international corporations may operate this way but nations have distinct borders that determine an individual's character and national identity. Nations themselves do not produce products other than people who live together in a socially organized context. In this respect nations are like collective individuals.

The commitment dimension of a nation does not relate to creating products and services to be sold for profit in any market place. There are powerful moral and spiritual convictions about appropriate Social Behavior that are deeply rooted in a nation's history and that have a polar relationship to its Social Organization. This is a nation's ***Commitment Dimension***. It is historically established just as the character of each of us is historically established. A nation has an archetypal pattern that tends to be consistent with the general character of its citizens within the constraints of accepted law and order.

The potential dimension of a nation does not concern its fiscal resources in the way that a corporation's potential relates to its financial capacity to respond with products to perceived market needs. People are the primary resource of every nation, not finance. It is the collective capacity of people that creates the national identity, from pioneers that carved out homes in the wilderness by the sweat of their brow, to entrepreneurs that started with meager means to develop ideas, to modern industrialists that build on these historical foundations. The historical foundations reach back into antiquity however. They reach back to the foundations of religion, the arts, science, social reforms, habeas corpus, schools, universities, health care, our intuitive perception of our own history and creative capacity. This creates the character of a nation's population. This polar relationship between Historical Resources and Character Development is the nation's ***Potential Dimension***. It must be based on our common humanity. It must develop our capacity to bridge the gap between Self and Others through our creative endeavors whatever they are. This indispensable intuitive basis to social values is independent of financial resources although it can indirectly contribute to them in sustainable ways.

The performance dimension concerns our emotionally perceived feelings of social harmony and mutual wellbeing. When the corporate distribution of profits is out of balance, favoring a few at the expense of many, people feel the injustice of it, especially when corporate executives reap huge bonuses for short term results that threaten long term stability. They even receive bonuses for failure while other people live on subsistence allowances. People acknowledge the need for hierarchical responsibility in business organization with consequent levels of compensation, but when the middle class erodes into poverty to satiate the greed of the wealthy, the equitable distribution of profits between shareholder, employee and customer is obviously out of balance. As revolutions throughout history testify, the imbalance is emotionally felt by many. This is aggravated by high unemployment levels that leave a nation's primary creative resource sitting at home idle in a naïve effort to balance a fictitious corporate budget, while the so-called national debt spirals out of control. The polar relationship between Creative Resource Distribution and perceived Social Need is the ***Performance Dimension*** of a nation. It makes no sense to allow a nations creative resources to erode at the risk of social unrest resulting from social injustice. A nation is not a business corporation. It can adjust money supply to suit social needs. A business cannot.

Fiscal Policy

If I borrow money from a bank to buy a house or a car, I must pay it back with interest. People deposit savings in a bank and receive a low rate of interest in return. The bank must keep a reserve of 10% and may loan out up to 90% of it at a higher rate of interest. That money becomes transferred to the seller of the house or car who puts it in another bank, which loans 90% of the money again, and so on, until nine times the initial deposit of say $1,000 is generated. In other words banks can create $9,000 for every $1,000 deposit, while retaining a 10% reserve. Some large institutional loans do not require a reserve. Governments give financial institutions the right to do this. Bankers and financiers create some 95% of the money supply by loaning what is debt in the first place. The reserve requirement is distinct from the capital requirement which concerns the ratio of assets to debt on the financial firm's balance sheet.

The main functions of the central bank are to maintain low inflation and a low level of unemployment, although these goals are often in conflict. A central bank may attempt to do this by artificially influencing the demand for goods by increasing or decreasing the nation's money supply, which lowers or raises interest rates, which stimulates or restrains spending on goods and services. This affects unemployment which is likewise a significant tool to control inflation. There is an underlying assumption that if people have more money to spend corporations will raise prices to maximize short term profit, thus causing inflation. Consequently governments monitor the money supply closely, attempting to measure and control its various sources without due regard for the nature of goods or services. Whether they are generated domestically, or imported, or outsourced, affects the degree this will influence domestic employment.

In the course of doing this, the US compensates for the money supply removed from circulation due to federal taxation by implementing the Treasury and Tax Loan Program.[21] Tax payments by individuals and businesses go into accounts at depository institutions, rather than directly to the Treasury's accounts at the Federal Reserve. This helps to stabilize the supply of required reserves in the banking system, simplifying the implementation of monetary policy.

Irrespective of whether or not goods and services are generated domestically it is evident that greed and the profit motive is the engine of inflation. The captains of industry and commerce as well as governments fail to see that it is in the long term best interests of corporations and the economy to equitably distribute profit between the stockholder, customer and employee and thus enhance the quality of life for all. As it is at present nearly half of the US population lives in poverty. The spread between the wealthy and poor is widening. The middle class is shrinking. According to Fortune.com[22] the top 0.1% of US families owned 22% of the nation's wealth in 2014. In other words 160,000 richest families owned as much as the 145 million poorest families. Moreover those born into poverty stay in poverty with little hope of improving their situation. The bargaining power of labor unions is eroding partly because of outsourcing that affects blue collar workers and even some professionals. A shrinking consumer base affects the whole economy. Incomes have stagnated while costs continue to rise with the wealthy taking a much bigger share of the smaller pie.

Taxation

The burden of taxing income to pay for the operation of the national government is counter-productive. Businesses, large and small, hire teams of accountants, lawyers, and tax professionals to track, measure, and pay their taxes. This tax infrastructure is also used to optimize the tax liability of the business. Individuals and businesses change their behavior in response to tax policies, hiring tax experts to discover ways to minimize their tax liabilities. The efficiency costs from both legal tax avoidance and illegal tax evasion are difficult to quantify, but could be the highest costs of all, according to a 2011 report by the Laffer Center for supply side economics.

This is their story. This study creates a comprehensive estimate of the total administrative costs, time costs, and direct tax compliance costs created by the complex U.S. federal income tax code. This paper deals only with segments listed below except for the last point. One can only imagine what the full burden of government on the well-being of society might be. In our analysis we estimate that US taxpayers pay $431.1 billion annually, or 30 percent of total income taxes collected, just to comply with and administer the U.S. income tax system. (According to the IRS, total gross individual income tax collections in 2008 were $1.4 trillion.[23]) The cost estimate to collect the income tax includes:

- Approximately $31.5 billion in direct outlays (e.g. paying a professional tax preparer such as H&R Block or purchasing tax software) (2010 data).
- Total IRS administrative costs of $12.4 billion (2010 data).
- The Taxpayer Advocacy Service of the IRS estimates that individuals and businesses also spent 6.1 billion hours complying with the filing requirements of the U.S. income tax code. We estimate the dollar value or cost of these hours to be $377.9 billion as of 2008. The 6.1 billion hours number was estimated by multiplying the number of copies of each form filed in tax year 2008 by the average amount of time the IRS estimated it took to complete the form.
- Individuals spent 3.16 billion hours complying with the income tax code, which weighted by time spent by income group, costs the U.S. economy $216.2 billion annually.
- Businesses spent 2.94 billion complying with the business income tax code, which costs the economy $161.7 billion.
- Comprehensive audits also impose an additional taxpayer burden of at least $9.3 billion annually.
- The Economic Burden Caused by Tax Code Complexity

Although as of this writing total tax collections from 2010 are available, the detailed breakdown of income taxes paid by adjusted gross income are only available through 2008. For consistency, data on tax collections from 2008 are used throughout this study[24].

The Laffer Report goes on to say that people will also alter their work and leisure, savings and consumption, as well as their investments in response to tax incentives. The estimated $431.1 billion in tax compliance costs does not include any of these behavioral changes that misallocate resources from their most economically-efficient uses toward their most tax-efficient uses. Nor do these costs account for the lost economic opportunities caused by the uncertainty and confusion of our complex tax code. Goodness knows what the costs would be if taxpayers' pain and suffering were included. Think of how you feel when you go to your mailbox and there is a letter for you from the IRS.

Accounting for these costs to provide $1 of net government services, individuals and businesses must pay the $1 plus their own time costs, the IRS administrative costs, government overhead costs, direct tax compliance outlays by individuals and businesses, efficiency costs, and the costs of qualifying.

And finally, there are the costs associated with changes in the behavior of government beneficiaries. On a dynamics basis this last cost may well have the greatest impact of all on economic growth.

In summary the total direct and indirect cost of imposing income tax can easily exceed the net usable revenue collected to pay for national infrastructure, social services, military, and related costs of running the government. Taxation produces nothing constructive. Taxation is clearly an immense drag on the economic well-being of a country and its productive national product.

The fact is that the cost of tax reduces the GNP. Corporations and individuals need to pay for services rendered by other participants within the national economy but this does not apply to the nation itself. Governments can simply print the money needed to operate so long as it is reasonably consistent with the money supply that would be otherwise removed from productive circulation and the GDP by taxation. While it would be risky to attempt this overnight while the greed paradigm of maximizing short term profit prevails, if there is a paradigm shift that recognizes the balanced distribution of profit between shareholder, customer and employee then it would be an enormous boon to the creative well-being of a nation. Otherwise our irresponsible captains of industry and commerce would rush to gobble it up resulting in runaway inflation.

National Debt

Government bureaucracies work to perpetuate themselves, as all organizations do, from living cells to human beings and social organizations of all kinds. People do not work to make themselves redundant. Government bureaucrats are especially skilled at making regulations. They see themselves as essential to maintain high standards in industry and commerce and while this is legitimate to some degree, as soon as a number of experts get sitting around a table everyone wants to get their ideas into some standard or other. There is a compulsion to oversee and control everything.

This was one reason for Brexit. According to HM Treasury figures membership in the EU cost the British taxpayers 8.385 billion pounds sterling in 2014 after the rebate and contributions to public and private sectors. The population was 64.33 million in 2014 so the cost was 130 GBP for every man, woman and child. Following some of the regulations coming out of Brussels regulating such things as the permissible curvature of bananas for sale and the degree of moisture and minimum size of strawberries, people are fed up with bureaucrats and politicians drawing huge salaries, perks and pensions to create such nonsense that raises the cost of living.

The problem is pandemic. In Canada in order to go fishing and operate a boat 16 feet in length or more with a 10 HP outboard motor or more one must first pass a boat operators license test that takes two full days regardless of your experience. Some of the regulations are needed if you are operating a large boat on a major waterway, but there are three million lakes in Canada and sport fishing is widely practiced. Is it necessary to specify the minimum size of bailing can, or the length of an anchor rope, or a whistle in case you fall out of the boat? They criminalize you for having a beer while fishing on a hot afternoon, and they take away your car license too if you are caught. Is there no place for personal discretion? That is just the tip of the iceberg. In order to serve alcohol at a gathering of friends you need to pass a bartenders exam and you are responsible if another person at the gathering gets caught driving under the influence. Teeter totters and swings are being removed from playgrounds in case a child gets hurt. The list is endless. The bureaucrats that make these regulations are from diverse part of the country and gather at five star venues for endless meetings over periods of years, apparently with the objective of eventually making criminals of us all and escalating the cost of living. Big brother is watching. The brave new world has happened. We must suffer Utopia, pay the bill, and suffer the consequences. Governments do not really answer to anyone unless it comes to revolution.

Most regulations of this kind are not essential and they add enormously to the cost of government. We need national highways, health care, military and police protection, foreign aid, and other essential services that must be funded. Deficit budgeting which creates growing national debt has become a common practice. Only five tiny countries in the world are free of it and it approaches or exceeds the GDP of many countries. In Japan it is 250% of the GDP. In Italy it is 133 % of GDP. In the USA it is 107% of GDP. In France and Spain it is nearly 100 %. In the UK it is 90%. In the world it is two thirds of the global GDP. Bankers get their pound of flesh on it all. The interest payments to finance the debt are enormous and further deplete tax revenue.

Under the existing system, federal taxation is inadequate to cover the cost especially in view of the cost of taxation. The main source of funding national debt is issuing government bonds. About 90% are purchased by large financial institutions including banks, pension funds, mutual funds, insurance companies, and international financial institutions. These people are essentially bankers that profit by investing money they owe to others. Essentially debt is financing the national debt. Does that make sense to anyone?

If the central bank purchases government bonds it increases the money supply at the risk of inflation. The treasury can also avoid interest costs by printing money to pay the national debt at the risk of adding to inflation. Apart from printing money the cost of servicing the national debt falls on the tax payer in one way or another.

Bankers created this system which has evolved over centuries. Like most people bankers look out for their own best interests and the 2008 global financial collapse indicates this is governed by short term greed, even to the point of bringing about the collapse of the banks they are entrusted with.

Government bonds are a means of borrowing money a large segment of which comes from bankers who are authorized by the same government to loan ten times what they have on deposit. And since the bonds are relatively liquid and secure they can count as part of the bank’s capital reserve. Bankers and other financiers thrive by loaning money that is already debt to service the national debt. One wonders how they could possibly lose. Even if they do fail the government bails them out.

This brings us back to the equitable distribution of profit between shareholder, customer and employee in every corporation’s own best long term interests. This is an effective control over inflation by maximizing value over price for the customer while at the same time sustaining the purchasing power of the consumer base through good wages and benefits thus ensuring both customer and employee commitment to the corporation’s continued success, which benefits the stockholder.

Effective engagement of this business practice would mean that governments can dispense with both income taxes and the national debt by simply printing the money it needs to operate efficiently, without incurring the risk of inflation or currency devaluation so long as the balance of payments is intelligently managed.

Balance of Payments

The balance of payments is between goods and services imported and exported together with foreign investments at home and abroad. It is the primary factor affecting exchange rates with foreign currencies. Minor fluctuations can be stabilized by government intervention buying or selling from a current account surplus if the country has a favorable balance of payments relative to the value of its currency. Huge investment funds can manipulate balance of payments for profit such as George Soros and associates did in Asia a couple decades ago. The Thai Baht went from 26 to the USD to 58 to the USD virtually overnight. It was a big payday for a few big players at the expense of a nation which had allowed irresponsible borrowing to overbuild skyscrapers. Again there was no Marketing domain.

Globalization has become a popular catch word. Technological advances in travel and communication have shrunk the world and while there is a need to cooperate on many ecological and social issues there has also been a troubling downside. Global free trade is not good for everyone and while there are certain restrictions in place outsourcing by developed countries to low cost countries is having a negative impact on employment opportunities and the earning power of workers in developed countries.

People obviously cannot live on third world wages in developed nations. In the absence of legislation and intelligent tariffs the middle class is being gutted by the corporate drive for short term profits through outsourcing. The manufacturing foundations of western economies has largely been taken over by the developing countries in the blind belief in the capitalist interpretation of global free enterprise. It makes no sense to improve the living standards of poor nations by eroding it in developed nations. Every organism in the natural world regulates what crosses its boundaries and so should nations.

The impact in underdeveloped nations is not all positive either. The corporate mentality of short term profit prevails there too. Consequently the profit does not get equitably distributed to employees and while outsourcing does provide improved employment opportunities for some third world workers it does not raise living standards of the general populace. For example while the official poverty rate in India is 22%[25] some 56% (680 million people) lack the means to meet their basic daily needs[26]. India has enormous domestic market potential if purchasing power was in the hands of the populace, but financial regulations essentially inhibit that in a country sadly lacking in infrastructure and social security. The dire poverty situation also promotes widespread corruption in the bureaucracy that survives on marginal incomes. Meanwhile the population continues to grow for parental security in old age due to a high child mortality rate and lack of adequate health care. It is a degenerate spiral.

The national debt of India is about 50% of its GDP which places strain on its balance of payments, however this is a fictitious debt. Like any sovereign nation India can print currency to fund its operations in lieu of income tax and borrowing to finance the debt if the greed paradigm of business was replaced with an equitable distribution of profit. Deficit budgeting financed by printing money to provide for domestic needs from domestic sources should not affect the balance of payments or inflation. Indeed it can improve the balance of payments through spending on infrastructure that enhances the creative capacity of the country while also increasing purchasing power in the hands of the populace while reducing product costs.

People are a nation's primary resource only if they are enabled to work. As it is financial institutions and fiscal policies inhibit this in all countries rich and poor. Brazil is a current example of social unrest due to massive poverty, unemployment, currency devaluation, shrinking GDP, and rapidly escalating national debt, while the government is left without any practical means to address these ever increasing problems. Unemployment and poverty is employed as a tool to control inflation when the underlying cause is corporate greed and arbitrary fiscal policy restrictions that profit bankers. An organized effort is needed to change the paradigm in business schools, chambers of commerce and other business agencies. The World Bank and the International Monetary Fund could be catalysts.

While it may seem a daunting challenge, so was the pubic effort to reduce smoking when virtually everyone was encouraged to smoke through the media, movies and so on. It now seems incredible that such a terrible addiction should have been so sweeping.

International Trade

Curtailing outsourcing through legislation and tariffs to level the domestic corporate playing field need not have a long term negative effect on global trade. Domestic markets in all countries need to gradually improve through domestic production and consumption of domestic goods which does not affect balance of payments or exchange rates. Self-sufficiency is a virtue that should not be eroded by the corporate catch word globalization. If a Japanese car manufacturer wants to sell cars in the USA it can and does make them there although many car parts of all makes are outsourced, apart from the drive train, stamping body parts and final assembly. US car makers have difficulty selling in the Japanese market although they make and sells cars in other Asian countries such as Thailand and India employing their domestic labor to supply their domestic and regional markets.

Some countries are better suited than others according to geography, climate, natural resources and other capabilities to produce some products. Countries in the Arabian Gulf have access to about 60% of the world's easily recoverable oil for example but they have little else to contribute to the global market place. Despite their wealth from petroleum exports, most gulf countries are largely dependent on imports and countries like Saudi Arabia are striving to diversify. A tropical climate allows Thailand and Indonesia to dominate the export of natural rubber and rubber products. Indonesia and Malaysia dominate palm oil production despite deforestation and pollution concerns. Because of its proximity and natural resources Canada is the largest trading partner with the USA. Because of its history Britain is a major financial center. In the early 19th century the majority of global industrial output came from Britain. It had coal and iron resources and key inventions began there including the concept of free enterprise with Adam Smith's publication of the Wealth of Nations in 1776.

Major inventions traditionally began in the West and then their manufacture and the technology became transferred to developing nations, leaving the West dependent on the import of the devices they developed. For example the electronics industry has moved to Asia. While there is nothing wrong with Asian countries developing an electronics industry for domestic and regional consumption it ought not to be at the expense of employment where products were developed and manufactured for their domestic market. There are also painful cyclical changes that run counter to common sense, such as the textile industry in North America that has collapsed and recovered and collapsed again a couple of times, due to international market fluctuations and labor costs.

Consumers may face price increases to support domestic production but they also face better employment opportunities to better afford them in a more stable economic environment. By printing money to replace income taxes and to fund infrastructure, as well as eliminating service costs on a fictitious national debt a more sustainable and stable global economic environment can evolve in concert with the new paradigm of equitable profit distribution. Corporations can become vehicles of personal development in stable domestic markets while also being global contributors in appropriate ways independent of short term greed.

Summary

The major points can be summarized as follows:

- The financial crisis of 2008 resulted from fraudulent practices of bankers and the rating agencies that extended the fraud to international markets by giving triple A ratings to a variety of highly leveraged CDOs that contained a high percentage of hidden sub-prime mortgages. They were never punished.

- The invention of many investment instruments has turned stock markets into gambling casinos that contribute to global financial instability.

- Profit is earned as a consequence of making a contribution of value to the market place. It is not a goal of business.

- Financial manipulation in the assembly of conglomerates is often counterproductive.

- There are three company dimensions that derive from three polar insights into the creative dynamics of any company. The six domains common to every company relate in polar pairs.

- The three dimensions correspond to how our three brains meaningfully integrate phenomenal experience regardless of circumstance. A business is a structural delegation of how we are structured to function as human beings.

- It is in the long term sustainable best interests of a company to equitably distribute profit between shareholder, employee and customer. This new paradigm of business needs to be fostered. Profit has no meaning as an end in itself.

- Huge executive bonuses do not attract the best managers and CEOs.

- Federal income tax and its cost of collection is a dead weight burden on economic development. It can be replaced by simply printing the money needed to run the government if the new paradigm of equitable domestic distribution of profit is enabled.

- About 95% of the money supply is generated by banks which are entitled to loan nine times what they have on deposit. The money supply is predominantly debt.

- The national debt is the result of deficit budgets where national expenditures exceed tax revenue. Global national debt is two thirds of Global GDP making servicing costs to bankers enormous. Printing money in lieu of tax and financing national debt is much more efficient. It eliminates the deadweight burden on the economy. If intelligently done it need not lead to inflation which is due to inequities in the balance of payments.

- Tariff protection is essential to intelligently control outsourcing and the unrestricted import of cheap consumer goods that gut a nation's capacity for domestic production and self-sufficiency.

- Some nations have a natural capacity to export some products or a natural need to import others. This can establish a reasonable balance of payments.

- Multinational corporations should be encouraged to establish manufacturing in the nations where the products are sold.

- Printing money to fund infrastructure and minimize unemployment by maximizing the creative talents of domestic labor need have no effect on inflation if the new paradigm in everyone's best interest prevails.

- Globalization as a blind belief in global free trade is a mistake. It is a short sighted corporate strategy to maximize short term profit.

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