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Utopian Taxation: Covering The Cost of Living

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Introduction

What is the cost of living? Many of us, within the US, will attempt to answer this question based on the tax structure, utility-cost, transportation-cost, and the cost of housing in various geographic locations. To answer that question in such a way has become a norm in our society. And in our attempts to assess the answer to that question, we basically ignore the true value of living. For this observation note that cost corresponds to price, and aside from a margin of profit that depends on demand and scarcity, cost is price. Arguably, the question at hand, on the whole, seems to devalue life to a commodity, as if a person unable to pay the cost should be prevented from living. Phrased a little differently, if you were asked what is the price of your life or how much would you pay to keep living, you would hesitate to articulate any numerical value. Assuredly, most of you would exclaim that the value of your life is priceless and exceeds any value that money or any material possession could ever represent. So why is it that almost every decision made, for issues that concern the well-being of society and the lives of the individuals within it, cost becomes the essential determining factor? In the wake of the current financial crisis, many thoughts may come to your mind involving the volatility of monetary-based economic systems, and the recognition of an arguably irrational worth we place on the concept of money in its relation to the lives and happiness of people. The resulting conditions created by various rates and forms of tax, credit, loans, interest rates, cost of living, demand,  

scarcity, resources, inflation, recession, depression, gross domestic product, labor force, size of middle class, income disparity, etc., with various areas of overlap will produce a life of leisure for some people, a comfortable or sustainable life for some people, and basically a life of slave labor, poverty, sickness and early death for a significant number of people of our nation and the world at large.²

We are raised to believe in valuing possessions and can be observed to base our worth and lives on the attaining of money.³ In the current monetary system, wealth is controlled by a relatively few. And with that control the wealthy maintain, from our collective belief in the system, the ability to influence our need to labor and obtain credit, which of course may also further extend our need to labor. And though living life is our fundamental right and purpose for existence, we are likely to spend a major portion of it searching and working for a source of monetary income, because without it we will basically be cast aside to die. It is not until we are in the midst of a personal and immediate catastrophic event, which threatens our lives, that money becomes valueless, and our collective social welfare and sustenance of life become the only concerns in determining the actions we take.

Because most of our minds are restrained to the concept of using a monetary gauge for worth to assess all that we value, we accept a wholly monetary or barter and trade system. Imbedded in us mentally and physically over many generations, it is likely that only on the brink of a worldwide catastrophic event will we collectively break the restraints that a monetary

system uses to cripple our humanity and rights to have our lives truly valued as priceless. We may begin to choose our causes on how we better the quality of life for everyone and not by how much we are able to gain from the work of others or the amount we save from disregarding the lives of the unlucky few. Here, we will find ourselves to some extent in a resource-based system, traditionally referred to as a utopian society. A utopian society is theoretically able to eliminate poverty, greatly diminish crime, violence, and disease that result from certain people’s lacking the means to survive in a monetary-based economy.

In every society, among almost every living organism, there is a structure, pattern or means of organization that is adhered to in order to further the purpose of the society. For large or complex societies, it is recognized that some form of social-economical leadership or government would need to function on behalf of a society’s well-being. Simply put, there must be a system of structure, which is essentially a government. However, without a monetary system or bartering system, how can the incentives and disincentives of societal welfare be widely known, accepted, respected, and adhered to in a true utopian society?

In a monetary system, people collectively hold and enforce the goals of society, and people play a variety of roles while doing so; they are placed or elected into positions within the government, or labor for the government with funds provided by taxing accessions of money or wealth accrued within its society. This tax system effectuates our role in sharing our collective cost of living in the society. However, in a true state of utopia, where money plays no part and the human resources that provide our food, housing, technology, entertainment, and health is our only means to effectuate our livelihood, how could we collectively govern to “incentivise”

people to produce for society, and prevent the over consumption of leisure that would place either an immense burden on those who do labor or halt the progress of that society. Simply put, is it even possible to maintain government by tax or any means in a resource-based economy without turning people into slaves?

To address these issues, Part I discusses an overview of traditional monetary-based economical systems (“MBE”), primarily for capitalism, and describes the concept of money. Part II discusses the implications of using a monetary system. Part III discusses an overview of a resource-based economical system (“RBE”), and how it may cure the ailments of social welfare caused by a monetary-based economic system. Part IV discusses the implications of a resource-based economic system, and the likelihood of a successful government and tax policy of a resource-based economy. Part V discusses the alternative view of forming a mixed economic, monetary and resource-based structure, and how it may resolve the implications between the two economic systems, and how a mixed-economic policy is near the idea of a utopian state.
Part I – Dynamics of a Monetary-Based Economies

To protect and maintain the stability of an economic system and its society, a government is formed with the essential purpose to promote the goals of social welfare and structured to effectuate the productivity of its economic players, which for the purpose of this essay, will consist of the households, firms, and the individuals within them. A government is able to do this by establishing a law and economic policy and investing in the society’s interest with resources, physical or monetary, gathered through a taxation policy. In using a MBE policy, the government endeavors to maintain controls and regulate the value of its finance notes (money) and the short-term interest rates. For an example of value control, US currency used to be redeemable for gold, which maintained the notes’ value; however, President Nixon removed this standard in an attempt to stabilize the US economic market in the 1970’s. Other variables that affect the value of US money and many other societies’ money are the gross domestic product (GDP), consumption rate, investment rate, real wage, labor hours, the Fed (government) funds rate, and the inflation rate (implied GDP deflator). These variables are used to measure a society’s rate of overall productivity, and are used by government to measure and decide economic and tax policies that will continue to promote productivity. While implementing policy

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to maintain the value of its notes, a government’s law and economic policy should provide incentives for producing for society and disincentives for actions that harm society.\(^8\)

In explaining the dynamics of a monetary-based economy, we begin with the Global Economy Model; the International Monetary Fund advises that the economy consists of 3 essential players, which are households, firms, and government.\(^9\) The households accumulate physical capital, mental and physical energy, which they rent to firms at various nominal monetary rates.\(^10\) The households are suppliers of physical capital, and they collectively set the nominal wage for their various types of labor. Each firm produces a specific variety, or brand, of products to be consumed by the households; the households use these products for their necessity to live, betterment of their quality of life, for pleasures, or a mixture of the three. The firms are able to produce a variety of goods and services because of the labor that the households supply. And, they produce them with the goal to sustain business and/or to make profit. Individuals, who are also within these households, also own the portfolio of all firms, and also own any profits that are generated by the firms. The households, and firms in some cases, must pay a monetary lump sum, non-distortionary, net tax to the government with the income that they accrue from their rental of labor or ownership of profitable firms.\(^11\) The interaction of the players within the above economic model is the basic overview of the transactions and the circulation of money within a society.

Along with acquiring monetary income, circulating money in transactions for goods and


\(^10\) Id.

services, and paying taxes, the household members also attempt to save money. The household members choose bond holdings, capital and consumption paths, sets wages, and seek various economic instruments to maximize their expected lifetime utility or stretch their ability to cover the cost of their living over their own lifetime or multiple lifetimes. As explained later in this section, for various reasons some households are able to acquire and extend various forms of physical capital that will accrue significantly larger amounts of monetary income then other households, and consequently are able to more quickly gain and save money then other particular households.

In capitalist societies, the government ordinarily establishes some form of money to serve as a medium of exchange for market transactions. Money provides an incentive for individual members of the society to produce goods and services that other members of the society need. People naturally work for “incentives,” the gain or reward that they receive by producing goods and services that other members of society need. If the system works properly, individuals of the society will benefit society at the same time they satisfy their own wants and needs. In an MBE, the incentive is primarily money, and most nations in the modern world have money-based economies. Thus money moves the world.

Why choose money? A society functions because of the physical capital that its individuals will collectively exert. Without a way to exchange the various physical and mental energies that protect, better, and extend life, each individual’s household would have to be self-sufficient in those aspects. A government chooses capitalism and a monetary-based economy in acknowledging a right of all individuals to freely trade amongst themselves and choose the type

and quantity of energy they exert for the society, without capping the benefits an individual may gain from the society, so long as they do not harm society in the process. Notably, capitalism and MBE’s resolve two major problems in society, 1) the rights assignment problem, specifying who should exercise a decision right and 2) the agency problem, specifying how to ensure that self-interested agents exercise their decision rights in a way that contributes to the society. The efficiency and wealth-creating power of capitalism is derived from its ability to answer the above societal concerns.

Some social economists argue that the preference for this system is based on the premise that it requires no direction by authority. Because private costs and benefits of productive activities usually coincide with social costs and benefits, individuals who create value for their selves also create value for society. This assertion relies on self-interested individuals to continuously search for better ways to create value. However, that assertion relies on the society’s individuals to decide and act rationally based on flawless information; based on information gathered from psychological studies of human behavior those assertions are themselves irrational and only true for computers. Naturally, humans tend to act in opposite of their own well-being, based on lack of information, lack of experience, addictions, impulsions, unwillingness to except new information for bettering decisions (bias), and egocentrism.

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14 Id.
15 Id at 5.
16 Id.
18 Stefano Della Vigna, Psychology and Economics: Evidence from the Field, 47 J. Econ. Lit. 2009 at 315, 316. For more information on human behavior and decision making, See Also Samuel McClure, et al., Separate Neural Systems Value Immediate and Delayed Monetary Rewards, 2004 at 306. Available at
persons may be individually rational, but if they were making some choices collectively it would be wholly irrational. For example, in explaining the current US home-mortgage crisis, economist, Richard Posner points to the “profit-maximizing businessman,” the mortgage boom, and the housing bubble stating that, “even if you know you’re riding a bubble and are scared to be doing so, it is difficult to climb off without paying a big price.” So people made decisions that were individually rational but collectively irrational. This conduct exemplifies the hypothetical reasoning of a rational wealth-maximizer. In order to not lose too much of their short-term gains and maximize their long-term gains, most of the individuals riding the “mortgage bubble” would have had to jump off the bubble at the same time. If few jumped off and most stayed on the bubble, then the “jumpers” would have lost short-term and long-term gains. Each individual likely made the decision to stay on the bubble because he rationally and correctly believed that everyone else would. However, despite the common occurrences of human fallacies and such dilemmas within capitalist MBEs, capitalism is attributed for providing more motivation than other theories of economic policy in producing beneficial products and accumulating wealth in a society.

The most noteworthy concepts of capitalism and use of an MBE, to me, is the aim to 1) allow individuals to exercise a decision right in how they exert their physical capital, 2) its resolving of the agency problem on how to ensure individuals exercise their decision rights in a


20 Id.

21 Id.

way that contributes to the society, and 3) the relative ease of using money to transact, motivate people to produce, and the ease of taxing monetary income to cover the costs of a society. Notably, it is easy to determine income of an individual within an MBE; defined either as an increase or accretion in one’s power to satisfy his wants in a given period in so far as that power consists of (a) money itself, or (b) anything susceptible of valuation in terms of money. Or in simpler terms, economists describe income as the monetary value of the net accretion to one’s economic power between two points of time. Though this system may not resolve the unease for properly valuing “needs” as explained in the introduction for the cost of living, it does, however, provide a relatively easy way for individuals to share the cost of needs, reward the individuals who address those needs, and allows the government to be funded by taxing the income of its individuals or firms.

What is Money?

While we are very accustomed to the usage of money, to explain exactly what money is or why it is valuable may seem simple at a glance, however, explaining it simply as a tool used to facilitate transactions fails to explain why it is considered valuable or why some other mechanism cannot be 1) substituted for facilitating transactions, 2) used to assess an individual’s gain or income, or 3) used in valuing the benefit of certain needs. Many money users may be observed for an ability look around their home and attribute a monetary value to everything they possess. Money users can do this because either they or someone they know most likely acquired the viewed items for the exchange of money. Individuals work for money to purchase


\(^{24}\) Id. at 76.

\(^{25}\) FEDERAL RESERVE BANK OF CHICAGO, MODERN MONEY MECHANICS, Workbook on Bank Reserves and Deposit Expansion, pp. 1. Public Information Center.
necessities; firms produce those same necessities in exchange for money, and the government taxes the firms and households’ accessions of money (income) in order to pay, with money, the cost of maintaining the society’s well-being. As a result, cash rules everything around me and many other individuals, but where does the money come from?

The answer to that question is simple. It comes from the government in the form of notes, which are represented physically on printed-paper, metal coins, and with technological advances of today’s society is also a number on an account saved in cyber-space on the memory of a computer. The notes are distributed to banks that circulate the notes to the individuals within the society, who then circulate the money in their various transactions. The society transacts for the notes (money) because they need them to gain “necessities or wants” that are valuable to them.

These “necessities or wants” do not come easily, because some person or many people had to labor and expend physical energy to harvest, create, and provide them. These “necessities or wants” are valuable to us for various reasons, whether for a need to live or a want for pleasure. The main point however, is that they are not readily available and people are demanding to consume them; therefore, the “necessities or wants” are valuable to the society’s individuals. Obviously, you as an individual can use your physical energy (occupation) as a surgeon, mason, or a farmer; however, it is highly likely that you do not possess the skills or means to produce the unique benefits or products of these individual trades because you are likely to possess the

26 More commonly referred to as “Goods and Commodities” or “Commodities and Services” as seen in FEDERAL RESERVE BANK OF CHICAGO, MODERN MONEY MECHANICS, Workbook on Bank Reserves and Deposit Expansion, Public Information Center.
talents of only one of those trades. The surgeon, mason, and farmer due to their talent and being alive and healthy, have the ability to freely exchange the benefits they can bestow upon one another. However, they are likely to not lift a finger for each other without the exchange of something valuable. One has to promise to do or provide something for the other and vice versa. This is where money will play its role in society.

Now, in order for an MBE to function in society, its people must believe that the money is valuable. Otherwise, no one will labor or exchange the valuable “necessities and wants” for the notes. Economically, the concept of value is explainable. Essentially, the object or condition will derive value from the amount of discomfort or labor saved in the object’s or condition’s consumption or use the amount of physical labor exerted to attain the object or condition; also, the more scarce the object or condition is, then the more value will be attributed to it by the individuals who demand it.\(^{27}\) This can be broken down into a simple equation, demand plus scarcity equals value.

\[ \text{Demand} + \text{Scarcity} = \text{Value} \]

In exchange of the terms, “necessities and wants,” the Federal Reserve states that “commodities and services” are more or less valuable because there are more or less of them relative to the number people who want them.\(^{28}\) And, “money, like anything else, derives its value from scarcity in relation to its usefulness.”\(^{29}\) Therefore, the government must control monies’ availability, to preserve its value for its users. The Federal Reserve further explains that control of the quantity of money is essential if its value is to be kept stable;\(^{30}\) obviously, this is

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\(^{29}\) Id. at 2

\(^{30}\) Id. at 4
because the monetary value or cost of goods would fluctuate too often if it were not stable. In a stabilized monetary system, “money’s usefulness is its unique ability to command other goods and services and to permit a holder to be constantly ready to do so.”\(^{31}\) Note how they explain that money has the unique ability to command for goods and services. A service is essentially a physical exertion of energy; notably, one must labor to some extent in order to provide a service. Therefore, money commands labor, and so, it consequently controls labor, and this is why many individuals find it valuable.

**Part II - Implications of Monetary Based Economies**

At this point, you may still be wondering how money by its self derives any personal value from individuals, because 1) it hardly represents anything tangible, 2) seems to be more of a psychological game of numbers, 3) we cannot eat it, 4) nor will it provide us a sturdy shelter. Furthermore, printed on US currency, you see that the money is labeled as a “Federal Reserve Note.” The word “Note” is the short for “Promissory Note,” which is defined as a “written promise made by a person to pay absolutely, and at all events, a certain sum of money to a certain person at a certain event.”\(^{32}\) Therefore, money, the US currency, on printed-paper explains that it is essentially a promissory note. As a result, when you are in possession of a Federal Reserve note, the US or Federal Reserve essentially owes you another note, or in other words, a debt. In essence, one who values money also values debt, because, according to the Federal Reserve, money essentially is the ownership of debt. Curiously, I wonder if no one finds any value in owing or repaying his or her “debts” what the societal consequences would be.

\(^{31}\) Id. at 4

Now, after taking some time to think about these dynamics inherent in a monetary-based economic system and the value of money reliance on GDP stats, you may come to the conclusion that the only way money derives value, is because “we,” as a people, collectively “believe” so. We have accepted that money should be used to facilitate almost every transaction. Our transactions, whether they are an exchange of goods, labor, ideas, safety, sanitation, health, food, etc., we collectively choose a price calculated by money to determine the cost and need of doing our various transactions. Therefore, money must be ever present.

Just how large the stock of money needs to be in order to handle the transactions of the economy without exerting undue influence on the price level depends on how intensively money is being used. Every transaction deposit balance and every dollar bill is part of somebody's spendable funds at any given time, ready to move to other owners as transactions take place. Some holders spend money quickly after they get it, making these funds available for other uses. Others, however, hold money for longer periods. Obviously, when some money remains idle, a larger total is needed to accomplish any given volume of transactions.\(^{33}\)

In applying the above observation of the Federal Reserve to capitalism, and the use of a monetary system, people are “free” to pursue various economic choices to gain as much income as they desire. The Federal Reserve points out that some users are able to hold money for longer periods, for example, in savings. Other users however will only hold money for shorter periods. One should note that there are various social, economical, and political factors that bear influence on various persons or classes of people’s ability to pursue certain economic choices and save more than they spend. Persons born with relatively more wealth, and whom are

\(^{33}\text{FEDERAL RESERVE BANK OF CHICAGO, MODERN MONEY MECHANICS, Workbook on Bank Reserves and Deposit Expansion, pg. 3, Public Information Center.}\)
relatively unaffected by the bludgeons of racism, fascism, sexism, or any other ailments of society, are able to gain better educations, and will be better equipped and consequently more able to acquire income and wealth. Although the basis of this essay is not to expound upon theories of evolution; nevertheless, from a scientific point of view, Darwin’s theory of how organisms may survive in nature is also applicable to people as economic players in explaining how people or firms may survive and compete in a capitalistic society and its resulting economy.  

Early economists and social philosophers believed that competition was "the law of life" and resulted in the "survival of the fittest." They contend that businesses evolve, grow and expand in defined stages much like the stages of human evolution. This evolution is argued to be natural to business; dominant firms will either swallow the competition, or find themselves swallowed by the competition. This ideology was reflected in US competition policy in the early industrial boom periods of the late 19th and early 20th century with conservative politics, support for reduced government, poor labor climates, tax reduction, concentration of wealth, and speculative market implosions and crashes. Notably, this view of competition also relates to the actions of individuals within market. In the late 1800’s, the robber barons, known to be ruthless capitalists, had no concern for the social welfare of the community, or even their companies’ workers; they ruined millions of lives of the working class from fatal injuries and life

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36 Id.

long disabilities caused by unsafe working conditions.\(^{38}\) In 1884 Herbert Spencer argued, “that people who were unemployable or burdens on society should be allowed to die rather than be made objects of help and charity.”\(^{39}\) He argued that this would weed out the unfit individuals and strengthen the American race.\(^{40}\)

I point to monetary implications within the US as examples, because of its history of ruthless capitalism as stated above along with the wealth it gained in its past use of slave labor for production, and also because it is one of the top wealthiest nations. It is beyond the scope of this essay to correlate the impact of the factors of slavery and ruthless capitalism on economic disparity today. However, note that the greed produced by monetary pursuits and competition led to those societal harms, as well as today’s classism views and adverse psychological effects, and may have influenced the related statistics stated in this essay.\(^{41}\)

Though today’s workplace conditions have greatly advanced, the progress of the US society arguably is stagnant and still has not made much progress in reducing its income disparity due to the effects of capitalistic idealism along with the excessive value individuals tend to assign to money and the people holding relatively large sums of it. Today, approximately 30% of households within the US have a net worth below $10,000.\(^{42}\) Approximately one in six

\(^{38}\) R. Hunter, Poverty, (1965).

\(^{39}\) I. Asimov, The Golden Door: The United States from 1875 to 1918, (1977), at 94.

\(^{40}\) Id.


households, higher percentage of 29.4% for African-American households, have a zero or negative net worth.\textsuperscript{43} On the other hand, even in the Bush era of economic tribulations, many CEOs in major US companies gained extremely large sums of income.\textsuperscript{44} And in the year 2007, CEOs earned about 275 times more than the average worker.\textsuperscript{45}

It is true that the US has a relatively high employment rate; however, the US also has the third highest poverty rate and third highest income gap between the rich and poor, right behind Mexico and Turkey.\textsuperscript{46} The US has 47% of the world’s billionaires, far exceeding the number of billionaires in any other country, but also ranks among the bottom of the Organisation for Economic Co-operation and Development (OECD) nations for earnings mobility between generations.\textsuperscript{47} “Taking the analysis of persistence of income poverty and mobility of earnings between generations together suggests that more unequal countries are prone to developing an ‘underclass’ who are poor themselves for long periods and so are their children.”\textsuperscript{48} Therefore, today’s poor within the United States are likely to produce the next generation of poor, and the United States’ wealth disparity will exceed the levels of the era of robber barons.\textsuperscript{49}

The reason why property or wealth may be held longer in the US, or why the poorer seemed to be heavier burdened by tax may lie in wealthier individuals’ abilities to invest and own stock or other capital assets. Probably, the most significant deviation from the other
accepted definitions of income in the US income tax system is the realization doctrine.\(^{50}\) Under the realization doctrine, appreciation in property is not taxed until the property is sold or disposed. For example, if an individual owns publicly-traded stock that has appreciated in value, under a realization doctrine, the individual will defer paying taxes on the appreciation of value and wealth until the realization event, which is a sale or disposition of the stock. As a result, much of the wealth of entrepreneurs and capitalists, such as Bill Gates and Warren Buffet, two of the world’s wealthiest individuals, and others with comparable economical standings are rarely taxed according to their real income gained, because the bulk of their wealth is held in the stock of corporations that they created or acquired.\(^{51}\) Therefore, most of the wealthy will have primarily pretax wealth, while most other individuals (middle and lower-class) have primarily after-tax wealth.\(^{52}\) Therefore, the income of the wealthy has little to do with the proper measurement of economic income, and the wealthy are able to escape a more proper burden of tax and are more able to hold their wealth.

Another reason why the poor may stay poor comes from a psychological standpoint. People are naturally aware of the ways in which class divides in social status, life-styles, education, occupation, and income. “As a result of the class you are born into and raised in, class is your understanding of the world and where you fit in; it’s composed of ideas, behavior, attitudes, values and language… the schools you attend, the education you attain, and jobs you


\(^{52}\) Id. See Also Peter C. Canellos, Commentary, Colloquium on Financial Instruments, 50 Tax L. Rev. 829, 829 (1995).
will work throughout life.\textsuperscript{53} Notably, the classist affect is powerfully persuasive, and essentially conditions or brainwashes people to accept a relative social construction as a natural state of human beings.\textsuperscript{54} Obviously, and naturally, the persons of the lower class are hardly opportune to meet and exchange in-depth knowledge or ideology with persons of the higher class. The working class is typically viewed as uneducated and inarticulate, poor leaders, lazy, and uncivilized; however, the middle and owning class are superior and more intelligent, ambitious, with greater poise, confidence and leadership.\textsuperscript{55} Humans become conditioned to internalize these conceptions of class, and those who identify with the lower classes will naturally suppress their physical and mental abilities and underperform relative to their actual abilities because they truly believe they cannot perform better or it would not matter if they did. Those identifying with the lower class will except subpar treatment and may believe that their oppression does not exist or is normative for life.\textsuperscript{56}

MBEs as seen above will condition our thoughts to apply a monetized value to almost every aspect of life. If you have been injured, the Courts attempt to make you whole with money regardless of the injury, and have made efforts to mandate cost-benefit analysis and monetize costs.\textsuperscript{57} Astonishingly, this movement for cost-benefit analysis of regulatory problems is hastily applied to many aspects of societal cost. Presidents Reagan, Bush, and Clinton all required cost-benefit analysis of major regulations.\textsuperscript{58} Congress now requires both the Office of Management


\textsuperscript{55} Id.

\textsuperscript{56} GLORIA YAMATO, SOMETHING ABOUT THE SUBJECT MAKES IT HARD TO NAME. RACE, CLASS, AND GENDER: AN ANTHOLOGY. (1995).

\textsuperscript{57} See, e.g., Corrosion Proof Fittings v. EPA, 947 F.2d 1201 (9th Cir. 1991).

and Budget and Environmental Protection Agency (EPA) to produce monetized accounts of the consequences of regulation with cost-benefit analysis.\textsuperscript{59}

Relying primarily on hedonic pricing studies,\textsuperscript{60} but also on contingent valuation studies, federal agencies have used estimates of the value of a “statistical life saved” that range from $1.5 million (used by the Federal Aviation Administration) to $5.8 million (used at least once, but not consistently, by the EPA).\textsuperscript{61} Monetization, as measured by estimates of willingness to pay, is not limited to mortality risks. For example, the EPA recently provided a wide range of numbers for health problems short of mortality.\textsuperscript{62} It considers a risk of congestive heart failure to be worth $20,600 for people under 65, but $16,600 for people over 65. It considers an episode of acute bronchitis to be worth $45; an emergency visit to the hospital for asthma, $9000; chronic bronchitis, $260,000; and a single episode of shortness of breath, $5.30. In all cases, these numbers are generated on the basis of estimates of what affected individuals would be willing to pay to avoid negative outcomes.\textsuperscript{63}

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\textsuperscript{59} 5 U.S.C. § 1532
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\textsuperscript{60} "The hedonic pricing method is used to estimate economic values for ecosystem or environmental services that directly affect market prices. It is most commonly applied to variations in housing prices that reflect the value of local environmental attributes.” \textit{See} \url{http://www.ecosystemvaluation.org/hedonic_pricing.htm} (Last Visited May 2010)
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\textsuperscript{63} Id. \textit{See Also} U.S. EPA Innovative Strategies & Economics Group, Office of Air Quality Planning & Standards, Regulatory Impact Analyses for the Particulate Matter and Ozone National Ambient Air Quality Standards and
The above figures are not necessarily fatal problems, but one should consider how cost-benefit analysis in certain situations will devalue life altogether. When life is given a price, it theoretically becomes fungible along with “commodities and services” at some ratio of exchange. Yet life should always be above all value and its protection should be especially most important. Morally acceptable principles for trading life off against other goods must account for the special value of life and the special urgency of protecting against death and devastating injury. Take for instance, the use of cost-benefit analysis in valuing sanitary drinking water in our plumbing, safe vaccinations, pollution levels, and nuclear energy use, all of which can hinder or increase loss of life. Oddly, we seem to prefer to save the money and expend a few lives; otherwise, we would simply take the action that benefited the most lives regardless of cost. If you knew your life would land on the unlucky probability within a cost-benefit analysis, how many more millions would you be willing to spend to keep it? Or if you would agree that at some monetary price the cost to maintain 100 percent clean, safe, or sanitized commodities within your society could be too high, are you then willing to pay with your life the cost of not doing so?

In summing up the information within this essay, we see that the implications of a MBE arise from the tendency of the individuals within it to over value the money. Noticeably, this observation is aligned with the timeless notion that “the love of money is the root of all kinds of evil.”


65 1 TIMOTHY 6:10
Part III - Tax and Resource-Based Economies (Utopia)

Discussions of taxation usually center on a collection of familiar tax issues associated with monetary income, such as tax base, progressivity, characterization and timing. However, the discussion here will be fairly different, because it must be discovered how a government may tax an individual’s physical energy and/or personal well-being rather than the individual’s monetary income, and if any other forms of valued income or cost expenditures that are also non-monetary could be included within the base on which a tax is imposed. Notably, in contrast to an MBE, an RBE’s government will be the decision-maker in many economic choices, except for the degree of education an individual can pursue or the use of his or her talent. Higher education would be freely and publically available, and based on an individual’s education and talent, he or she still will have to apply and qualify for particular employment.

Determining the proper structures of tax is usually fairly complex because it may entail or discard a range of possible bases on which an individual could possess or gain. However, in an RBE, the various gains of certain types of individuals will be more predictable than in an MBE, because if there is no bad news, no person would suffer or lose, and therefore any individual’s gain would be already accounted. Also, any loss suffered by an individual would be more likely to be caused by the individual’s foolish squandering, natural disasters, and if it were a mistake in government, the loss would be shared among all members of the society, and not just an unlucky few. A tax base could include the imputed income or values the individual receives from living in the society, the exercise of an individual’s own labor, or the appreciation of capital.

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66 Richard A. Epstein, Taxation with Representation: Or, the Libertarian Dilemma, 18 Canadian J. Law and Jurisprudence, 10, 7-22 (Jan. 2005).
or personal ordinary assets. It is also possible to disregard wealth an individual may accrue and simply focus on the taxable event at the moment of consumption, for example, letting the individual’s earnings or wealth accumulate, and subjecting it to tax as soon as it is used to consume. Or, the government may base the rate of taxation on a ratio of the individual’s energy exerted for society and amount he or she consumes. The rate structure also must be considered for determining whether tax rates should be regressive, flat, or progressive, but in an RBE, it would seem its best use would be with a progressive structure, as will be shown later in this essay. With the above in mind, an important issue to resolve now is whether all forms of income are created equal and also if all types of individuals can equally access income. We must also consider whether the taxable income must be monetary, and if not, how would it be taxed?

If quality of life, good health, and safety are what we want, then why should money be the key means to procure these wants? “Economics . . . envisages rational man as seeking many goals, all substitutable at the margin. On the margin, economic man is prepared to trade off some freedom for some security, some privacy for some wealth, some freedom for some paternalism, and vice versa . . .” If all men and women are prepared to make such a trade off, they must realize that they trade it for a benefit that will be provided by another source outside of themselves. Therefore, men and women acknowledging that they are social beings and that their quality of life is dependent on the exercise of the mix of talents of all individuals within the society will readily recognized the benefits of an RBE. Contrary to economics and law of MBE’s, the goals of society could be upheld without relying on individuals to be wholly self-

68 See ADAM SMITH, AN INQUIRY INTO THE NATURE AND CAUSES OF THE WEALTH OF NATIONS, 1776.

interested. But, a relatively complex economic policy or maybe a new policy of life itself is needed to structure society to benefit from individuals’ resources with their varying motivations to work, varying intelligences, and varieties of physical abilities.

The answer to the above issues cannot be explained in the usual discussions of how an economy could be regulated but rather through examining the nature and character of humans. Importantly, you must realize that there are many things in your possession that better your quality of life that you may need or value regardless of the money they cost you. In fact, it is not the money that we value, but the benefits we receive when we purchase a good, and the ability to acquire future goods. Also, the energy that individuals exert will provide a society with food, clothes, technology, and healthcare; therefore, it is the human energy that is actually valuable. Strangely, even though we all want benefits, having to consider the money cost before procuring or producing such goods actually caps our ability to do so in some circumstances. Therefore, the goal of RBE’s is to maximize use-values of human energy rather than exchange values of possessions, while also organizing economical institutions and efficient means of resource allocation. If we can devise a fair system of rewarding individuals within the society for the energies they actually exert, we can maximize economic output and surplus value and also allow for the proper level of economic rewards to be distributed based on the amount of labor performed and the value produce.

In an RBE, it is contended that many people could be motivated to work by a wish to aid their fellow man. And over time as the benefits of this way of life become observable and

normative to society, all the persons within the society will then be motivated. The impulse to share wealth and material among the community, to support all, leaving none behind, is commonly known to be one of the purest mankind can experience. A resource-based economy’s concern is not simply the conservative focus on efficiency and productivity to improve life on the average; rather, it is a use of egalitarian measures to achieve economic and social well-being for every individual. The government’s economic goal is to move toward equality and welfare for everyone while maintaining a stable and growing economy.\textsuperscript{73}

Do not confuse equality with the notion of simply dispersing equal rewards among every individual regardless of their energy or labor out-put. The goals here is to 1) motivate and reward those who benefit society, and 2) to insure there will be equal access to gain more as the individual produce more among the various types of energies or occupations and the individuals who possess them. The wealthy will not be able to exploit the talents of others simply because they have more money, and those individuals who cannot work or do not have the mental capacity to gain higher education will not be socially discarded or starved of basic human needs. And more importantly, their children will have equal access to healthcare, housing, and education that will allow them to succeed to their maximum ability and be productive in life and the society as well.

Unlike a traditional system of laws based on effectuating incentives and disincentives of a selfish wealth-maximizer\textsuperscript{74} and capitalistic views of “freedom and equality” that are hardly found to be true in reality, the laws that would govern an RBE are laws of humanity and laws of

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\textsuperscript{73} Thomas E. Chamberlain, Socialism Versus Capitalism – Economic Stability As a Unifying Goal, 6\textsuperscript{th} Bi-Annual Pacific Rim Conference, Jan. 2007. At 5.
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Therefore the basis for understanding an RBE political system or tax system is to internalize these concepts. Utopia essentially would be more than a place or location, but rather a state of being. This type of society seeks the solution to all human problems through a perfect living environment to minimize societal losses due to lack of healthcare, housing, food, and the crimes that result from these deprivations. However, the solution to human imperfection must also be found in order to have Utopia. Therefore, the law and taxation should be rooted deeply in the psychological make up of human beings.

Essentially, an RBE’s government would be funded by taxing happiness, because money would not be in existence. Accordingly, there must be lines drawn between allocating happiness, impeding on happiness, and capping happiness. In order for the government to succeed at this, all individuals must be clear on what it means to be regulated by the law, as opposed to oppressed by the law. I argue that the term regulation should define a respect for balance, so as not to hinder benefits that are rightly due to individuals by wrongful or manipulative actions by another. However, it seems that the majority would define it as “controlling human or societal behavior by rules or restrictions.” Regulations commonly entail a coercive effect and factor in a cost-benefit analysis based on the rational that some members of society will benefit while others will incur a cost. The negative connotation in those definitions suggests that the rules somehow impede an individual’s right to weight his or her personal benefit over the benefit of another, and oddly suggest that because people are forced to be fairer they in turn suffer some loss. Oppression is defined “as the impeding on the freedoms of an individual by an authority in

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75 GEORGE M. LOGAN, UTOPIA, CAMBRIDGE UNIVERSITY PRESS. (1989).

76 Id.


78 Id.
a burdensome, cruel, or unjust manner."\textsuperscript{79} Oppression is seen in its most explicit form when it is directed toward a certain class of individuals.\textsuperscript{80} However, I believe that individuals would not ever feel oppressed if 1) at all times the rules of law were directed and equally enforced upon all individuals, 2) there was a recognition of the need for the laws, 3) the laws brought no detriment to an individual’s legitimate concern for benefits, and 4) the authority figure enforcing the rule was truly an agent of the society’s people and could be fairly and easily removed by procedural means if acting unjust. Recognizing the importance of insuring the mindset of fairness within each individual, and drafting law and tax policy based on studies of human behavior will produce efficiencies in an economic system that no MBE has ever produced.

Individuals within any society are usually not entirely self-sufficient; therefore, the society’s products and its people’s well-being depend upon being readily able and willing to transact their talents. In removing money from its “middleman” position in transactions, the individuals simply exchange a good for another valuable good while the government facilitates the availability of the shared goods and protects human rights. As stated before, a rational man is seeking many goals, all substitutable at a margin and is prepared to trade off some freedom for some security, privacy, wealth, freedom and paternalism.\textsuperscript{81} Therefore, to be completely fair the government must provide the minimum necessities of life, so those individuals who have no exercisable energy to produce and exchange, such as the disabled, elderly, or children would have no worries in the availability of benefits and have an essential degree of well-being. Utopia in this case, would supply 1) some humanitarian form of housing equipped with plumbing and


\textsuperscript{80} Id.

\textsuperscript{81} Harold Demsetz, Professor Michelman’s Unnecessary and Futile Search for the Philosopher’s Touchstone, NOMOS XXIV: Ethics, Economics, and the Law 41, 44 (1982).
sanitized drinking water (not overtly separated from housing units of productive members), 2) an effective source of energy needed to cook, heat, and cool, within the household, 3) some allotment of a variety of foods, 4) healthcare, and 5) an access to education in any field to the highest degree based on the individual’s desire and ability to do so. Also, because Utopia seems too susceptible to corruption\(^2\) in being one large government, Utopia should be separated into smaller societies for more efficient systems so individuals with governing authority could be regulated by checks and balances to prevent any malevolent intent. To protect against such harms, each utopian society would provide some protection by some form of militia.

In Utopia all individuals must identify with a need to have their neighbors’ talents usable and exchangeable for their own in order for the society to be able to gain and distribute a proficient amount of benefits. If this view is not kept in sight, then an individual may view himself or herself as a slave to society. However, that view may be based on our past experiences of urges to control others that inherent in monetary-based economies. In a resource-base economy, there would be no incentive to enslave another, because there would be no gain that is not already provided by Utopia. Slavery in an RBE would be an outright denial of one’s right to live the way others of the same talent and energy output do for no legitimate reason. In Utopia, in order to maintain balance and a sense of fairness and freedom within the society, the government could not let any individual over consume relative to their production or under consume relative to their production for any reason.\(^3\)


\(^3\) "The memory of oppressed people is one thing that cannot be taken away, and for such people, with such memories, revolt is always an inch below the surface.” See. Zinn, Howard., A Peoples History of The United States, Chapter 17 Or Does It Explode, 2002, at 443.
Keeping in mind that Utopia is a state of living or mindset, from a behavioral economic standpoint there must be a mindset for people to produce for each other and some form of constant motivation to do so. As individuals produce, the government must protect their rights, insure safety, provide vacations, task rotations, and distribute resources so that no individual is benefited over optimal standards or under essential standards for their energy output. For those who labor for the government as figures of authority they must, at all times, be considered as agents working on behalf of their people, and reject concepts of “power and control.” Notably, regardless of official capacity, every individual in Utopia is an agent for the government/society who is positioned according to his or her motivation to work and his or her talents that furthers the society’s well-being.

In an MBE, the compensation for an individual’s work in society is money; however, in a RBE, determining exactly how to compensate those who benefit society is a complex concept to apply to large populations. How do we reward those who ‘overly’ benefit society compared to the others who may be at or below productivity standards? Keeping in mind that those who cannot produce for the society will be provided the base benefits produced by the society, how do we properly ‘reward’ those individuals that through their extraordinary talent or physical effort produce more than what they personally need and how do we fairly disperse these benefits produced or tax benefits received? The “reward system” ideology is quintessential to a monetary-based economy. It was effectuated by 1) giving good grades in school to over achieving children, 2) normative grades for median performers, 3) bad or failing grades to the underperformers, 4) setting children apart on honor rolls and other ranking systems, and 5) 

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bonuses, trophies, monies, or some recognition for a job well done or superbly done.\textsuperscript{86} Has this system of rewarding crippled our ability to recognize what we have the ability to do and just do it? Instead of failing children or rating children as average or underperformers, suppose instructors endeavored to find the individual strengths of children in the beginning of their education, and tailored the child’s education according to those qualities. It seems that this reward system, that we are all conditioned to accept, has caused the dispossession of our internal motivations. The concept of “just doing” is not complex, because when we act on our own strengths and desires, production is natural. Utopian Education is beyond the scope of this essay, however, the reward system inherent in our education system may be counter productive and fostering personal motivations, and therefore enforce the need to reward adults for normal responsibilities.

Regardless of some of the issues that seem to make an RBE difficult to structure, we do know nonetheless that the higher producers must be taxed with more liability in relation to the lower producers. However, should this liability be taxation on some of our needs, some of our wants or both? It seems that the best compensations for work should be 1) the ability to possess recreational wants and higher quality or differentiated goods, 2) leisure and the means to vacation and travel. And the more we produce, the more we are allotted the options to do these leisurely things. Notably, this system of rewarding would be very similar to accumulating paid time off, vacation weeks, and personal days as allotted in the traditional work place that many of us are familiar with. As the higher producers are allotted more, the rate at which the individuals are rewarded would gradually decrease and be allotted to those who could not produce.

Perhaps, it may seem unfair to be forced to give energy to another, but as stated before, Utopia is also a state of mind, reaching for some type of higher moral code and recognition of duty to neighbors. As stated by John F. Kennedy, “To whom much is given, much is required.”

That quote or concept, if applied to tax, argues for progressive taxation for one’s natural abilities. Being given much wealth or grant of well-being, will commonly grant individuals a degree of happiness. And individuals often personally feel happy when they contribute happiness to others. Given that money will have no purpose, the specificity of what is distributed goes beyond the scope of this essay. However, Utopia would essentially tax the happiness of its individuals, whether it is on the benefits received or mandates on the output of physical human energy. Under such a system, a quota that mandates excess production on producing individuals must be maintained for allotment of benefits for those who cannot produce. And as awards for over production, the state must increasingly provide benefits relative to the individual’s productivity output.

Happy individuals will produce; however, they remain motivated and happy not based on absolute wealth but rather relative wealth. This is selfish as aligned with MBE theories; however, it also seems to suggest that money is not the real concern but the relative benefits that are granted to people are the real concern. Also, it may not be that people are self-interested or selfish, and the behavior that individuals exhibit in an MBE may only result from humans’

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87 Address of President-Elect John F. Kennedy Delivered to a Joint Convention of the General Court of the Commonwealth of Massachusetts, The State House, Boston, (January 9, 1961). See Also Luke 12:48. Jesus Christ, “For unto whomsoever much is given, of him shall be much required and to whom men have committed much, of him they will ask the more.”

88 Richard Ball, Absolute Income, Relative Income, and Happiness, (May 2005), at 6.
In terms of money, people are naturally concerned with loss, because the loss of money in a MBE is a loss of ability and a loss of freedom to pursue happiness. Perhaps, in both MBEs and RBEs if the taxation were fairly transparent, but the society’s higher producers were less aware of how much they were taxed relative to the lower producers of society and were simply focused on what they gain, the concern for perceived losses would be minimized. The shift on focus to relative gains and relative economic standing for work will aid in accepting progressive taxation on happiness.\(^9\)

\textit{Part IV - Implications of a Resource-Based Economy}

An RBE will be very political by nature. The decisions on behalf of society will require planning and diplomacy for the concerns of every sector in the society. This means that most of the important decisions made in an RBE will be decided by the government and will be centralized.\(^9\) Under a centralized power for decision-making, there are fewer restraints that will check and balance the various controls on the society.\(^9\) Many individuals in the society can be affected by the harm caused when the government fails to consider idiosyncratic-risk;\(^9\) however, if decisions were efficiently decentralized, those risk will be diversified away.

Another problem that may occur with centralized planning is that governments overtime begin to suppress the alienability of individual decision rights when they are heavily vested in


\(^{90}\) Richard Ball, Absolute Income, Relative Income, and Happiness, (May 2005) at 6.

\(^{91}\) Danny Myers, Construction Economics, (2004), at 288.

\(^{92}\) Id.

\(^{93}\) Economic term for risk of price change due to the unique circumstances of a specific security, as opposed to the overall market that could be planned against or diversified away.
the public or governmental sector. Vesting the right in the public sector means there is no automatic or natural process that operates to assure that the decision right is assigned to the proper person. Because decision rights convey power to the person to whom they are assigned and people prefer more power to less, it is likely that competition for control of the right among bureaucrats will occur. And in competition for power, the reward-currency is power and increases the probability of re-election. If the controlling individual or unit having that decision right is being coerced by some political agenda outweighing the rewards for the contributions they already make, then the wrong individuals may end up with the decision right and encounter incentives that generally motivate them to assign responsibilities to others in ways that do not maximize the total contribution to society.

The main argument against socialist systems is that they are considered inefficient and corrupt because labor has to be forced for the state to continue functioning. However, capitalist systems force labor on a class, the wealthy are able to corrupt individuals with money, and only by luck of attaining wealth or being born into wealth can one actually control his or her own need to labor. Other problems in an RBE system occur because everything is centrally controlled and diversity is virtually non-existent. Nevertheless, that central control also takes care of the problems that MBEs pose with their inherent volatility and fluctuations in market

94 “Proper” in this context means the unit and individual that possess the relevant specific knowledge necessary to exercise it appropriately.

95 MICHAEL C. JENSEN, FREEDOM, CAPITALISM AND HUMAN BEHAVIOR, (1999), AT CHAPT. 4, 3.

96 Id.

97 Id.

98 Id.

stability. However, if the RBE’s government makes a flawed economic decision, a majority of the society will suffer regardless of relative wealth. Notably, the suffering that individuals would face in this circumstance is essentially still completely fair, because mistakes in an MBE only lead to a certain class of individuals suffering, which would be the working class and poor.

It still seems, as though in theory an RBE is the perfect economy; however, if introduced now, it would be a society of perfect standards placed on imperfect individuals, whose acts and ideas may only be perfected with a shared appreciation of Utopia’s goals. As of now, I believe that while we may individually strive for perfection by bettering our thinking and our physical selves, we often give up too easily. And because everyone falls short at some point in time, we continuously condone the failing behavior and every few years we ultimately drop the bar. In RBE and MBE systems, those with wealth influence those with less of it to satisfy some selfish need or to control the actions of others, and those with political power seem to attempt the same. Apparent within any system, it seems this concept of “power” eventually corrupts and harms society. Maybe, if we are able to eliminate this thirst for power and instead value balance, both the systems may maintain social harmony.

Part VI - Mixed Economies

In capitalist monetary-based economies, the individual decides among economic choices that would maximize an individual’s benefit. And in resource-based economies, its people and government determine decisions that maximize the society’s benefit. These simple general definitions of the two economic systems both seem reasonable in essence. However, when human behavioral implications are illuminated in either system, we find that both may become

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100 “Knowledge is Power”… Belief that we must obtain power to have freedom, and should maintain control or influence over those without power. Message portrayed in School House Rock songs during cartoons. Example found at http://www.youtube.com/watch?v=f6lcOSFnhW0
corrupt by a personal want of power, and lack of concern for the well-being of others, or negligence.

In essence, the capitalist MBE is ruled by money, meaning it is not the individual that is controlling his or her decisions; but it is the money or the few individuals with more money controlling other individuals with less money. Persons who possess wealth within an MBE possess the freedom of leisure and the power to have others labor instead. Also, for those with substantial wealth, the line between freedom and plain irresponsibility often is heavily blurred. And with all factors considered, you see that capitalism unfairly concentrates power and wealth among a small group of a society. Along with the persistence of income poverty and lack of mobility of earnings between generations, the poor stay poor and their children most likely will also be poor. As a result, a money-based economy eventually arrives at a system of exploitation of the working class, and that exploitation is what a resource-based economy would seek to extinguish.

According to historical trends, a resource-based economy may in turn create an unmotivated society, that fails to provide equal opportunities for all citizens that will maximize their potential, and may not motivate technological innovations and use of resources to their maximum potential. However, many social scientists will advocate that we have not yet seen true “Utopian Socialism” as discussed by philosophers’ Friedrich Engels and Karl Marx who advocate for creating a society that allows for the widespread application of modern

101 Id.


technology to rationalize economic activity by eliminating the anarchy and instability of capitalist production. Economies in capitalist systems are overall unplanned, so they often crash, producing depressions that damage the lives of millions. Socialist economies are planned, which means that problems can be foreseen and prevented. Notably, an RBE must be governed with the aim of human happiness in mind, rather than the gratification of particular individuals or classes of people. To maximize the gain for all rather than just for some requires an element of social control and a completely different way of thinking and behavior than MBEs accept and are structured upon. I do not think the majority of today’s people are collectively ready to discard their wants for power and a relatively higher social standing. Nevertheless, I do believe that we are compassionate enough to know that the true cost of life is priceless and that our governments and societies should endeavor to truly insure equal opportunities for all and also insure that no human within society will be unable to afford the cost of living.

Now, with the above in mind, the benefits of both MBEs and RBEs can be experienced with a mixed economic system. This issue is addressed from the perspective of a social welfare economist, who seeks to figure out the optimal design of a tax system that will interfere as little as possible with the creation of wealth and at the same time arranges its appropriate distribution. In capitalism, it seems the goal is to gain ownership and wealth, so as not to have to labor, but if we are to allow ownership of things such as land and resources that are unowned in the state of nature, then there is a cost to protecting your right to own such things, or else others will simply take them from you. With this right to own, there is a right to transfer and to keep against the rest of the world, which also has a cost for protection. These rights to own and transfer are essential for they take place no matter how complex the transaction. The government hopes that these owners of wealth and property will invest to create work and accrue gains from labor, but often these owners will decide to hold on to their wealth while others are left standing still. So
we tax wealth, progressively, and we redistribute it. However, the goal of taxation should not be to just redistribute to the poor, but to provide for public goods that benefit the needs of all people.

In example of a working and efficient tax and economic policy, Norway has a mixed economy with the government owning over 50% of domestic business and employing 35% of the workforce.\textsuperscript{104} State ownership is most dominant in the oil and mining sectors (energy), and also hydropower and electricity plants; however in manufacturing, the state only owns about 10\%.\textsuperscript{105} Notably, energy is heavily shared; it is basically seen as a public utility, and I agree that shared needs should be governed and distributed. Also, with the manufacturing industry being mostly private, and using government produced energy, the revenues from their production are circulated back to fund the economic goals of the state. Furthermore, even though they are in private hands, the government also provides subsidies for various industries like agriculture, with about half of the subsidiaries going to agriculture\textsuperscript{106} insuring lower cost of food for the public.

Norway is essentially a capitalist welfare state that features private free market activity and state ownership positions in key industrial energy sectors. Although Norway has a monopoly on railways\textsuperscript{107} and the postal service, the state-owned companies that have been established are not necessarily nationally planned but are managed freely by their agents, which implies that they are exposed to competitive forces, so they must remain motivated and innovative to compete. The state makes public healthcare free, parents have 12 months paid

\textsuperscript{104} Norway, The Official Site in the UK, \url{http://www.norway.org.uk/aboutnorway/economy} (Last Visited May 2010)
\textsuperscript{105} Id.
\textsuperscript{106} Id.
\textsuperscript{107} Norwegian Ministry of Transport and Communication, 2003: 3
parental leave, and Norway maintains a low unemployment rate at 3.1%. As opposed to the drastically disparate income figures between US CEOs and average workers, the Norwegian egalitarian values keep wage difference between the lowest paid worker and the CEOs of their companies at a much smaller number.

Norway’s “cost of living” is about 30% higher than the US; however, you should not jump to the conclusion that this factor is necessarily negative. For example, one may suggest the cause of this is based solely on Norway’s tax structure. However, it is arguable that Norway’s “standard of living” is among the highest in the world solely due to their well-functioning and stable economy. Therefore, even though the cost of living is higher in Norway, the individuals there have relatively less problems covering the “cost of living” than individuals in the US. Norway has a low percentage of citizens living in poverty relative to the US. Obviously, if many people were living in poverty, this would lower the percentage that a “cost of living” statistic reflects, and cause a fallacy in its reader’s judgment concerning freedom to enjoy life. Norway plans and funds the pensions of their retirees with revenues from the energy sector, taxes, and oil dividends. Public education is virtually free, and higher education is highly subsidized by the government to the point it is almost free. The successful balancing economy of Norway is due

109 The Norway Post, Declining unemployment rate, Norwaypost (2010).
http://www.norwaypost.no/content/view/22427/
112 Id.
to their economic structuring, planning, and taxation policy’s focus on the well-being of all their people. Norway’s economic focuses have driven wealth creation within society by straying away from desires of class and power that would put wealth in the hands of the few.

Norway’s tax policy is heavily invested in its social welfare system, and places relatively higher tax responsibility on its population. The rates for corporations is a flat rate of 28%, an individual’s ordinary income is taxed at a flat rate of 28%, additionally there is a value added tax on everything you buy at about 12 to 24%. You may see this as the taking of about 50% of your income, however you are allowed deductions for the expenses incurred for generating income including many deductions for personal cost, such as commuting from home to work or housing for work. Notably, there is also a progressive tax structure that is incurred on wealth at .2% on estimated market value of owned property between NOK 200,000 – 540,000, and .4% for property over 540,000. The wealthy will be taxed for any gain realized, but will also be tax if none were realized. Note, however that with this taxation, individuals freely have use of 1) hospital and healthcare, 2) will be provided compensation upon retiring with the government pension fund, 3) free schools and free university, 4) publicly funded sick leave, and 5) 12 month


116 Id.

paid maternity leave as mentioned before. If you are unable to work anymore, you will be reasonably compensated for the rest of your life. Therefore, even though you may be heavily taxed in this system, with the benefits received, you are not being exploited.

In contrast, within a monetary-based economy, during the single capitalist’s lonely pursuit of self-interest, at some point begin sacrificing other aspects of life that promote happiness. We basically trade the happiness for money. Within the US today, men and women whose family income is equal to, or above, $100,000 spend more time at work and their commute than those with lower family incomes. Also, even measured against other wealthy industrialized countries, the U.S. workers increasingly labor for the longest hours (1,966 hours per capita in 1997 versus 1,883 hours in 1980, an increase of nearly 4%). This trend is contrary to a worldwide trend in industrialized countries that saw work hours remain steady or decline. In Norway and Sweden, for example, the hours individuals worked in 1997 were, respectively 1,399 and 1,552 per year.

Undoubtedly, if economic and tax policy were not based on premises of selfish behavior and structured to ease burdens and promote happiness, then either an MBE or RBE could both function perfectly. But, we also see that with a more egalitarian approach to policy that both ideals are conducive to promoting innovation, productivity, and covering the cost for all individuals to live.

119 Id.
121 Id.
122 Id.
Conclusion

If in reality, all things, individual or systemic, for survival must maintain balance in order to exist and not be destroyed, why would economic and tax policy be any different? A body, a living planet, a solar system, or any entity consisting of smaller working counterparts cannot survive without the balanced workings of every part within its system. Civilized societies seek to entail governing principles into its people who will in turn work for society as they work for themselves. Likewise, your brain governs your body that contains a host of single cell organisms that work together in many different tasks that subsequently maintain your health and life; if those organisms within your brain or body were wholly self-interested with a zero-sum mentality to consume and grow more than their neighboring organisms, then you will be diagnosed with cancer, and your system will soon fail. However, if those bodily organisms are bound by a responsibility to move in maintaining a balance or the stability of their environment, they then
create a healthy bodily system that will survive. Granted, humans are not drones with specific missions and unwavering motivation, and seek happiness and fulfillment in many different fashions. But, if we all value a happy life above all else, we should accept that our happiness does not have to be dependent on our control of our neighbor’s labor, and it should not make us happier to bask in the fact that we may be happier than our neighbor. For the reasons discussed above, a society that seeks the highest standards of living will endeavor to cover the cost of all its citizens to live.