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Extracts from speech given on the nature of our economic system by Peter W.T. Bogacki in August 2019 at a meeting of a public speaking club.

Seeing Through A System

BEING COMFORTABLY WEALTHY

Does anyone here play the national lottery? Anyone fancy being comfortably wealthy? A lot of us do. And to take a look at what comfortable wealth is from the standpoint of an individual, here for the sake of clarity are certain definitions of terms being used:

Income: ‘the total financial riches received by an individual over a certain period of time’

Wealth: ‘the total financial riches owned by an individual at a certain point in time and calculated in a manner something like that of the estate of a deceased person’

This one applies per person:-

Comfortable Wealth: ‘enough to cover ownership of a six bedroomed house and two cars both in UK and overseas, as well as to produce a total income (earned + unearned) that allows a family of four to live comfortably well and travel between houses several times/year as their children grow from birth through to adulthood’ – *(a wealth threshold proposed here initially to suit a greedier person)*

And anything more than this is simply,

Excess Wealth: ‘wealth that exceeds comfortable wealth’

To see the way that comfortable wealth is distributed in practice by our economic system we need first to take a look at what a system is and what it does.

We’re all familiar with systems. They’re all around us...computer system, nervous system, economic system, etc... Here’s a concise description of what a system is that comes from the founder of the science of management cybernetics, Stafford Beer. It holds true for all systems.

‘System: a group of elements dynamically related in time according to a coherent pattern.’

And here is Beer’s simple description of what the purpose of a system is.

‘The purpose of a system is what it does. There is, after all no point in claiming that the purpose of a system is to do what it consistently fails to do.’

Finally here's a typical textbook definition of what an economic system is:-

Economic System: 'an organized way in which the government of a country allocates resources and distributes goods and services'

Now, bearing what we've already covered in mind, if we look more closely at what our economic system does in terms of key wealth outputs, we can see that it continuously produces:-

- a minority of individuals good at making money each accumulating more wealth than needed to live comfortably well.
- an increasing number of individuals poor at making money each struggling or failing to survive financially.
- a decreasing number of jobs where each one pays enough to allow accumulation of wealth.
- an increasing number of individuals each seeking a job that pays enough to allow accumulation of wealth.

And reduced to a simple expression of wealth distribution, **what our economic system does** in practice is simply to polarise wealth distribution. In other words,

**The purpose of our economic system is,
to polarise wealth distribution.**

For most of us the main barrier keeping us from accumulating more wealth legally is the taxation of individual income (i.e. income tax & NI contributions). It's been around for over 220 years and is the single biggest revenue raiser for the government.

Over the course of these two centuries what has become clear is that the level of this form of personal taxation does not affect the purpose of our economic system... the higher or lower the tax, whatever, the end result is the same – the polarisation of wealth distribution.

Now, maybe you're comfortable with that – you're already loaded or you're selfish or perhaps both. Or maybe you're just not into being wealthy. On the other hand maybe your goal is to become comfortably wealthy and you want to have an economic system that supports you achieving it.

Then, to create an economic system that has a purpose – i.e. to distribute comfortable wealth evenly – diametrically opposite to the one we have at present we need first to reinvent personal taxation accordingly. In short, to distribute comfortable wealth more evenly we need a shift in the form of personal taxation away from the taxing of income, and towards the taxing of wealth:-

**The purpose of our transformed economic system is,
to distribute comfortable wealth evenly,
and it is supported by
the taxation of individual wealth.**

This form of personal taxation facilitates:-

- 1) more people to become comfortably wealthy.
- 2) government to increase and broaden investment into the common benefit.

But for the moment please understand, by seeing through our current economic system I am not saying that it should be transformed. I am saying simply that it is already perfectly fit for purpose, and making clear what that purpose is.

And to finish on a brighter note, as we stand by and watch the polarisation of wealth trundle on and day by day lessen our chances of becoming comfortable wealthy, it does make the fixed odds of winning the national lottery ever more appealing:-

**Odds of winning the national lottery
- picking 6 numbers out of 59 –
(source: 'Humble Pi', Matt Parker)
1 in 40,665,099**