

## FACING A PERFECT STORM.

The film ‘A Perfect Storm’ describes the true story of a fishing trawler facing an epic storm.

A group of New England fishermen had fallen on hard times after a series of poor catches. Their captain, played in the film by the actor George Clooney, hired a boat for one final fishing trip of the year. The trawler sailed out into the mid-Atlantic. After much fruitless searching, they finally struck fish. Turning for home, they hoped to get the catch back whilst still fresh. Unfortunately, a storm was brewing, and not just any storm. Three separate weather systems had merged to create a ‘weather bomb’ of unusual intensity. Meteorologists warned of a serious threat to life.

The fishermen faced a dilemma. Should they attempt to land their catch whilst still fresh? To do so, they would need to risk their lives by sailing back, straight through the storm. Or they could avoid the storm by sailing further out to sea. After this detour, the fish would no longer be fresh and the fishermen would be out of pocket.

Added to this dilemma were communication and leadership issues. The storm had damaged the radio, making it difficult to get information or call for help. The captain (we will call him ‘Clooney’ after the actor playing him), whilst charismatic, lacked good judgment. He took the risk and sailed into the storm.

Taking a step back from their immediate plight, it seems odd that Clooney and his men took such a severe risk. Why were they in that situation in the first place? Perhaps, there are two reasons.

First, the seas were no longer as plentiful as they once were. In the 1950s, the Grand Banks off Newfoundland teemed with fish. But overfishing led to a collapse in stocks. Thus our crew needed to go further out to sea, where more bountiful stocks remained. Second, the fishermen lacked economic security in their lives. They had to fish to keep food on the table. Beyond their own homes, they owned little. The boat was owned by an investor who expected a return without doing anything quite so dangerous as heading out to sea.

What has the ‘Perfect Storm’ got to do with the future of the planet? On Earth, we are facing a similar situation to Clooney’s character and his crew. There are warnings of a dangerous future for us all. Climate scientists warn of a much hotter planet with more intense storms and rising seas. Should we ignore the warnings and steam ahead, like Clooney, or accept the dangers we face?

However, even if we accept these warnings, the situation remains tricky. You and I have little control over the direction of the world economy. There is no single captain of the ‘Good Ship Earth’. Indeed, most of us have little idea how exactly the controls of our economy work.

This book is about one particular set of controls which direct our economy: taxation. In this book, we show how changes to the tax system could be made to direct the economy towards a brighter future. The book also links taxation to other matters like welfare benefits, property rights, wealth accumulation, environment, energy and housing policy.

A critic might argue that people’s interests and actions are their own business. People should be free to do what they want, without the government interfering. Anyway, hasn’t the market economy had a good record? Globally, humanity is richer, more secure, and living longer than ever before. Poverty is also at record low levels.

But there are storm clouds on the horizon. This book investigates two major issues that threaten our future. The first is environmental damage. The second is economic insecurity. The richer and more populous humanity is, the more environmental damage we cause. The more unequal society becomes, the more we risk the hard fought stability of the latter half of the twentieth century. Unless we learn better habits, we will damage the one planet that we have.

Young people are working harder just to stay still. In the 1996, 93% of those individuals with a deposit were able to afford to buy their own home in England. This number fell to 61% in 2016, with over 40% of young adults unable to buy homes at all in their local area [BBC2018]. These issues are the inspiration for the economic phenomena we investigate in our book.

Related, is our third and final issue: how to make these changes together. The members of Clooney's crew had different preferences. Some wanted to get home swiftly, others wanted to stay out at sea and avoid the storm. But the fate of the crew was closely linked. Nobody had the choice to exit the boat early. They had to decide together and thus live - or die - together. The fate of humanity is similar. Whatever our individual preferences are, we also face issues in common. We need to understand the controls of our economy so we can direct our economy and our world in a safer direction. If the boat is our society, the engine and rudder would be our economy. We are interested, therefore, in control systems.

Throughout our analysis, we steer clear of the god-like perspective of the meteorologist with their satellites and computer models, and contain our analysis to the very 'human' perspective of Clooney and his men. We therefore leave aside the investigation into proving whether the meteorologists and climate scientists are right. That's the scope of another text. We content ourselves with the credible assumption that these threats are real, and significant. The storm, in other words, is strong.

The trawler and the fishermen combine a mechanical and a social system. It mattered not only how well the boat was working but also how well Clooney was directing the crew. So too is with our economy and the political system that guides it. Our analysis therefore considers two major economic questions: how to prevent environmental destruction; and what constitutes a just distribution of wealth and property. In both cases, we are interested in taxation as set of controls over the economy and therefore human impact on the world.

We can phrase these questions in economic and political terms. The economist would ask why pollution and economic insecurity persists amidst such wealth? Is there a remedy to these ills? The politician may ask how we could change course together? We are in the same boat, there is only one planet that we all sit on.

However, these are not the only factors. If the boat is the economy, money is the fuel coursing through its veins. If man has developed god-like powers, those powers are combined with the more mundane engineering problems of inexperience in understanding our boat and the human problems of a bickering crew. It's like we have a boat with a huge engine but little competence in sailing it. We are in the terrifying position of being masters of our own environment, whilst we are not quite masters of ourselves.

Some have said that it's easier to see the end of the planet than the end of capitalism. Money has always been recognised as dangerous to the human soul. For example, philosopher Plato describes the decline of a system of honour by a 'secret desire for treasure'.

In the song 'Don't Stop me now' by Queen, the lead vocalist, Freddie Mercury sings that the world is 'turning inside out'. Ideas in the minds of humanity become embodied in physical form through economics and technology. We are in a world powered by money and ideas. The set of ideas about money - the intersection of money and ideas, these two powerful forces that drive our economy - is called economics.

Economists study scarcity, amongst other things. Here we focus on three forms of scarcity. Space is limited, although it is more limited in some places - like Hong Kong - than others - like Siberia. Time is limited too. What I do today can never be given back. And finally, resources, like energy, are limited. Humans live off stored-up sunlight - coal oil and gas. But using this stored-up sunlight threatens much greater storms in the future. One great issue is sheer momentum. Our whole economic way of life is 'locked in' to a particular course and the message is 'don't stop me now'.

So if the world of ideas - often economic ideas - now influences the health of our very planet, how on earth did we get into this situation in the first place? We go back in time to the era of Adam Smith and then run the clock forward observing revolutions of politics, technology and ideas.