



GEPSP
Economic Consulting Inc.

Financial System Income and Capital Flow

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Financial System and Income Flow

A Conventional Options
B Unconventional Options

pgs 1-4
pg 4-5

Income and Capital Flow Cycle Economic Sectors

Economic Sectors effected by the lack of fluidity in the Flow of Income and Capital

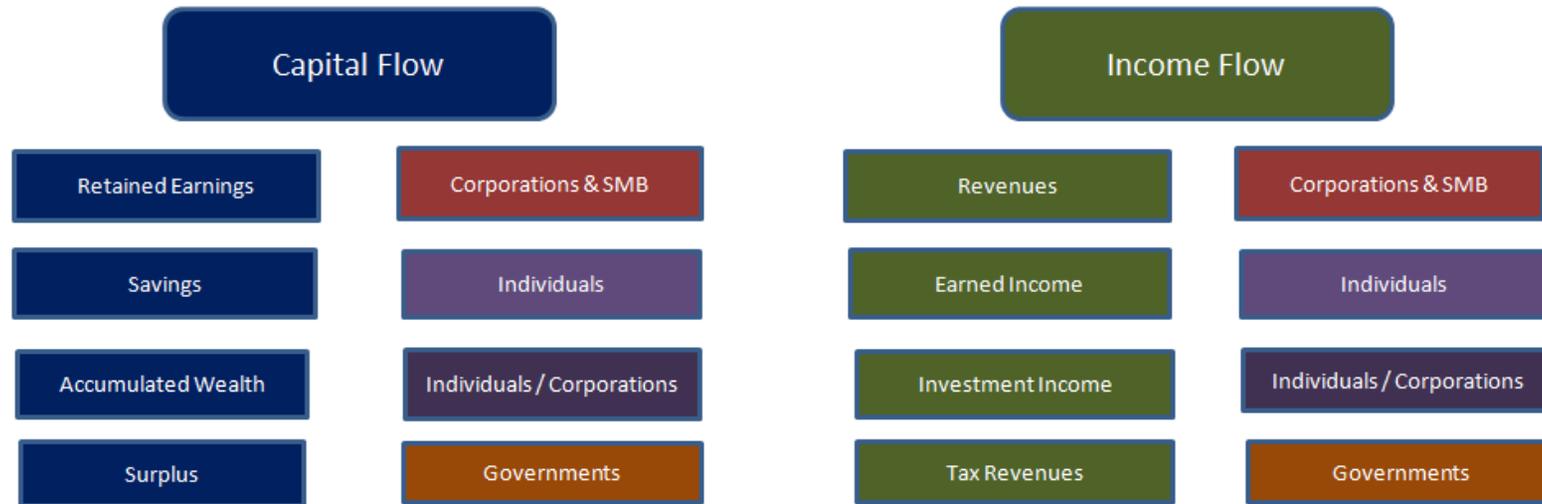


Conventional Corrective Strategies

In the first part of this section of the financial system we look at various conventional strategies, which may have only been partially implemented or are being considered, to improve the income flow between economic sectors at the national and international levels (see pgs 2-4).

The current global economic financial system may need to add features (beyond the conventional) that will make the financial system more robust and dynamic as well as significantly improve gainful employment opportunities. Our political leaders need to recognise the beginning of the “post growth dependent” economy. Some of the possible features to add are put forward in GEPDS proposal on ECO\$ Financial System, as well as the GEPDS Space Development proposal, the modern day “Marshall Plan”, funding for space development. The framework for these innovative proposals is presented in the process flow on page 5 of this document.

**Integrated into the above economic sector cycle is the
Income and Capital Flow Matrix
(Simplified)**



It would appear in the current climate of economic uncertainty (see Economic Conditions) we have many individuals experiencing negative to static income growth, which in turn affects corporate revenue potential. The overall effect of this lack of income security is to limit growth and opportunities which in turn limit the income and capital flow cycle. In this climate of economic uncertainty and risk, one can only assume many businesses and individuals may be holding back on capital investments until they start seeing G20 leader's economic plans and policies that generate a strong degree of business and consumer confidence.

Policy Options available to the G20/50 Political Leaders

It might be beneficial to implement judicious and coordinated use of some of the following options in order to stimulate a broader monetary (income) flow to more economic sectors and more levels of income earners in the economy. To be effective these options may need to be implemented internationally as a coordinated program. In all of these options the national governments should communicate not only what is to be done with the monies collected under the options implemented. National governments should also communicate their short and long range plans so that the individuals and corporations effected can see that, if needed, in the short term their funds and income may be impacted, in the long term their investment positioning will enable them to recoup their funds and income under a more stable and robust global economy. National governments should implement any changes with caution and respect for individual rights.

1 Taxation of very high level incomes both earned and investment income

Since the national infrastructure supports very high income level individuals, directly and indirectly, beyond what the average person benefits it is important that the very high income earners pay significantly more than the average income earner. It might be more effective if these rate(s) were agreed upon by each national government in coordination with other governments internationally. The approach should be cautious, judicious, and avoid being regressive.

For a Summary of Benefits of Taxation please view the following site(s)

From Tax Justice Network web sites - <http://www.taxjustice.net>

2 Taxation of Undeclared assets and income

Those individuals and companies that have evaded taxes and the declaration of their assets should perhaps be subject to expropriation of a portion of such funds. While it is understandable people desire to protect any financial gains an individual or group makes in earnings or business. If the extent of this activity undermines the security of the global financial system then this type of activity needs to be curtailed as much as possible. Apparently national governments are starting to take steps to pursue some individuals and at least recoup lost tax revenues.

The Tax Justice Network - <http://www.taxjustice.net> estimates “the amount of funds held offshore by individuals is about £ UK 11.5 trillion – with a resulting annual loss of tax revenue on the income from these assets of about 250 billion dollars.”

It may be more feasible and desirable for governments to introduce strategies and policies that stimulate the national economies that would also have the effect of attracting the offshore capital back to the mainland economies without having to resort to extraordinary measures.

3 Income Adjustments and working towards the new Sustainable Economy

An argument could perhaps be made for encouraging benevolent changes to income levels given the conditions on earth with regard to population, resources, land space, water, and the environment. How can our civilization as a whole justify for example paying an employee \$10-20k USD per year and a CEO or a large shareholder \$10's or \$100's millions.

Excerpts from a USA article that can perhaps also apply to many other nations:

Inequality and Its Perils “Emerging research suggests that the growing gap between rich and poor harms the U.S. economy by creating instability and suppressing growth.” By Jonathan Rauch

Updated: May 29, 2013 | 11:56 p.m. Original on September 27, 2012 | 12:21 p.m.

<http://www.nationaljournal.com/next-economy/essay-the-growing-income-gap-in-the-u-s-harms-the-economy-20120927?page=1>

There are some political organizations calling for limits on the ratio of CEO salaries to the lowest income earner in the corporation. A recent Swiss initiative called for a ratio of as low as 12:1. Another approach might be to start gradually decreasing the ratio and encourage corporations to take a more equitable approach in the income distributions as well as consider hiring more in those areas where workers have too heavy a workload.

4 Responsible Urban Planning to include affordable housing, green space, and mass transit

As will be presented in proposal 3, urban sustainable redevelopment , by designing cities that are more focused around people's needs , under a sustainable model, and with intelligent financial and planning considerations, it should be easier for more people to afford a reasonable lifestyle.

“1 November 2012: The UN General Assembly's (UNGA) Second Committee considered issues relevant to the UN Human Settlements Programme (UN-HABITAT)”, “. Joan Clos, Executive Director, UN-HABITAT, said the Third UN Conference on Housing and Sustainable Development (Habitat III) in 2016 should reinvigorate sustainable urban development commitments and produce a political outcome document.”

<http://uncsd.iisd.org/news/unga-second-committee-considers-sustainable-urban-development-strengthening-un-habitat/>

“Habitat III is the Third United Nations Conference on Housing and Sustainable Urban Development, to take place in 2016. UCLG (The Global Network of Cities, Local and Regional Governments) together with the UN and the international community is working in the definition of this new Habitat agenda which will need to distance itself from the dichotomy of rural versus urban. “

<http://www.uclg.org/en/issues/habitat-iii>

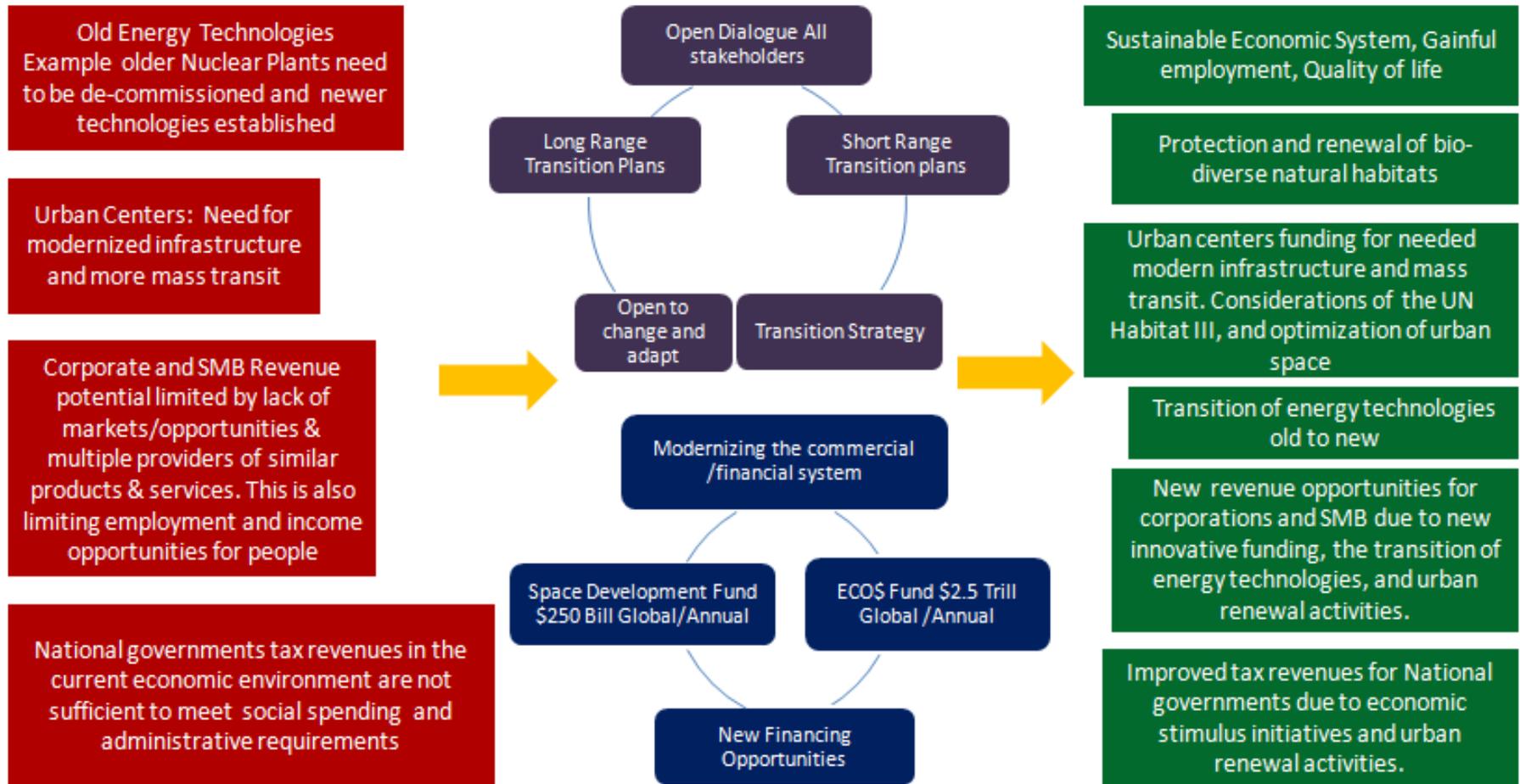
Moving Beyond Limited Policy Options Looking at the Unconventional

In order to move beyond the limited policy options available to nation governments today, national leaders may need to introduce new idea's and practices to the current financial/economic system. This will allow for greater flexibility in national governments implementing more programs that are of long term benefit to their nation. This will ensure a more stable global economy, an economy that is sustainable, and one that provides more opportunities for gainful employment.

Our world today is about to enter a post growth dependent economic stage whether everyone understands this or not. As can be seen from the Economic Conditions document the global economy has reached a turning point. A new economic direction is required, one of sustainability, environmental restoration, and new technological development which will bring global economic stability and restore economic confidence. The real economic growth potential should occur over time in the space development sector, as technologies are developed and scientific knowledge increases, our capabilities for space travel and development will progress exponentially, and along with it the space economy sector.

A good illustration of the framework for innovative additions to the national or global financial/economic system is provided in the following flow chart, The How: Transition to a Modernized Global Economic System.

The How: Transition to a Modernized Global Economic System



The GEPSD Proposals, Space Development Funding, as well as the ECO\$ Financial System are critical for cushioning the impact of the global economy entering the post growth dependent economic phase. These financial incentives will provide stimulus for activities that reflect the need to transition away from a dependency on the oil industry and automotive industry for economic growth and prosperity.