

Apocalypse?! – Garden of Eden?!

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Review of the book by Tamás Bánfi: APOCALYPSE! and again in PARADISE! Paradigm shift in society and finance?

His book, Apocalypse? and Again in Paradise!, a prequel to his book Apocalypse! and again in Paradise! has been published. There is a significant overlap in content, but a huge difference in mood and conclusion, which the two outer covers already indicate to the attentive reader. In the second title, Apocalypse! and in Paradise!, is written in white letters against a pitch-black background, while in the first, the folded wings of Hell and the Garden of Eden from Bosch's painting Millennium Empire, form question marks in place of exclamation marks, and instead of and, or is used as a conjunction (see: Figure 1). In other words: the text written before the epidemic gives a chance of survival, while the author of the text published afterwards envisages total destruction and a possible New Garden of Eden in millions of years.

1. Figure : The two covers



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Tamás Bánfi's opinion has changed drastically in a very short time, and the explanation should be quoted from him: "As the pandemic was spreading, the number and the voice of the people making promises was growing stronger claiming that after the epidemic, neither the life of society nor economic processes can continue where they left off". From politicians to economic leaders and to analysts, the panic has set off a tone of fear. The fear is not yet gone, but thanks to the most rapid advances in drug research to date, it is on the decline, at least in the more developed parts of the world, and the tones have changed, and presumably will continue to change in the same direction. The downbeat views can be summed up in one sentence: 'in a few months, quarters, or at worst a year, we will catch up with the pre-pandemic GDP growth rate'. So the destruction and devastation of the Earth continues, and instead of mitigating and stopping it, the self-destructive race of countries, regions and political systems is still going on." (page 19)

The reader is in an easy position: the author, adopting the practice of the state administration, opens with an introduction entitled "Executive summary of politicians and economic leaders", where he lists the possible causes of the Apocalypse in 18 points over two pages. Many of these could be ruled out, or at least limited, if the inevitable decisions of the dominant players in the globalised world economy were taken and implemented as soon as possible on the basis of a united view. Biosphere degradation is an inevitable process, at best it can be contained; the global warming and population growth with regional differences, the declining freshwater and drinking water supplies, biological imbalances, declining extractable resources, increasing waste can be mitigated. Drastic regional disparities can lead to a decline in the carrying capacity of the territory in many places on Earth, triggering displacement and, in extreme cases, mass migration of the population.

Bánfi is not a naïve citizen, there may be those who consider his sense of reality excessive, but his economic understanding of the extreme degree of concentration of income and wealth is unquestionable. A fraction of the world's population owns the vast majority of its wealth, while poverty within and between countries is dramatic.

The author has devoted his entire life to economics, and in particular to the teaching of finance. One could say that his "hobby" is the theory of finance, but he is also no stranger to financial practice. He has been a bank president, a monetary council member, a fund management board member, an insurance supervisory board member and a financial firm manager, so his future thinking is not surprising. The correction of natural disasters independent of or dependent on humanity, of causes arising from human frailty, of political delusions, of short-term political interests, requires funding on a robust scale.

The simplest naïve answer is of course "thrown in" by the author, but no one can think along with him about its minimal reality. General and complete military disarmament could significantly reduce the heavy financing needs and also mitigate the destruction of the biosphere.

The starting point of the book is fiscal policy. According to the author, current and foreseeable public tasks are already generating robust public expenditure, the

financing needs of which are foreseeable, but the amount of public revenue required is incalculable. Increasing expenditure can be - perhaps arbitrarily - classified into two groups. In the first, the automatic results of the continuous changes in societies, which were initially self-evident, are shown to have been sustainable for shorter or longer periods of time, in line with organic development. The first in this group is pension financing. According to the most optimistic estimate, the current pension system will collapse by the end of the 2030s. If we accept that pensions are necessary (and in the author's opinion they are), they are inevitable, which means both the end of the old system and the creation of a new one, independent not only of demographic trends but also of the employment relationship. The source of the general state pension fund can only be the contributions and taxes paid by the competitive sector.

Second place could go to social recognition and public funding of the costs of raising children. In the most developed world, public intervention is inevitable to halt demographic decline. What differs from the previous two claims is the author's surprising and novel deduction from his thought process. If both adult members of the family (mother and father) are in employment, it is accepted as a natural consequence to employ a worker contracted to run the household, who works for wages and pays taxes. It can be assumed that the salary of the family members includes the household management fee. With the rise of automation and robotisation and artificial intelligence, the number of jobs and the demand for workers is decreasing, and to compensate for this, the household management work by one member of the family can be recognised and remunerated as that of a public employee.

The second group includes the need to limit the damage caused by humanity, thus:

- ▶ excluding or at least mitigating the causes of climate change;
- ▶ ensuring regional food security;
- ▶ protecting freshwater resources;
- ▶ producing and using raw materials economically;
- ▶ minimising the amount of waste generated and not used;
- ▶ restoring and maintaining biological balance,
and building research networks appropriate to research objectives, including:
 - ▶ studying the fauna and flora population;
 - ▶ preventing the decline of fauna and flora and the extinction of certain species,
 - ▶ creating agricultural products adapted to climate change;
 - ▶ preventing the epidemic spread of known and new diseases.

According to the author, the financing needs generated by the state's functions are unlimited, and the state's revenue needs are extraordinary in extraordinary circumstances. The revenue of the state is primarily taxes, not specified as income taxes and taxes on products. Within countries and within the more developed world, income taxes can only be progressive, based on the degree of income and wealth concentration within a country. The restriction and elimination of negative externalities can be followed by bans, the introduction of new taxes on products, and a fall in consumption associated with price increases caused by the raising of old product tax rates.

Mandatory harmonisation of tax systems is a sine qua non for drastic tax policy change to be effective. Without this, tax competition will become unmanageable and a world tax war will break out.

Sometimes it is possible that an abnormal trend in the economic process can develop, and the result can be used as a windfall at a given moment. The financial savings accumulated in offshore territories and tax havens over the past decades, untaxed or taxed at a minimal rate, can be forced to be laundered at a high rate. The instrument of coercion is the exchange of money, the result being the extraordinary one-off robust tax revenue of some countries.

In closing, I quote Tamás Bánfi again, and I could not summarise more succinctly: *“Saving our Earth’s biosphere, the ‘tiny’ planet of the Universe of unknown size, no longer allows for further growth, but requires a reduction in consumption and thus production (services). The price of transition can only be paid by the more developed world, and the sole source of the transition should be a single progressive income tax, the same in all countries. The alternatives are tax war and destruction, or consumption reduction and survival through a single progressive tax and product taxes that reduce negative externalities.”* (page 21)

The book is both a social critique and a set of policy recommendations for the world as a whole, with a particular focus on the developed world. It discusses not only policy and financial measures, but also the factors behind them, trying to avoid policy dissonance. The diagnosis is clear and the proposed therapy is clear. And by consciously choosing the language (environmental destruction vs. climate change, tax war vs. global tax optimisation), it contributes to a professional discussion of the issues, which hopefully, with a sufficiently broad and responsible audience, may even result in little change. ■