Chapter X. Redistributive prosthetics funded without money creation

Prosthetics without money creation, which can only reshuffle an existing amount of wealth, are always redistributive prosthetics. The three means of redistributive funding of prosthetic spending are taxation and expropriations, goods procurement by violence and protectionism, or, third, redistributive debt. They remain alive after the ascent of money creation, but their relevance will, at least in normal times, relatively go down the more powerful money-creation-based funding becomes. Still, even redistributive prosthetics funded without money creation already operate in a world, which knows money creation as such. A meager, irregular, and unreliable form of money creation existed already in commodity money, i.e., gold or silver regimes, as additional gold and silver could be found, mined, robbed or imported (with or without being embossed). For money to exist at all, it must have been created before and a monetary system without money creation is fictitious. However, redistributive prosthetics look at prosthetics, which do not themselves make use of money creation and in the following we shall initially simply – contra-factually – assume a world without money creation.

Section 1. Redistributive prosthetics funded with domestic taxation and expropriations

Domestic taxation and expropriations

Redistributive character of taxation and expropriations

State power enables states to arrange the transfer of things (land, firms, money) from one owner to a new owner, either directly or indirectly, as a triangle-transfer via the state. In order to effectuate such transfers, states use violence or the threat thereof. The transfers never increase the mass of the available things, but instead shifts wealth in space. Therefore, taxation and expropriations are only *redistributive* and the prosthetic employment-generating spending that they may generate is also only redistributive. They encompass, on the one hand, one-time changes of ownership, expropriations, which are often bloody and connected to civil or even foreign wars,[1] and, on the other, regular and recurring changes of ownership mostly of money. e.g., i.e., taxes, fees (without services of the states or which are in excess of the value of the services), and social security contributions etc. They are a modest and legalized peacetime version of expropriations, which express a certain balance of power and longstanding social compromise. Expropriations and taxes have an advantage over debt-financed prosthetics (to be reviewed later) in that they fund additional employment-generating spending *without diminishing the state's employment-generating spending in the future*. This is different to debt, which will have to be repaid eventually by the state.

1 Examples of blunt, one-time-expropriations include the occupation of land of the catholic church and nobles, often using false pretexts, in the Reformation following 1518 by protestant miniature states in Germany and in the 1530s by Cromwell in England. In China, the central state occasionally expropriated land of generals or other state functionaries who grew to powerful, in particular in periods of low tax incomes (On the middle Sung see: *McDermott/ Yoshinobu*, Economic change in China 960–1279, page 409). Buddhist and Taoist temples were also frequently expropriated. The economic effect of expropriations also arose out of new settlements of the Spanish, the Portuguese, the Dutch or the British appropriating land in the Caribbean, in South or North America or in Australia, even if the native inhabitants, e.g., the "Red Indians" in the US or the Aborigines in Australia. The latter examples were, in fact, combined with the first-time and original creation of title and ownership in the modern sense. If appropriated land is put to use by poor peasants, then even land, which was considered as rather poor before, often proves good enough to allow their families to subsist and sometimes even to draw small profits through some selling. Both uses will generate additional producive spending, given that new farmers will buy cattle, seed, agricultural tools, build fences and irrigations, etc. and some consumption goods in the market. States can even expropriate the dead. *Sangha*, one of the "three villainous ministers" of Khubilai khan, entrusted the supervision of Buddhist teachings in south China to a Buddhist monk by the name of Yang. The latter, to finance Buddhist temples and monasteries, possibly in revenge for earlier expropriations of Buddhist temples, too, "broke open the tombs of the Sung royal family and ransacked the valuables buried with emperors and empresses. He plundered 101 tombs and removed 1,700 ounces of gold, 6,800 ounces of silver, 111 jade vessels, 9 jade belts, 152, miscellaneous shells, and 50 ounces of pearls." Sangha was later executed by Khubilai (*Rossabi*, The reign of Khubilai khan, page 479).

Figure 15: Taxation and the funding of prosthetics

	taxpayer, expropriated subject	state
before	1	0
Tax paid or expropriation	0	1
nothing repaid	0	1
Result spending power	loss 1	gain 1

Only higher propensity of employment-generating spending make taxation and expropriation work

The loss for the taxpayer or for the expropriated state subject, of course, remains and this reduces their capacity for future employment-generating spending. Therefore, redistributive taxation and expropriations only increase aggregate employment-generating spending *if their final recipients have a higher propensity to bring about employment-generating spending*; however, that is typically so. Wealth in the orbit of sterile wealth owners, which is as committed to the profit condition as any wealth, only moves back into the productive economy if it is allured by profit expectations higher than in the sterile economy. Macroeconomically, thus, money is set free by being taken away from sterile wealth owners, where it underlies the profit condition, which is often favoring a sterile investment, and transferred to the high-propensity-to-make-producive-spending-area presided over by the state. The spending of the expropriated money follows a different algorithm than if the money had remained in private hands – and here is the net macroeconomic gain. The money will now be spent by the state (and mostly productively) *even if no profit can be made*. Sterile wealth owners do not use their profit (as *Quesnay's* tableau assumed or as *Malthus* wanted them to do) by wholly spending it on consumption. This sad reality is now sidestepped. The state, after it takes control of the money, acts almost like Quesnay's wealth owners did act or like Malthus expected his to act. Macroeconomically nobody cares about the penalty, which is implied for the taxpayers or the expropriated: Quesnay's and Malthus' wealth owners could fill *their own bellies*, collected tax money fills the bellies of state functionaries, soldiers, social security recipients, military and infra structure suppliers and their workers, etc.

Wealth owners' and productive firms' taxation

Wealth owners decide whether to financially equip their firms in the productive economy to initiate M–C–M'-drives or whether to keep their money in the wealth economy for sterile investments. Their money flows opportunistically back and forth between their employment-generating and sterile ports accordingly. They will make their decisions based on a comparison of the *expected risk adjusted after-tax-*

profitability[2] of investments in the two economies. Taxes on capital and profits in the productive economy will render such investments less attractive, compared to investments in the wealth economy. Tax money resulting from taxation of the productive economy will, thus, often backfire macroeconomically and only come at the price of diminishing productive investment. Conversely, taxing sterile wealth will normally not negatively affect investment in the productive economy, but, if taxation observes proper limits, it might in fact even improve the crucial comparative after-tax-profitability of productive economy investments. Accordingly, sourcing money for prosthetics from the wealth economy via taxation does not frustrate the purpose and will normally not reduce firms' future employment-generating spending.

Workers' taxation

Workers appear to be bad addressees of taxation, at least at first: Let us assume that workers still dwell in huts or in small houses inherited from their peasant forefathers in villages, pay no rent, have no debt, and – in agreement with the simplifying classical and Marxian-Kaleckian doctrine[3] – use their wages completely for the consumption of goods from the productive economy. In this case, their *propensity to consume* and their *propensity for producive spending* are identical. Accordingly, taking away any part of their wages and re-channeling it, via the state, into other places in the economy cannot possibly increase employment-generating spending. Taxing them ought to rather only throw them into poverty and despair (making them sick, homeless, undernourished, etc.). Accordingly, taxing workers would be, first, missing the point (no additional employment-generating spending) and, second, impossible (or, at least, the taxed away parts of salaries would have to be instantly filled-up by transfer payments or by increased worker indebtedness). This so far follows from the pure Marxian-Kaleckian doctrine.

Nevertheless, we obviously witness massive taxes, direct incomes taxes and indirect taxes, value-added or other consumption taxes (tobacco-taxes, fuel-taxes etc.), on workers in developed capitalist countries. In fact, we see a significant layer of workers who are, notwithstanding possible transfer receipts, net taxpayers. Conversely, we also see a layer of unemployed or low-income workers whose taxes (they unavoidably pay consumption taxes) are overcompensated by transfer receipts. How can these observations be reconciled with the findings of the previous section? First, we have to relax the assumption that workers always need the full amount of their salaries for subsistence. Marx already conceded that salaries depend upon market

2 See our discussion and amendment of Keynes' inducement to invest on page 299 et seq. and 313 and seq.

3 See on page 322 et seq.

conditions and regional and momentary power relations between workers and capitalists, which are influenced by political, social, and cultural aspects.[4] If salaries may be sometimes above the amount needed for necessary reproduction, this, though, already renders the taxation of workers partially possible. Furthermore, our expectation that workers' *propensity for producive spending* was 100 % depended upon the assumption that their *propensity to consume was also 100 %* because they earned so little that they would only buy daily consumption goods in the productive economy, still lived in inherited huts or houses in the countryside and were debt-free.

If we now relieve these assumptions and look at higher-earning people, who fall under the category of workers with their work income, e.g., technicians, middle managers,[5] employed doctors, employed lawyers, employed tax advisers, state functionaries, university professors, judges, military officers, etc., and at workers who earn significantly more than the average, e.g., in the automotive industry (being a worker in the automotive industry can be a fancy position nowadays), we find that their propensity for employment-generating spending has *fallen below 100 %*. They have excess income left, which they might put to two different kinds of sterile uses: sterile consumptive uses (in particular paying rent or purchasing and debt-financing dwellings) or sterile investments (to partly move out of their class). Taxing it away and channeling it back into productive consumption (of unemployed, sick, elderly, kids in education, etc.) or into productive investment via the state will, thus, indeed raise aggregate employment-generating spending.

In other words: Workers who earn more than what they need for their family's reproduction or their individual reproduction, if they are single,[6] are treated just as sterile wealth owners and their "excess income" is re-channeled into macroeconomically better uses. This involves a remarkable contradiction to modern capitalism's claim of social mobility. Modern states, in particular in European high taxation

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4 Wealth owners' living standards cannot be the benchmark for minimum standards of humane life. Salaries cannot possibly suffice for the working class to purchase the same quality of healthy and delicious nutrition (caviar, lobster, foie gras, wine, Champagne, and Cognac *hors age* etc.), fancy clothing, horses (even dogs), cars, yachts, owning airplanes, first or business class travel, housing, villas, etc., which is enjoyed by wealth owners. The same applies to access to beauty care, cosmetic operations, membership in prestigious gyms and golf clubs, entertainment, more elevated cultural pleasures, even to cooler drugs (they use crack and opiate-substitutes instead of cocaine, etc.), and, worse, health services and education. He who does not like a clear gap between the living standards of workers and wealth owners ought either to revert to soviet style communism which, indeed, significantly closed the gap (the exceptions in favor of the party elites were mostly rather moderate) or has to give up intellectual consistency.

5 Top managers also belong to the category of worker, even if they normally use their salary income for investment and quickly become wealth owners aside being workers.

6 The difference is achieved through tax allowances in special cases, e.g., marriages.

countries, *tax away just what top performing workers would need to move up into the middle class* (the lower deciles of wealth owners). They do not reward the group of *best-performing* workers, but deny them climbing up the ladder and keep them in their treadmill. Taxation also redistributes incomes over lifetimes of individuals; it renders workers children richer, young adult workers in their best ages poorer, and retired workers richer again. States, thus, sacrifice the realization of capitalism's own promise of social mobility to keep their reservoir for prosthetics filled at a certain level; more successful workers finance social transfers to less successful workers, and workers in their best age finance transfers to themselves back into their own childhood and forward into their retirement or into periods of illness.[7] This also results in many middle layers of better off workers, e.g., technicians, middle managers, employed doctors, employed lawyers, employed tax advisers, state functionaries, university professors, judges, military officers, often having a hard time paying off their debt for a modest apartment or house over their lifetime.[8]

Privatizations of state property

If states have come to own wealth assets, which they cannot have acquired but by expropriations or taxation (only then they may have used them business-like), they can fund employment-generating spending also with their running profits or through a one-time sale or privatization of the asset. The latter was the destiny of many railways, airports, roads, energy suppliers, communications firm, utilities, large housing companies, schools, hospitals, etc. in many highly developed Western countries in recent decades. This move was largely ideologically based on the neoliberal credence that all economic activity should be left to the private sector and bringing the world closer to the ideal was regarded as a step to perfect happiness. *But it also momentarily filled the cashiers for prosthetics*. As privatizations undo earlier expropriations or liquidate earlier tax-financed investments, including capital gains, they may be regarded as postponed spending of proceeds from earlier taxation or expropriations.

The collapse of socialist countries in Eastern Europe, too, led to massive privatizations of businesses and real estate at the close of the last century. Such post-socialist privatizations, e.g., in Germany, were often connected with massive subsidies to the purchasers and resulted in net losses to the privatizing state. Their point, though, was not to source money for prosthetics, but they were rather themselves transfers – partially in kind and partially in money – to firms of the productive economy to ignite further employment-generating spending.

7 See *Wolf*, The welfare state is a piggy bank for life, in: Financial Times of 1 April 2016 (with reference to Nicholas Barr).

8 Taxes are normally only used by states in a sterile way to the extent they pay interest. But states normally do not purchase pre-existing sterile assets.

The dilemmas of domestic prosthetics funded by taxation and expropriations

The motive of M–C–M'-players in capitalism is profit and wealth accumulation; the sterile and the productive economy serve this purpose. Redistributions and taxation are hostile to this; income taxation takes away a larger or smaller part of M'-M; wealth taxation and other taxation encroach upon M and non-monetary forms of wealth, which can be used to make loans, be rented out or in production.

High-powered political dilemma: political and military defense of wealth owners against expropriations and taxation

The most attractive individuals to be expropriated and taxed can be found at the top of the wealth pyramid. They descend from great families, often with noble origins and famous names, many of these names were well-known down through the centuries. They are better educated and trained, know more, can do more things, and have better connections. In ancient times (today no more?), they were typically even taller, stronger, and more beautiful by and large, etc. and had better health and genes than the average person. If it there was a civil war against lower classes, then they were also the better fighters. Spartan hoplites were better than their helots. In modern civil wars, the elites mostly at least drew advantages from better leadership, more money, better weapons, and more mercenaries, and from more spies and traitors. The wealthy elites that we are talking about, were normally also able to establish hegemonic ideologies that supported their power.

While it is, as we said, a misleading paradigm to conceive of history primarily as "history of class struggle", class struggle does, nevertheless, sometimes rear its head. It is there when redistributions or expropriative taxations pose a threat and if wealth owners fight against this threat. In most countries, though, a certain *armistice level* is reached in the form of *ongoing partial expropriations by taxation* and other means (e.g., limiting employers' rights to terminate employment contracts or landowners' rights to terminate rental agreements or securing minimum salaries or maximum rents). This level may significantly differ between countries – the wealthier countries can afford a more generous compromise; the level of expectation is lower in poorer ones – but it often allows to maintain social peace for some time. If misguided politicians, bureaucrats, social rebellions, or organized revolutionary movements launch an attack beyond the armistice line, whether by "legal" and "constitutional" means or outright violence, then this typically re-ignites civil war again. We got to know such civil wars in Greek poleis ("stasis"), in Rome around the Gracchi brothers etc., in ancient China, in the French Revolution (1789), the French February Revolution of 1848, the Paris Commune (1871), the Russian October Revolution (1918), the German November Revolution (1918), the Chinese civil war (1927–1949), the Vietnamese civil and anticolonial war (1955–1975), or the over-throws of popular fronts or Peronist governments in Chile and Argentina in the 1970s.

It would be an interesting question to examine (which must remain outside of the scope of this book) what side was historically more responsible for bloodshed, i.e., whether there was more offensive revolutionary violence by the attacking lower classes or more preemptive defensive counter-revolutionary violence by the wealth owners. The only obvious thing is that in most cases the more reckless and brutal party won – while in retrospect most observers find the losers to be the more likeable.

Returning to taxation and expropriation as prosthetic means, we must accordingly conclude that these means are struck with a high-powered political dilemma: Taxation and expropriation always move around aggressively defended borderlines and their crossing may lead to civil war. Even today, the odds are mostly tilted in the favor of wealth owners in an "Ernstfall" (*Carl Schmitt*) because, in addition to their advantages already touched upon above, they also possess a great influence within the depths of the state apparatus, like the standing army, military in general, police, state bureaucracies, and in the "ideological state apparatuses" (*Antonio Gramsci*) like education, media political, and culture. This limit to taxation and expropriation cannot be taken lightly – if taxation (or even expropriations) are excessive, hell will break loose.[9] The ubiquitous final failure of social revolutions relaxes the aggressive defensiveness of wealth owners by no means; instead, they set their line of defense much earlier, much further "forward", than where revolutions become interesting for the more utopian dreamers and theoreticians. Thus, wealth owners will decidedly oppose revolutions and reforms even if they do not pursue the utopian "final goal" of a new society, a functioning socialism or some paradise on earth, etc. Wealth owners' concerns are not primarily in proving, as a matter of ideological battle, that there is no alternative to capitalism, and not even in avoiding the killing that is commonly connected to revolutions, but, ultimately, *mainly to avoid damage to their wealth and progressive wealth accumulation*. In other words: The political dilemma of taxation and of other forms of expropriation as prosthetic means is, quite simply: *Civil war lurks if they are pushed too far.*

Limited effectiveness of redistributions

A second, purely economic, dilemma lies in the limits of effectiveness of redistributions. To begin with, the most important expropriations historically were land redistributions: As we saw, land redistributions to the detriment of domestic latifundia

9 It should be noted that fierce opposition by wealth owners will not only unleash if red banners are waved or communist slogans are shouted, but they are smart enough to look at the substance of the matter. History knows many examples – we have touched upon some of them in our historical parts – where well-meaning, committed conservative politicians and bureaucrats, who believed to act in the best interest of nation as a whole or of the wealth owners in specific, were hit hardest and most brutally.

mostly failed, were undone, or remained marginal. Yet, land requisitions and redistributions of "empty" land (meaning land, which was sparsely populated and used by lower developed tribes), e.g. by Greek, Roman, or other European colonizers in Europe, Africa, the Caribbean, South America, within the US, or in Australia, typically combined by racial cleansing or genocide, were *very successful*.[10] Consider the colonization by ancient Greek poleis as a first example: Landless peasants from mainland Greece spread out to colonize places like Little Asia, the Black Sea, South Italy, Sicily, and even touched upon Spain and Southern France, where they became landowners and successful farmers. Unfortunately, following further population growth and land centralization back in Greece, new landless peasants emerged there soon after and the original problem repeated itself in the homeland. Alternatively, consider the US. Private lot-landownership of farmland became the basis of the tremendous success of US-agriculture in the 19th century. It gave birth to hundreds of thousands of new farms, which almost instantly went beyond subsistence farming and achieved significant profits.[11] These massive land redistributions greatly helped artisans, manufacturing, and early factory owners to ignite the industrialization in the US, e.g., by supplying these farms and the farmers. Yet, the deficiencies of employment-generating spending were not lastingly solved thereby. Although the land redistributions had a vivid initial effect, similar to Greek colonization, the problem later only reproduced itself at a higher level.

The experience of splitting up and privatizing larger entrepreneurial units, businesses, or firms, e.g., in post-socialist privatization or re-privatization campaigns, points in the same direction. Initially, the new units will make additional M-outlays

10 In a lecture from 1819/20 *Georg Friedrich Wilhelm Hegel* pointed to a twofold advantage of colonization: "Durch Kolonisation wird das Doppelte erreicht, dass die Verarmten Eigentum erhalten und dass durch diese zugleich für das Mutterland ein neuer Markt gebildet wird. …Die Frage ist nun, wo Boden für Kolonien zu finden ist." (*Hegel* (1983) page 198 et seq.).

11 In the south, the initially innocent new American farmers even followed suit to their Spanish, Portuguese, Dutch and French predecessors and re-introduced slavery. Slavery can be seen as the expropriation of humans over their self-ownership and made M-outlays much cheaper. In a way, slaveowners' *v*-outlays disappeared at the cost of increased *c*-outlays (higher costs for "equipment", prices paid for slaves, and "inventories", payments for slaves' subsistence). In 1770, the slave population of the US was 400,000 and it grew to 4,000,000 by 1860. Between 1800 and 1860, about 40 % of the population in the south were slaves (given a growth of both the slave and of the non-slave-population). This "patrimoine négrier" is highly concentrated; e.g., Thomas Jefferson inherited over 600 slaves. The price of slaves was 10–12 times the annual salary for a free worker. *Piketty* assesses the value of the slaves in the first half of the 19th century to be around 1.5 times GDP, about the same as the value of agricultural land. See *Piketty* (2013) page 250, 251, 256. The French Revolution abolished slavery in France in 1792, while Napoléon re-introduced it in 1803; after the February Revolution of 1848 it was again abolished. Slavery, in France, was mainly a factor in the Antilles, La Réunion, and La Maurice.

and provide additional employment, but they will also immediately begin to compete for the ever-insufficient M'-M. If Amazon – a firm that seems to prove that the world can live with one wholesaler and detail-distributer – were broken up into smaller units again, while this would restitute income opportunities to middle-class firms (traditional detail traders, e.g., book stores), the deficient-producive-spending-syndrome would still reproduce itself at another level.

Redistributions of land, leading to more equal landownership, was demanded by the poor peasantry for millennia and, as we saw, often acclaimed by reform-politicians of the upper classes. The ideas behind the suggestion were mostly, first, to enable the receiving farmers to feed themselves and their families, thereby avoiding anomy, banditry, and rebellion, and, very importantly, to produce soldiers for the state's army. Second, new farms were expected to generate additional employment-generating spending – and did so. Whether or not money, agricultural tools and knowledge were also transferred to the new farmers, they still had at least the chance to use a surplus produce to purchase equipment and inventories (tools, ploughs, oxen, seed, etc.) or to finance improvement measures, e.g., irrigation – all of these being employment-generating spending. They could also use land or their expected harvest as security to finance such investments (although this was always risky). With a little progress of their farms, they would likely employ agricultural laborers and pay wages enabling these workers to make further employment-generating spending, too. Land redistributions, thus, are rightly regarded not only as a means for the poor peasantry to survive and to provide well-fed soldiers for the state, but also to generate prosthetic employment-generating spending and growth. This is why Alexander von Humboldt, Sismondi, Malthus, and others praised the equal land distribution and supported hereditary laws that would split up land possessions after each generation and opposed primogeniture.[12]

How severely do taxation and expropriations depress the economy – and does it matter?

If asked to comment on the limits of taxation and other expropriations in capitalism, most mainstreams-economists would probably argue that excessive taxation and other expropriations cancel out or severely diminish *the motives* of entrepreneurs or professionals *to work hard* and, thus, slow down growth or shrink the economy. They will go on to imply that this detrimental effect will somehow set "objective" limits to both taxation and other expropriations. In our view, though, such feared negative effects on production or growth are *no effective cause*, which actually limits taxation and other expropriations; this for two reasons: First, there are no economic mechanisms, which automatically stop policies that strangulate growth and do damage to the economy. Such mechanisms did neither exist in the Middle Ages,

12 See also footnote 39 on page 154 (at the end).

nor in Soviet style socialism or elsewhere where unsound state policies impede production and growth. That is why liberal and neoliberal economists had to (partially rightly) almost permanently denounce the existence of such bad policies and demand changes. It rather takes conscient action to stop these policies, which only the state can take. In other words, the very same state, which pursues the bad policies is needed to change them. The allegedly "objective" limits to taxation and expropriations are, thus, in fact, only proposals to the state to change its policies. If the state does not want to hear the proposals, e.g., because it is controlled by determined left-wing government, the arguments become, at best, additional reasons to take down the government and, ultimately, to throw civil war. Hence, we are referred back to the political level.

Secondly, at what point do taxation and other expropriations really become *so bad* as to materially depress the economy and impede growth and production? The reader will recall that in the discussion of working-class-taxation, we noted that states nowadays more or less tax away the part of the income of the elite of the working class (of particularly well earning blue and white color-workers, of technicians, middle managers, employed doctors, lawyers and tax advisers, state functionaries, university professors, judges and military officers), which they would need to significantly move up socially. Therefore, after having lived a somewhat more luxurious live than the average deciles of the working class in terms of inhabited appartements, cars driven, food cooked at home, visited restaurants, travelling, culture and education of their kids, they leave the planet with only a capital stock worth a nice urban apartment. Still, these social layers, with mainstreams-economics professors amongst them, are the most active and hard-working of society. Apparently, the heavy taxation, which they suffer and keeps them from materially moving up, does *not yet kill their motives* to make valuable economic contributions. If we look at even lower income deciles, we meet those who take care of kids and the sick and the elderly, such as kindergarten-nurses, teachers, hospital nurses etc. Their net income is only slightly above what most social security recipients have. Nevertheless, this small margin appears to suffice to keep their important social services alive. Maybe, we generally have to acknowledge that many human beings in the two layers we looked at are, contrary to the idea of *homo economicus*, are not wholly and not even crucially motivated by monetary income. Rather, many of them may close their eyes to the economic observation that "it is not really worth the effort" because they *want* to uphold a narrative of their live with a deeper meaning and beauty than just money.[13] Finally, if we consider owners of large wealth now, we may have to acknowledge that taxing away a more substantial part of their income or their wealth than customary

13 Purely money-interested investors in hospitals, private schools, universities etc., thus, may need an environment of not purely monetarily interested doctors, nurses, teachers, professors etc. for their goal attainment.

in even today's high taxation countries, may wholly not stop their investing. If 75 % percent of profits are taxed away – are the remaining 25 % not better than nothing? Even if fully-fledged expropriations take place somewhere, it may still make sense to continue other business operations or to set up new businesses in the hope that they will enjoy a more pleasant fate. Remember that creditors who have just lost loan repayment claims in an insolvency of a sovereign or private debtor, often immediately hand out new loans to the same creditor if the prospects of the future debt service appear improved? Or think of the Medieval bankers, who, after being expropriated, expelled and sometimes persecuted, often gladly returned to give new loans. Furthermore, it is not so easy to transfer wealth to foreign countries with assured better net profit and wealth preservation expectations. And wealth, which leaves a country, improves the conditions for the wealth that stays. Thus, we believe that ultimately, the true means that effectively stops excessive taxation and other expropriations, and the true dilemma of prosthetics funded with taxation and other expropriations, remains the political power of the wealth owners, including their capacity of throwing a civil war.[14]

Section 2. Redistributive prosthetics funded with war, external violent wealth procurement and protectionism

War, external violent wealth procurement and protectionism

War and violent goods procurement as means of prosthetics funding

Examining ancient capitalism, e.g., in Rome, we have already seen how war and violent wealth procurement were used as means to fund prosthetics by state might and praeter-economic means. Robbing riches of neighbors, e.g., land, cattle and

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14 This is not the place to analyze capitalist states' taxation politics in greater depth. However, such analysis would have to preoccupy itself with the – somewhat astonishing – fact that taxation often disfavors incomes, profits, and salaries, in the productive economy and favors incomes in the wealth economy, in particular capital gains. Because wealth owners draw a mix of disfavored productive and favored sterile incomes, their average tax rate, thus, goes down. Better earning salary receivers and professionals, who do not draw sterile income, are, accordingly, worse off. It is also remarkable that, as rental markets for dwellings are largely controlled and impose hidden social transfers on landlords to their tenants', tax laws often allow landlords to make good for these sacrifices by leaving capital gains at the sale of properties largely untaxed. The clear (microeconomic) signal for the better earning players in the productive economy is to enter the wealth economy as soon as possible. Macroeconomically, of course, the wisdom of these taxation policies, which further drain wealth into the wealth economy, is dubitable.