

Businesses show their best faces for prospective customers. Successful businesses often earmark part of their profits toward community projects. Being a good corporate citizen wins consumer loyalty.

Still, the marketplace doesn't necessarily reward businesses with altruistic public images. Governments allow tax write-offs for charitable donations, but non-profitable businesses get nothing since they have no gains to write off. Capitalism rewards winners, not losers. Businesses cannot afford generosity when they're bleeding red ink.

For neoliberal free-market capitalism, businesses are the prime engines of prosperity with winners and losers at every phase of the economic cycle. Neoliberal capitalism is a zero-sum game, and it functions like a pyramid scheme where top dwellers control the most valuable loot.

Does this sound the death knell for the rest of us? Not necessarily.

Technologic progress renders a trickledown effect that rewards even bottom feeders over the longrun.

The economy can be organized in five sectors: the industrial sector, the financial sector, the retail sector, the healthcare sector and auxiliary services such as middlemen. Job growth in the 21st-century has come largely from the service sector, which includes information technologies. During prosperous years, one or more sectors will be favored over others. The same holds true for economic downturns where job losses occur in some sectors more than others.

Free markets abandon "sunset" industries in favor of innovative enterprises that produce stuff faster, cheaper and more efficiently. Society must deal with the casualties of technologic change. Smart governments enact programs to support and retrain discarded workers who have lost jobs to technologic progress.

Hence, businesses and governments have different aims and goals. Businesses want to make profits. To be sure, businesses (listed in stock markets) are obligated to shareholders to generate greater and greater profits. On the other hand, governments are obligated to their citizens. Governments desire more jobs so that citizens earn enough to feed their families and enjoy recreational pursuits. Moreover, governments discourage industries causing illnesses or spoiling the environment. They let businesses reap generous profits if they generate worthwhile

jobs and healthful products. Lastly, governments protect citizens from foreign predators and domestic upheavals.

Naturally governments collect taxes. For most citizens this amounts to about half of one's personal earnings, after paying user fees and sales taxes. Top-dwellers on the economic pyramid pay far less in proportion to their assets and earnings. The top-dwellers are believed to create prosperity, so they get loopholes in the free-market system. Fair or unfair, capitalist free markets are far more efficient than government bureaucracies.

Money is a convenient tool in place of straightforward barter. Car dealerships prefer down payments in cash rather than truckloads of potatoes. However, the money supply comes from Central Banks that print bills out of thin air. Governments vouch for the new currency, but the judgments of users give money its ultimate value.

Central Banks lend nine dollars for every dollar they have on hand. Big commercial banks are the recipients of this largess. They in turn lend out nine times their stash to big corporations. With each step down to the real economy, money becomes further diluted, and the interest demanded by the lenders increases.

Retailers, hair stylists, truck drivers and librarians borrow at the highest interest-rates, and they get money diluted to less than 1% of that vouched for by governments. The armed thief who robs a convenience store of \$300 is punished more severely than the white-collar embezzler who steals \$300 million. Yet citizens show an uncanny trust in governments, despite national debts which have mushroomed to astronomic levels in recent years.

Prices of goods & services follow the laws of supply and demand. It is very hard to predict whether new products will find loads of eager buyers. Established businesses tend to be conservative marketers. They sell "improved" copies of products that already have good track records with consumers. This is why brands have "face" value beyond the products they represent.

To create well-known brands, businesses must spend substantial funds to develop an attractive image. After which, they flood the media with the image until it becomes a familiar topic in the public domain. Through exposure and advertising, branded products acquire a favorable niche in the collective consciousness.

Promotional advertising adds to the costs of setting products on retail shelves, and consumers are the ones who ultimately pay the surcharge. In a competitive marketplace, vendors devote substantial funds to advertise their products, yet consumers seldom notice the higher costs, since other products are topped up as well. In extreme cases, shoppers will pay extra for glitzy adverts, deeming them worthwhile if "deluxe" products have a "perceived" reputation for reliability.

Promotional advertising has become a hidden surcharge on the retail prices of everything from smartphones to waste baskets. And there are further surcharges.

When businesses introduce new lines of goods, they need funds for development costs and manufacturing facilities before a single product is sold. Few corporations have enough cash on hand to pay for new product lines. They're forced to borrow from bankers or to issue bonds, either of which must be repaid with interest.

Guess who picks up the tab for corporate expansion and debt repayment?

Consumers pay surcharges on retail products whose prices include development costs, acquisition costs, promotional costs and bonuses for upper management who are orchestrating this financial wizardry.

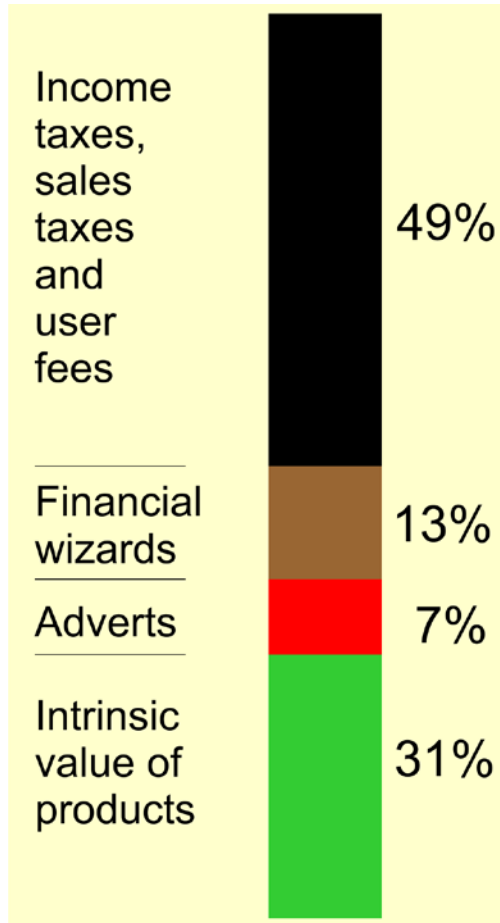
Nowadays we have a service-oriented economy where dozens of promoters, spin doctors and financial gurus manifest marketplace niches for new products. The greatest invention since the iron-rimmed wheel won't find buyers until substantial amounts of promotional hoopla has been expended. When consumers purchase branded products, they're paying the fees of stock brokers, investment bankers, advert moguls and spin doctors, all of whose cuts are added to retail prices. For some products the overhead may reach as high as 30%.

Neoliberal free markets aren't as efficient as they're touted to be. A simple barter system would be more efficient and cheaper for many folks. That's why smart shoppers check out flea markets and garage sales.

Suppose we take the gross earnings of the median citizen. Some of the total is clawed back right away in withholding taxes and user fees for unemployment insurance and pensions. Goods and services carry surcharges for sales taxes, advert markups and profit margins to pay

back corporate debts. What's left is intrinsic worth. In other words, the basic costs in the human effort and resources that deliver the product to retail shelves. The actual percentages will vary from nation to nation. To be fair, you must balance the tax burden with government services.

In the following diagram you receive a mere 31% in value for whatever you spend.



We expect governments to promote social fairness and prosperity. Should this cost us 69% of our earnings? Has government and free-market capitalism taken too large a cut?

Major corporations do business all around the globe. If a nation penalizes a multinational corporation, the company will move its operations to another nation. Business investments create jobs, and those investments go to nations where the labor costs and taxes are the lowest. In short, governments have lost leverage with multinationals which gravitate to nations that offer the sweetest deals.

Another problem is technological change. Governments are forever playing catchup since innovative businesses find new ways to bypass

existing regulations. Governments tend to enact solutions for yesterday's inequities. Their short-sighted programs hinder job creation rather than encourage it.

It's not a matter of liberal or conservative, socialist or libertarian. Political fixes don't help because they seldom reach the heart of the problem, which is systemic overhead.

There are sensible alternatives. Stay tuned to this blog.