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# Socialists of different Nations don't Agree; Neither to Capitalists of Different Nations

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***Abstract:*** *The author had published a paper earlier where he had pointed out that economic policies of socialist political parties and capitalist political parties in a nation are so very similar in as much as tax to gdp ratio in a nation remains almost same independent of which political party is in power. In this paper the author points to an even more shocking insight. Tax to gdp ratio between socialists of different nations vary drastically and so does tax to gdp ratio between capitalists of different nations. In fact socialists of a nation have more in common with capitalists of the same nation than socialists of a different nation and the same holds true for capitalists. May be if politicians of a given nation agree, it is the economists behind politicians of different nations who don't.*

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## I. Introduction

One expects Socialists to have a high tax to gdp ratio and greater social spending and Capitalists to have low tax to gdp ratio and lower social spending. However, as the author pointed in his paper[1], Socialists and Capitalists of a nation have similar economic policies if one were to judge them by their tax to gdp ratio. If this is not shocking enough, here is something to shock you even more and that is socialists of different nations don't agree and neither do capitalists of different nations if one were to judge them by their tax to gdp ratio. Of course since in his earlier paper[1], the author has pointed out that politics does not matter, since socialists and capitalists of a nation have similar economic policies, that point is taken for granted that a tax to gdp ratio of a nation is one that both capitalists and socialists of a nation completely agree on.

**Tax to GDP ratio of OECD-G8 nations**

Now we could compare tax to GDP ratio of different nations that are very different in their level of economic development. However that would be almost meaningless. Because in this category we would have Ethiopia and Somalia with per capita GDP of around 300 dollars and India and Bangladesh with per capita GDP of around 2000 dollars and Britain and France with per capita GDP of around 40000 dollars. To state that such a comparison is meaningless is to state the obvious.Hence what one proposes to do is that one compares tax to GDP of some of the OECD nations. OECD nations are democracies with high level of income and very high human development index. To even better choose the sample we will restrict ourselves to OECD nations that are G8 nations too, which are large industrialized nations.

| Nation of World | Tax to GDP ratio of various Nations of World(2019) |
|---|---|
| United Kingdom | 32.7 |
| France | 44.9 |
| Japan | 31.4 |
| Italy | 42.4 |
| Canada | 33.8 |
| Germany | 38.6 |
| United States of America | 25.0 |

Source : OECD

Clearly these nations are all market democracies, high income nation with high human development index. Yet one finds that tax to gdp ratio in these nations varies from as low as 25% in United States to almost 44.9% in France.Surely Socialists in France and United States should agree to a certain extent and so should capitalists. Yet capitalists in France agree with Socialists in France more than they agree with capitalists in United States and Socialist in USA agree with Capitalists in USA more than they agree with Socialists in France.

Of course United States and France are separated by large distance and the size of their population is vastly different. However United Kingdom, France and Germany are neighbours. One would at least expect tax to gdp ratio amoung these three neighbours of the world to be along same lines. However France has a tax to gdp ratio of 44.9, whereas Germany has tax to GDP ratio of 38.6 and United Kingdom has a tax to gdp ratio of 32.1. Having pointed out already that socialists in a nation almost entirely agree with capitalists of the same nation, the data on France, Germany and United Kingdom seems to suggest that socialists of these nations drastically disagree with each other as do capitalists of these nations.

If neighbours on one side of Atlantic Ocean disagree widely, so do neighbours on the other side of Atlantic Ocean – Canada and United States. The tax to GDP ratio in Canada and United States are 33.8 and 25 thus the tax to gdp ratio in Canada is almost 50% more than that in United States. Does not seem that socialists in Canada and United States agree nor do Capitalists in Canada and United States.

**Economists Rule the Roost**

John Maynard Keynes is stated to have said –"The ideas of economists and political philosophers, both when they are right and when they are wrong are more powerful than is commonly understood. Indeed, the world is ruled by little else." Clearly if socialists and capitalists of a nation agree and socialists of different nations disagree as do capitalists of different nations disagree, then probably the capitalists and socialists of a nation are more influenced by economists of that nation than the ideologies of socialism and capitalism respectively.Now Economists of course never agree. It is said that if you lay all economists of the world from end to end they would not reach a conclusion. And in a roomful of 10 economists you would have 11 opinions and of course we all have heard of ambidextrous economist who said on one hand this is true and on other hand that is true. So if left hand of an economist does not agree with right hand of the same economist, how likely is it for different economists to ever agree, much less those of different nations

**Conclusion : Politics may not Matter, but Economists most certainly do**

Clearly it is economists of a nation that influence politicians of that nation, whether they be socialists or capitalists. Thus Economists do matter, though politicians may not. Democracy seems to be rule of Economists, by Economists and for Economists.

## References:

[1]. https://www.oecd.org/tax/tax-policy/revenue-statistics-highlights-brochure.pdf

[2]. PrabhakarDeshpande, "Politics doesn't Matter: Socialists and Capitalists seem to have very similar Economic Policies." IOSR Journal of Economics and Finance (IOSR-JEF), 13(5), 2022, pp. 36-38

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