

Who's to blame for the myth that companies must avoid t...

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[I've noted this morning](#) that far from there being a legal obligation on companies to avoid tax, this action is probably contrary to the law (as well, as is now clear, good commercial practice, which happen to coincide on this issue). So in that case, who created the myth?

I think the finger can be unambiguously pointed at micro-economists. Because this breed has over the last 60 or so years become obsessed with seeking to solve all problems mathematically they have to make massive simplifying assumptions about the true nature of human (and so corporate) behaviour to reduce life to terms that they can handle in their equations. One of those massive assumptions is that companies have a duty to maximise profits. If they did not make this assumption they could not otherwise mathematically model corporate behaviour in the abstract, as they do, rather than look at its reality, which they don't.

But the fact that there is a fundamental flaw at the heart of conventional microeconomics because it is built on an assumption that is not only wrong, because as a matter of fact companies do not only not maximise profit but would have no clue what to do if instructed to do so, does not make that false assumption right. It should just instead lead us to doubt the advice of those who offer suggestion on the basis of such falsehoods.

And nor does an economist's false assumption create law that does not exist.