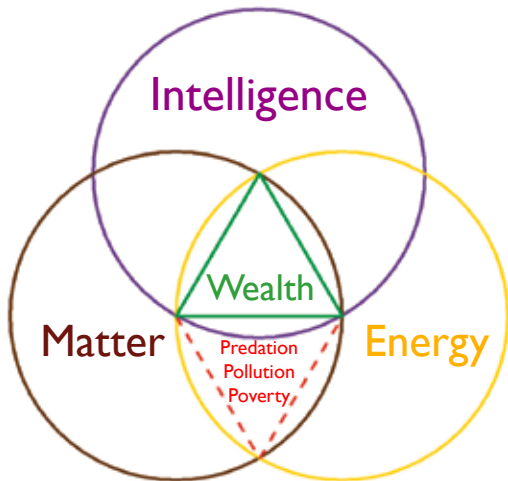


# What is Wealth?

What is Wealth Creation and what is Wealth Conversion?

What is the relationship between Wealth and Technology?



Let us agree that on earth reality consists of three spheres: matter, energy and intelligence.

On earth, matter is a closed system – all the matter which exists has always been here, all we can do is convert it from one form to another. Earth holds 6 sextillion tons of matter, about one trillion tons per person alive today.

On earth, energy is an open system; every day new energy flows in from the sun. In just twenty days, the energy value of sunlight striking the earth is equal to all the energy stored in all the petroleum, natural gas and coal that exists in the earth's crust... give or take a day or two. On average each square meter of earth collects 4.2 KW/hr of energy per day.

Wealth is created when we transform matter from one form to another using energy and intelligence. The sun causes grass to grow using earth, water and air. Human intelligence figured out that if we domesticate sheep and cattle that eat the grass, nomads become wealthy because in a society where starvation is possible, a year-round supply of livestock to feed and clothe them improves their ability to meet their needs.

Tunnel Vision is the down side – it does not look at negative side effects. If to increase the pasture yield we spray all sorts of toxic chemicals that pollute the land and the rivers, and then years later cause cancer for the farm workers (and others) we are less wealthy. We have not created wealth but converted it. To grow more grass we took wealth from future generations by fouling their environment and forcing them to pay more for medical services to treat the sick.

Wealth creation occurs when Matter and Energy and Intelligence are combined to enable humans to live better. Wealth is a human value and humanity's values change, based on circumstances. For nomads, wealth was livestock. The more sheep and cattle the tribe owned the richer they were. For the Haida Indians of the Pacific Northwest, where the food supply of fish and game was naturally abundant year round, wealth was the opposite. The richest person was the one who could give away the most in the potlatch ceremony.

Wealth conversion occurs when no value is added, but one party takes wealth created by another. It also occurs when wealth is created but someone else gets saddled with negative side effects such as predation, pollution or impoverishment. Strip mining where no land restoration occurs afterwards comes to mind. When a warrior says to a farmer he will protect him from another warrior who wants to steal the farmer's food, both warriors are converting wealth. When a lawyer writes a contract to assure two parties will mutually create more wealth, that clarity is wealth creating. When a lawyer writes a complex contract to generate non-essential billings for more lawyering, that is wealth converting. Indeed as we look at the world, we begin to realise far too many accepted human practices in society are wealth converting. Investment banker C. A. Fitts named this the Tapeworm Economy.

When technology shifts, the definition of wealth also shifts, as does the hierarchy of governance, the basis of the economy and social status.

Nomadic society was tribal, governed by elders holding parental authority (which is why in one nomadic society "honour thy father and mother" ranked as one of the top ten fundamental laws). In nomadic society law was simple – to enable tribal members to get along with each other and avoid fights. Severe punishment included banishment.

Nomadic life worked until man discovered if he domesticated the horse and mounted it with a sword in hand, he could convert the nomad's wealth to his own by taking their livestock. When this became the norm, nomadic life gave way to a new definition of wealth based on land ownership.

With the shift in technology, owning land protected by fortified towns became the new definition of wealth. A class system emerged with strong armed families dominating

# $(E+M) \times I = W$ or in real life $(E+M) \times I - T_v = W - P^3$

(Energy + Matter) x Intelligence – Tunnel Vision = Wealth – Pollution, Predation and/or Poverty

weaker ones. Over time a hierarchy emerged based on who was the top warrior. Governance became feudal. Warriors ruled by fear – fear because the top warrior, a king or emperor, had the power to execute, imprison or fine transgressors (later this became the right to life, liberty and property).

Then in the middle of the 2nd Millennium, around 1,500 AD, another major shift in technology occurred – machining. Men applied their intelligence to machine glass and metal for navigational aids, to forge bolts to build ocean going ships, and guns and canon to enforce (or prevent) wealth conversion. Wealth became that which could be transported in a ship. Massive quantities of gold were brought back from the Americas. Silks, spices and drugs were shipped from the Orient. The rise of the merchant class with their royal navies as enforcers eclipsed the descendents of the warrior landlords, and wealth conversion became a major industry. Treaties, laws and contracts became the weapons of wealth conversion. As a friend asked recently “How’s it been going now that businessmen have run the world for 400 years?”

In this era from 1,600 to 2,000 AD, wealth became defined as money, first gold and now pieces of paper or numbers contained in computers. Swipe a plastic card at the butcher and you get a package of slaughtered lamb. The nomad would be awestruck... so easy, so clean, so little work to get food for the family.

Now, early in this new millennium we are experiencing another shift in technology, one in which intelligent energy becomes dominant. In this new era, matter matters less.

The information age gives us tools of brain power. In writing this essay on my computer, I clicked to the Internet to look up the weight of the earth, the statistics on solar energy hitting the earth and the date when Queen Elizabeth 1st chartered the East India Company (December 31, 1600) marking the transition from the warrior-run era to the businessman era. At my desk on an offshore island in the South Pacific I am able not only to write a book and access scholarship around the world, but typeset it thanks to the intelligence applied by thousands of cooperating software engineers. When done, at the press of a button 100,000 words and 400 photographs become electronic signals pulsing off to an overseas printer to become a physical book. With this new technology distance is replaced by the speed of light.

This human intelligence is cumulative. Once a new tool is invented, like Computer Assisted Design, it becomes part of the global asset base. The reason Bill Gates became so rich is that he was able to charge an old technology price (price per

box) for new technology product (packaged intelligence).

When we make the transition to this new era, what will be the new definition of wealth? Will it still be having more possessions? Will it be having more power over others? Will it be having more money than others?

Perhaps not. If there is an emerging theme among those who are benefiting most from this new technology it appears to be that what they value most is Quality of Life. Professor Richard Florida has recently written a number of books calling attention to what he calls the Creative Class. He shows this emerging class of people as most valuable to the wellbeing of a region. He finds they are attracted to a region by its Quality of Life and when they have come in sufficient numbers, their expectations raises the social and cultural life of the region. They demand and protect a clean and healthy environment. Their work brings them more than economic success. For them wealth is Quality of Life.

Quality of Life is based on biological principles that simply say that for any part to be healthy, all parts must be healthy. In other words, I cannot be rich if my neighbour is poor and, with global communication and movement, the poorest person in the world is my neighbour. Case in point – comedian Bill Cosby became fabulously successful in his profession, by all American standards of education, fortune and fame he was rich. Yet in 1997, his son Ennis was murdered. Ennis was changing a flat tyre on his Mercedes on the side of a California freeway when a Russian immigrant, in an attempted robbery, murdered Bill Cosby’s son. Wealth is not money when one must fear for ones children’s lives. Wealth is not land when one must be protected by patrolling guards, security systems and locks on everything one owns.

Quality of Life comes primarily not from matter but from intelligence, a higher level of consciousness. The role of organised matter is to enable Quality of Life.

Having spent 400 or 4,000 years subduing Nature, human beings no longer fear Nature. We now are beginning to realise that we are a part of a living system called Planet Earth, and we are powerful enough to devastate that system.

We now realise if we do so our quality of life will suffer greatly, and we are beginning to find that we value Quality of Life most highly. This is a fundamental shift; one brought about by our collective intelligence, the third sphere.

When wealth becomes quality of life, humanity can no longer accept predation, pollution or poverty. It may take several generations to make the transition, but it looks like the right direction. It’s a good place to put our energy.