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A Constitution for the Federation of Earth, 2008, Editor Glen T. Martin

Earth Federation Now! Tomorrow is Too Late, 2005. Errol E. Harris

Economic Democracy: The Political Struggle of the Twenty-First Century, 4th edition, 2005, J.W. Smith

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Cooperative Capitalism: A Blueprint for Global Peace and Prosperity, 2nd edition, 2005, J.W. Smith

Money

A Mirror Image of the Economy

Green Monetary Theory for Sustainable Development

Revised 2nd Edition

Continual update, concept expansion, version 1.7, 2009

J.W. Smith

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Foreword

Books describing the violence, environmental destruction, and pending cataclysms of today's world abound. Books calling for the revitalization of democracy, for an end to economic globalization, and for an abstract peace with justice are not difficult to find.

But nowhere can there be found books offering a clear and comprehensive path forward for our world. Dr. J.W. Smith's present book is quite unique in this respect. In the face of a world of cynicism and despair, it offers a clear, common-sense path to a decent world order.

It is not the ideas presented here do not appear in Dr. Smith's earlier works such as *The World's Wasted Wealth* and *Economic Democracy: The Political Struggle of the Twenty-First Century*. But here they are extrapolated from these larger texts and compacted like a laser beam. The result is a masterpiece of power and clarity.

Critically aware people know that much of the ideology of "free enterprise," disseminated, for example, by Neoliberal *perception management* originating in the United States, is meant to justify and cover up the unjust appropriation of the wealth created by the true producers of the world. But few have been able to see that we need not throw out the baby with the bath water.

Through simple common-sense changes that bring us to the creative, productive, and innovative heart of capitalism, we can create a just and prosperous world order for everyone. As Smith's magnum opus, *Economic Democracy*, points out, the final struggle if we are to have real democracy on Earth is the struggle to make capitalism democratic. *Perception management* claiming this is already so is meant to protect **exclusive titles to nature's resources and technologies, denying others their rightful share to what nature offers to all for free**, **The monopolization, wealth extraction, process** siphoning the wealth created by hard-working producers into the hands of non-producers.

Over the centuries only a handful of great books, often brief and highly focused, have moved civilization significantly forward. I believe *Money: A Mirror Image of the Economy* is one of these rare books. It is a powerful, concise statement of both the next step for human civilization and how to take this step.

Glen T. Martin
Professor of Philosophy, Radford University
Author, Millennium Dawn – The Philosophy of Planetary Crisis and Human Liberation
Secretary-General, World Constitution and Parliament Association

Pulling this research together alerted us that roughly 60% of America's huge blocs of capital were capitalized values of unearned wealth and elimination of those monopoly values would double economic efficiency permitting each to live a quality life while reducing working hours by half or more.

This led to another realization: Most economic classics are not philosophical works on efficient economies. They are instead justifications for an *unequal property rights system* put in place by powerbrokers over the past 700-plus years. Though it is getting more difficult every day, major classics and their descendents are still justifying their *inefficient and inequitable property rights laws*. As those laws are the heart of the monopoly system, and thus the heart of the problem, any philosophy which does not challenge those unequal fundamental laws cannot be a guideline for *full and equal economic rights* for all.

Learning that most accumulations are unearned extracted wealth would be a shock to most of us. We all feel we work hard for our money. What we don't realize is that over half our labor is ground up and wasted within the superstructures managing monopolies we are told do not exist. This waste includes the military protecting the monopoly system.

Egyptians spending their labor and resources building pyramids had nothing on *monopoly capitalism* whose waste is just as massive. Powerbrokers were able to get away with the fraud, first because ever-improving technology was so enormously productive that all would gain even though their *unequal property rights laws* were grossly inefficient; and added to that were the huge amounts of wealth were being extracted from the periphery of empire and distributed within imperial centers as honest earnings. The citizenry, working hard every day, were unaware half their efforts were wasted and equally unaware that much of their wealth had been *unnecessarily* appropriated from the periphery of empire.

Quite simply, if any country or federated region successfully gained their freedom, eliminated monopolization within their internal economies, and achieved economic efficiency—as we demonstrate is possible—the impoverished world would notice and the monopolization structure, both internally and in world trade, would collapse.

The legal structure of a non-monopolized capitalist economy is very simple—*full and equal economic rights* for all through *conditional titles to nature's resources that she offers to us all for free, technologies shared by all without charge, and legislating essential services such as health care and retirement as a human right*. Under these *inclusive property rights laws*, the massive blocs of monopolized capital—previously buying and selling *capitalized appropriated values (misnamed profits) within the ethereal world of high finance*—are transposed into *equally-shared use-values*.

We are taught that these huge blocs of capital were crucial to economic efficiency. Not so. *Socially-owned* banks under social control fulfill any need for finance capital by creating essentially debt-free money for social infrastructure, including first industries. Once an economy is fully developed, infrastructure, universal health care, retirement, costs of running governments, etc, are fully funded by resource rents and the profits of a cheaper operating, socially-owned, banking system with automatic 100% reserves. Under *full and equal economic rights*, each would have their proper share of both created and circulating money (savings, finance capital) to provide a quality life and, once a society is fully industrialized, all this while working only two to three days per week outside the home.

A friend was having trouble understanding banking. So I sent her this summary: Alert and motivated leaders had just been voted in with a pledge to clean up the collapsed political and economic system. As per current law, the bankrupt banks were automatically taken over by the socially owned Federal Reserve (this is happening in this 2008-09 financial crash). A new currency was issued spendable only within the nation's borders. As the books were settled and with negotiations on currency values with other countries ongoing, newly created money was tradable for the old money (not happening in today's crash yet but it will if, or when, the dollar crashes).

You were chosen to run one of these banks. You come to work the first day, check that your share of the newly created money to operate your region was in your Federal Reserve account, and sit down at your desk. As this socially-owned bank established under this emergency operates at 1/3rd the cost of the collapsed monopoly system you can pay higher interest rates on deposits while charging lower interest rates on loans. As it also has access to Federal Reserve created money to cover any emergency (100% reserves) and thus cannot go broke, depositors and borrowers flock to the security and profits of your bank.

You already understand depositing and loaning with your employees taking in the money and making the loans. There are minor things to pay attention to, such as how to keep your surplus invested, but that my friend is all there is to banking. All else is smoke and mirrors as the ethereal world of high finance, primarily made up of massive funds extracted from productive labor, devises devious ways to lay claim to wealth properly belonging to others.

As those huge blocs of capital pile up, more and more obscure financial instruments are devised. They are primarily a bet on values going up or down while in an honest banking-economic system values vary only slightly and there is nothing to bet on except new entrepreneurial projects which can be handled by venture capital.

Eliminate the monopolies we are told do not exist and both money and the economy becomes simple, visible, touchable, and understandable by all. Note the title of this book, *Money: A Mirror Image of the Economy*. Except for gifts, every trade is a transfer of wealth symbolized by money. You cannot have an honest banking system without first creating an *honest property rights system*. Neither can you have honest property rights without an honest banking system. One is the mirror image of the other.

A monopolized economy is just as much smoke and mirrors as a monopolized banking system. Restructure to *full and equal economic rights* and those monopolies disappear, economic efficiency doubles, poverty disappears, and, if those principles are extended worldwide, wars will be relegated to history.

This is continual update, concept expansion, version 1.7, 2009. Please check www.ied.info for fast moving events

Introduction: Property Rights Law Within Monetary Theory

> Environmentalists and all concerned with global warming will be interested in the huge levels of economic waste, 50% per unit of production, which can be eliminated under a philosophy of full and equal economic rights for each citizen of this world.—The author

Banking and economic theory, debated for centuries, has been made unnecessarily complicated and confusing. The average reader will be pleasantly surprised to learn that banking is easily understood when applied within an honest economic structure. Thus our monetary theory is only 32 pages long. The rest is economic theory with an occasional monetary analysis, that mirror image of economics.

For two years I had been inserting these words at the end of each chapter: "Once this monopoly is eliminated through restructuring property rights law, the huge blocs of capital buying and selling those capitalized appropriated values (misnamed profits) are transposed into equally-shared use values." But I still did not see the big picture.

Pulling those chapters together for this book, I took one look and said, "Good Lord! 60% of the huge blocs of capital America is worshipped for were not only unnecessary they were reducing economic efficiency by over 50%."

The day before I would have said one cannot challenge classical economics but I now realized those were only justifications for **a system of theft, current property rights law, as applied to nature's resources and technologies, denying others their rightful share of what nature offers to all for free, which the powerbrokers spent over 700 years putting in place and that privatization process is still ongoing**. That flash vision led to this thesis on doubling economic efficiency, eliminating poverty nationally and internationally, impressive reduction of environmental pressures, eliminating wars, and reduction of the workweek by over 50% even as all citizens live a quality life.

No one produced natural resources, it is offered to us all for free by nature, hence all are entitled to their share, and that can be efficiently accomplished through society **paying resource (land) rents to themselves**. That social collection of land rents converts exclusive title to nature's wealth to conditional title. That conditional title affirms access to land as a human right.

With no initial costs, the elimination of taxes, the savings possible in banking (first chapter), and those rental values providing the social credits for infrastructure (education, water systems, sewers, roads, communication systems, railroads, ports, airports, post offices, any natural monopoly), universal health care, retirement, and other social needs, all citizens are quintuply repaid for resource rents being socially collected (meaning **paid to themselves**). The enormous gains over private collection of rental values on what nature offers to all for free, gives meaning to the term "rent seeking," as "the extraction of uncompensated value from others" (search for rent seeking).

Land titles being first issued by governments as "patents" acknowledge patented mechanical and chemical technologies as being a part of nature. They are, like natural resources, waiting to be discovered. Through social collection of natural resource rents, and rights of all citizenry to their share—in this case paying inventors well and placing all technology in the public domain—the wealth produced by technology is equally shared through a 50% drop in the price of consumer products. That savings represents the labor and resources no longer wasted and a quality living can be earned even as the employed workweek drops by half.

Taxi medallions (licenses in New York City having a capitalized rental value of $200,000) are monopolies identical to that of land. Land has unearned capitalized rental value and so do taxi medallions. The connection between them is that their values were not produced by labor but by exclusive titles (**the monopolization, wealth extraction, process**) which gives them unearned rental values. Like taxi medallions, banking, insurance, law and health care are all technologies, a part of nature which must be discovered and refined over time, licensed within **the monopolization, wealth extraction, process** and that legal structure gives them non-tangible, unearned, rental values. Land has tangible value but it is produced by nature and offered to all for free. Banking and insurance are social technologies and their licenses within a monopoly structure give them non-tangible, unearned, monopoly values which are beyond the tangible values produced by labor. Healthcare and law have tangible labor values (years of study) but their market prices are primarily unearned monopoly values created by license which is also beyond the real values created by productive labor. Patents have some tangible labor values, but the much greater non-tangible, unearned, monopoly values more than double costs to consumers. Possibly 80% of the unearned wealth extracted from the economy through the superstructures overseeing these monopolies is wasted within the extraction process and possibly 20% is banked as monopoly profits.

Licenses per se do not have monopoly value; they are a necessity and are proper. It is the ad hoc expansion of "the monopoly, wealth extraction, process" within which they were issued that is the problem.[a] Licenses are issued within other social structures without

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[a] Best explained throughout *Mercantilism as a Rent Seeking Society* by Robert B. Ekelaun & R. Tollison (Texas A & M University, 1981).

developing those unearned values. The ad hoc manner in which the superstructures operating these social technologies formed required unnecessary labor and resource costs which have been factored in as normal. Those technologies are well understood today and labor is wasted battling for market share for what is recognized as a necessity and thus should be a social or human right. Converting marketing rights to banking, health care, insurance, etc, for a few to social rights or human rights for all eliminates battles for market share and drop costs by half. The resulting full and equal economic rights eliminating most legal battles are part of the cost savings.

Monopoly Capitalism's Extractive Property Rights Versus Property Rights Providing Full and Equal Rights

Money is a social technology discovered over 5,000 years ago. Banking is an extension of money technology learned over the centuries. By restructuring private, monopolized, banking to a socially-owned banking system, one has applied the principle that, as such technologies are a part of nature discovered centuries ago and have few or no tangible values produced by labor, each has a right to their proper share of the wealth produced.

Over the centuries, to protect and increase their wealth and power, powerbrokers have extended the principle of monopolization of land through exclusive titles to include banking, patents, communications, insurance, health care, the legal system interpreting those rights for us, and other more minor sectors of the economy (run an Internet search for "rent seeking"). To both protect their system of wealth extraction and lay claim to even more unearned wealth, this system of unequal economic rights—the privatization of every aspect of nature's resources and technologies properly belonging to all in roughly equal shares—is being imposed upon the rest of the world.

Perception management as to the high efficiency of an economy operating at less than half its potential is not only hiding inequalities, violence, and lack of democracy, it is hiding **monopoly capitalism's close connection to aristocratic law. Those exclusive titles to nature's resources and technologies she offers to all for free, designed from their earliest beginnings to extract wealth from the politically weak, is really aristocratic law.** Each having the possibility of attaining those exclusive titles gives the appearance of equality. But superior rights are contradictions in terms. Some will win, some will lose, and the aristocratic structure of a wealthy few and impoverished many stays firmly in place. This reality is hidden by the immense wealth stolen from the rest of the world through plunder by trade (see any *Economic Democracy* book by this author). If the developing world allies together and demands equality in trade, Europe and America would immediately lose a large share of the wealth annually distributed among their citizenry as their earnings and demographics quickly shrink to the aristocratic structure from which Western capitalism never fully evolved. That original structure, **exclusive title to nature's resources and**

technologies, denying others their rightful share of what nature offers to all for free, is still there hiding under beautiful names, democracy, capitalism, freedom, etc.

Aristocracy fought for centuries to acquire, extend, and retain their superior rights, and a large share of violence and wars today is financial aristocracy—just as the aristocrats to which this legal structure is closely connected—battling to acquire, extend, and retain the same **exclusive titles to nature's resources and technologies, denying others their rightful share of what nature offers to all for free**, in only slightly adjusted form as under aristocratic law.[b] Battles against those unequal property rights are the primary struggles throughout the world today.

How is it possible to have "free thought," "free thinking universities," and a "free press" and not be aware of this **monopolization, wealth extraction, process**? Think of the centuries the common people were trained to look up to and worship aristocracy. As aristocrats were the only ones who could read and write, the first books can only have supported them. When education spread to the common people, literature still had to glorify aristocrats. For powerless people to have attacked them in books in any way would have led to very unpleasant consequences.

This system of control was retained as the bourgeoisie gained rights and power. The common people were never anticipated to have rights and their masters had disciplinary power. Thus the classics supporting unequal property rights*,* with none attacking the system being permitted, amounted to firm control of what was taught. For centuries aristocracies perception management held firm and serious alternative views challenging the system are not permitted yet today. **Aristocratic property rights hiding within current unequal property rights, as applied to nature's resources and technologies, denying others their rightful share of what she offers to all for free** were taught as maximally efficient while all other systems were, except on the margins, taught as dictatorial and inefficient.

Marx's philosophy is one such belief system which gained a large following. Powerbrokers spent trillions of dollars, slaughtered tens of millions, and spent billions on perception management (funding think tanks which carried through to the media and the universities) to relegate that philosophy back to the margins. (With capitalism in deep crisis, Marx is resurfacing.) Classics and derivative works supporting the system were taught, and are taught, as the only viable philosophies and simultaneously it was taught that all were free to think as they wish and encouraged to do so. But those who did were immediately ostracized to the margins, just as all challenging thought had been for centuries, and that scene is replayed over and over. Those marginalized understand it. Due to continued perception management (propaganda) such people are believed to be a threat to freedoms and rights, that they are radicals not to be listened to, or whatever. Meet any mainstream professor today

[b] Throughout *The Divine Right of Capital: Dethroning the Corporate Aristocracy* (Berrett-Koehler, San Francisco, 2001/2003) Marjorie Kelly addresses the aristocratic structure of current capitalism.

and you will find them totally sincere, wanting to do good, and totally unaware that their thoughts are as firmly under control as those of scholars 500 years ago.

Note the complexity of classical and neoliberal economics. Note the simplicity of eliminating poverty and providing a quality life for all as we will be outlining. Note its solid logic and note the certainty that it would be rejected by those mentally locked within the "system." However, when circumstances are right (their children cold and hungry), those belief systems (perception management, propaganda) will be thrown aside and one who parrots the old beliefs will be hard to find. The waste and violence of the current system is so enormous—actually more wasted, destroyed, and production forgone than consumed—we must hope that day will be soon.

Citizens within what are touted as full democracies, but in reality are only representative democracies, are subject to laws decided upon by others, primarily corporate lobbyists whose bosses claim far more than their fair share. For each to attain their rightful share of nature's wealth, full and equal economic rights for each citizen should be enshrined in a constitution. The justice of those rights will be evident as every citizen both produces and consumes their fair share. The essentials of such a constitution are laced throughout this treatise.

Once such a legal foundation is in place, laws covering disputes and changing circumstances can be decided upon by participatory direct democracy as opposed to today's representative democracies. Such laws voted on by a citizenry, as referendums are now approved or disapproved and utilizing eye or thumbprint scans to assure honesty, is very viable. With direct citizen approval of important laws and constitutional changes, and though not perfect, Cuba and possibly Libya are the only such democracies today but Venezuela, Bolivia, and other South American countries are following in their footsteps

As opposed to a full democracy, the key laws of imperial nations **are unequal property rights, as applied to nature's resources and technologies, denying others their rightful share of what nature offers to all for free, designed by their predecessors over the past 700-plus years,** and generally addressed as "property rights law." Even though it is an unequal property rights system, individuals can make decisions and society within the imperial centers can, due to the enormous efficiencies of ever advancing technology, rapidly develop. Those pointing out that current unequal property rights permit stability and the enormous wealth in imperial cultures deny themselves the realization that this unequal legal structure prevents the full development of both internal and periphery economies. All societies, including those imperial centers of capital, could advance much faster and more equally if those laws were designed for full and equal economic rights. Sector by economic sector we will be explaining how **applying equal rights to (access to) nature's wealth and technologies offered to all fir free will eliminate the inequality of today's property rights law as applied to nature's wealth, reduce labor time, eliminate waste of resources, and substantially reduce environmental impact**.

Through the greater share of those 700-plus years inserting inequality into property rights law, little consideration was given to the rights of the common person to the wealth of nature. Laws were written by the powerful for protection of their wealth and power and for attaining more wealth and power. Thus the extension of exclusive titles to land under the enclosure of the commons process, which started formally in England under the Statute of Merton of 1235, created massive wealth for the powerful few and colossal poverty for the many. See chapter one of *The Earth Belongs to Everyone*, 2008, by Alanna Hartzok. She goes deeply into the early privatization of the commons as a system of theft of wealth properly belonging to all.[c] Those early enclosures of the commons and the ongoing privatizations today are the fundamental property rights laws governing monopolization.

Aristocrats created those first monopoly laws and the very principle of aristocracy was exclusive title to nature's wealth, those huge blocs of land they controlled. Those exclusive titles, enclosing the commons, were only aristocratic privileges (monopolization, mercantilism, privatization, rent seeking, they all mean the same thing) inserted into law to extract wealth from the politically powerless. Whenever the citizenry figured out the fraud, the power structure simply gave their rentseeking legal structure another name and went right on.

Those property rights laws dealt with rights but in the sense of superior and inferior rights. Quietly these unequal property rights, as applied to nature's resources and technologies, spread in step with the wealth production of the ever-increasing efficiencies of technology. The elite property owners, with their excessive rights, were the only ones educated, held all the positions of power, and it was they, at all times, who created those laws. They poured out philosophies of high economic efficiency under **property rights as structured, exclusive title to nature's resources and technologies, denying others their rightful share of what nature offers to all for free,** and we hear that claim—this is the most efficient economic system—repeated in almost every classroom today. Those superior rights were continually protected and entrenched in later laws.

Superior rights, assured by exclusive titles to nature's wealth, had a hidden secret: aristocracy proper was to largely disappear but the principles of aristocracy, still protecting wealth and power, lived on in those **exclusive titles to nature's resources and technologies, denying others their rightful share of what nature offers to all for free.** At that time, it could not have been anticipated that the common people would ever own a part of the earth upon which they lived and worked. When the bourgeoisie, and later the common people, were brought into the flow of money to purchase land, the fortunate now had, once that purchase was paid for, a share of the superior rights once held by aristocracy. Our research exposes that hidden secret, **exclusive titles to**

[c] Alanna Hartzok is Co-Director of Earth Rights Institute. She is currently directing a 34 member International Advisory Group which is developing a program on land value capture for the UN Habitat's newly-launched Global Land Tool Network. See www.earthrights.net

nature's resources and technologies, denying others their rightful share of what nature offers to all for free, are the very foundations of "the monopoly, wealth extraction, process" being imposed upon the world. By giving each a chance—in reality a few a good chance, some a small chance, and most no chance of **gaining clear title**—the system is, like every game of chance, very seductive.

If you were accosted and robbed, that is obviously a criminal act violating the rule of law. If your legislature passed a law giving an advantage to a group or an individual which enabled them to extract unearned income from you (it happens all the time, run a search for rent seeking) that would be within the rule of law but would be easily recognized as creating inequality through granting excess rights to a fortunate few.[d]

The British Enclosure Acts addressed above, assigning exclusive land titles to lords of the land and forcing the commoners into the city to survive in breadlines, is easily analyzed as unequal property rights law giving excessive rights to a few and taking away rights and wealth from the many. That injustice was justified by philosophical treatises, again known today as classics, stating that those unemployed workers were necessary to work in the factories at the start of the Industrial Revolution.

This is a clear example of the need to philosophically justify **inequality structured into property rights law as applied to nature's resources and technologies, denying others their rightful share of what nature offers to all for free.** Today we know every factory ever built in any country is always overwhelmed by applications for employment. As labor has always been available in long-established, heavily-populated societies, the need to dispossess people from the land to create a labor force was only a justification, not an honest philosophical analysis.

With continued philosophical justification, the major classics, the masses' rights to the commons were forgotten and exclusive titles to nature's resources and technologies were accepted as normal. We hear those justifications yet today; "this is the most efficient economic system." Even when its imperfections are recognized it is still justified: "this is a really a bad system except it is better than all others." Through demonstrating the enormous efficiency of a modern commons within all sectors of the economy while retaining the efficiencies of honest capitalism, we prove such alibis have no relevance to reality.

Those rationalizations were hiding the systematic theft of other people's wealth through unequal property rights law. Those evicted from the commons knew they were losing rights and the landlords were gaining rights. But, until the neocons' violent theft of Iraq's oil alerted serious thinkers, the only voices heard were those justifying that theft. Over time, current unequal property rights, as applied to nature's wealth, were accepted as normal.

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[d] Every law that lays claim to wealth beyond the value of intellectual or physical labor expended is an extension of the principle of aristocracy's exclusive title to nature's resources and technologies established over the past 700-plus years as modern property rights law.

An attempt was made to establish aristocratic law in America. But the expanse of land was so vast that those intended as serfs simply squatted on "empty" land—that is empty after genocidal slaughters of the natives—claimed it, and retained 100% of what they produced as opposed to half or less that a commoner would retain. At that time, and as the Industrial Revolution was forming, the American Revolution gave more rights to the common person, but, except that each had to compete for those new property rights, primarily in the same form as aristocracy, exclusive title to nature's resources and technologies denying others their rightful share. Through the French Revolution, other crises, and with the new freedoms and rights in America blowing back onto Europe, the suppressed of that continent also attained more rights.

The theft of wealth throughout the colonial world, and a need for a loyal citizenry to provide the military to enforce that piracy, permitted (dictated) a further sharing of wealth with internal labor, see this author's simultaneously released *Economic Democracy: A Grand Strategy for World Peace and Prosperity,* 2009, updated 2nd edition.

With wealthy citizens throughout Western Europe and America, the acquisition of wealth beyond anyone's dreams only three generations ago, this is taught as justification for what is obviously a profoundly unequal and unjust system. But the above noted source and this treatise proves monopoly capitalism, misnamed capitalism, is inefficient to the extreme. Massive unearned wealth is being extracted from both society's own labor and from the periphery of empire. Half that wealth is ground up through the offices and labor (the superstructure) managing those monopolies. Added to that waste is the military protecting what is little more than a racket within world trade (see US Marine Corp Major General Smedley Butler's "War is a Racket," warisaracket.org).

As addressed in earlier research, Asia's industrialization was an accident of history. Imperial powers were seeking allies in their desperate effort to prevent honest and moral property rights law from emerging to challenge their unequal and unethical legal structure. The Conclusion will address how that accident of history, a highly industrialized Southeast Asia and a stirring of the masses of South America and Africa, may overthrow the unequal legal structure the West has spent 700-plus years establishing.

As much of the world now understands the fraud imposed upon them for the past half millennium-plus, those **exclusive titles to nature's wealth, the very essence of monopolization extracting wealth,** has the possibility of disappearing into history to be replaced by a peaceful, prosperous, sustainable, federated world with full and equal economic rights providing a quality life for all. Contrary to those 700-plus years of justifications, there was never a need for exclusive titles to nature's bounty to accumulate finance capital. Avoidance of that unequal legal structure, through sharing technology, as opposed to monopolization, would have doubled economic efficiency and eliminated poverty as fast as new technologies were invented and monopolization avoided, and all without war.

Exclusive title to nature's resources and technologies, rightfully shared by all, is a system of theft and, as proven by the first 500 years of the struggle against it, was recognized as such when first being imposed. But philosophical justifications, again those classics and their derivatives taught in the universities and through the media, have erased that reality from the social mind. To bring up the possibility of such inequality and inefficiency in either polite society, in an academic setting, or in this book, is to create total shock. Such is the totality of the belief systems imposed upon us to hide the reality of a system designed from its origins to extract wealth from the politically weak.

Comparing social and human rights, equality, and economic efficiencies under full and equal economic rights will expose inefficiencies and inequalities which are the result of a long history of injustices within other societies. Example: the caste system, now outlawed in India but still having substantial impact, is a system of rights, entitlements which amounts to property rights law extracting wealth, established centuries ago. Only 160 years ago in America, and in some cultures yet today, slaves and women were, and are, property. The principles are the same, superior rights for the few and inferior rights for the many laying claim to wealth that had not been earned. Excessive rights are easy to spot in such a system and thus easily condemned. The monopoly system of inequality is hidden so deep in custom, in property rights laws, and protected by philosophical justifications, classical and neoliberal, through the educational system and the media, that it is not only considered normal and just, but it is deemed and taught as essential and efficient.

Social scientists must look closely. Until this latest surge in populist revolutions, large parts of the world were accepting Western property rights as providing equal economic rights and maximum economic efficiency. As we will be thoroughly addressing, they now know that is not true. Capitalism's mighty economic engine, and the belief systems societies are encased in, hides the enormous inefficiencies and the violence caused by their unequal property rights laws imposed over the past 700-plus years.

The first impositions of unequal economic rights were by violence as the commons were privatized. Major classics then justified the imposition of that system of theft. Later impositions of the belief in the justice of such thefts of others' wealth were through the university systems teaching those classics. The belief systems were so total that professors were unaware those philosophies were only justifying a system of theft imposed for centuries and that process is ongoing yet today. Our research tells us that, in their struggle for full and equal economic rights, a large share of the world is breaking out from under those belief systems protecting unequal, monopolized, property rights.

Production of wealth is, at every turn, a utilization and transformation of nature's wealth. This treatise addresses how restructuring property rights in land (resources), technologies, money, and communications—all technologies of nature—from exclusive titles to conditional titles with society collecting rent values and legislating social rights and human rights, would increase economic efficiency equal to the invention of money, the printing press and electricity. That philosophy would give full and equal rights, economic and political, to everyone on earth if it were practiced.

We are primarily addressing the internal economy of today's hegemon, America. Until checkmated in Iraq, it was their system of **exclusive title to nature's resources and technologies, denying others their rightful share of what nature offers to all for free, creating wealth and power for a few, and impoverishing the many that was being imposed upon the world.**

The proof that monopolized property rights are systems of inequality and inefficiency would be the transformation of the massive unearned finance capital within a monopolized economy (roughly 60% of all finance capital) into equally-shared use values through restructuring exclusive titles to resources and technologies to the inclusive principles of conditional titles which reclaims that natural wealth offered to all for free.

Under those conditional titles, society will **pay rental values on all natural resources to themselves** (socially collected); in the case of technologies eliminate those monopoly values through paying inventors well and placing their discoveries in the public domain; and, in the case of monopolization through licenses, legislate those crucial services as a social right or a human right. Roughly forty percent of today's finance capital will then, as now, build industry and operate the economy while the 60% once wasted remains with those who produce it as their wealth. That wasted capital (fully 60%) has only been buying and selling the capitalized values of extracted wealth and running the shadow economy of that appropriation process (the ethereal world of high finance).

The owners of those unearned funds, searching for a safe place to invest, typically settle for buying treasuries issued to cover the costs of the federal government and bonds for education, sewers, water systems and other crucial infrastructure. Citizens from whom that wealth was extracted in the first place pay taxes to pay off that principal and interest. As those debt instruments are paid off, that money is reloaned back to the same people. The same citizenry, through either taxes or the purchase of products and services at excessively high prices, again pay off those debts. And that impoverishing cycle goes on in perpetuity interrupted only by economic collapses, such as is ongoing today, due to too much wealth in the hands of the few and too little buying power in the hands of the many.

It is the potential of doubling economic efficiency through **conditional titles to nature's resources and technologies rightfully shared by all, eliminating all appropriation of others' rightful wealth,** which tags those continual repayments of extracted wealth over and over as "impoverishing cycles." Those inefficiencies under the founding principles of classical economics alert us they were only justifying a system of excessive rights; they were not laying out principles of an efficient economy. Those justifications, rationalizing unequal property rights within classical and neoliberal principles, are pouring out yet today but other voices are starting to be heard.

Just as customs of ancient cultures are huge obstacles for their societies to evolve efficiently, residues of exclusive feudal property rights in monopoly cultures severely restrict the potential efficiency of capitalism. Those inefficiencies are not perceived because modern technologies are so efficient that the huge gains are visible and admired while the further doubling of production possible under inclusive property rights remains unknown. This work is an attempt to bring those potential gains out into the open for all to see and those laws and economies to be restructured to gain the inclusive property rights as it relates to nature's resources and technologies offered to all for free.

The basic principles of monopolization under feudalism were never abandoned. Citizens living within the belief systems of monopoly capitalism have full rights only in the sense that each has a chance at becoming a wealthy monopolist. But only a relatively few can extract massive wealth through those residual feudal rights.

These inequalities are not visible to Americans and Europeans because of the large percentage with a high standard of living and thus appearing to have full rights. But, unrealized by the citizenry and most in academia, that high standard of living is maintained only through massive additional thefts of wealth from the periphery of empire. The powerful today are fighting to retain and expand their monopoly property rights, exclusive title to nature's resources and technologies, denying others their rightful share, just as feudal powers fought for centuries to maintain their exclusive titles to land which is, of course, the same wealth of nature offered to all for free that is being fought over today.

As the enormous wastes within an economy cannot be eliminated without elimination of monopolies, we will address deeply the four primary monopolies—banking, land, technology, and communication—and, with the principles of exclusion and inclusion within property rights law well established, summarize the secondary monopolies—insurance, law, health care, etc. This being primarily a book on money, we will address that first.

Money is a social technology discovered over 5,000 years ago. That a banking system is properly owned by society is demonstrated by outlining the enormous efficiencies and full and equal economic rights under that social structure. To keep everything local, each social unit—a federation of nations, each nation, each region within a nation, each state, each community, each business, and each entrepreneur—should have a constitutional right to their share of socially-created money and savings (investment capital). Except for vast overcharges, credit cards approach this ideal for consumer purposes but such full and equal economic rights have never in the history of private enterprise been applied to investment. High interest charges on those cards disappear when issued by a socially-owned and operated banking system with **the citizenry essentially making loans to, and paying the profits to, themselves and those "earnings" funding essential social services.**

So long as there are available resources and labor, money can be created, **up to the level of a balanced money supply,** to build social infrastructure as well as the early stages of industrial capital. Education systems, roads, railroads, harbors, communication systems, water and sewer systems, etc, any natural monopoly, are properly owned by society and should be built with primary-created money up to the level of monetary balance (see p. 187 for an example of financial balance not being maintained).

Through adjustments of required reserves—which under a monopoly structure require bringing all money systems, including the stock market and money markets, under fractional reserves— that balance point within an economy between building with socially-created money or savings can be moved across the economic spectrum at will. But the further one goes past a rational point, possibly a maximum of 20% mandated reserves, the more inefficient the economy becomes. A society applying full and equal rights across the full economic spectrum (banks socially owned), requires no mandated reserves. There are no massive unearned funds to continually unbalance the economy.

History is replete with creating money for wars. The populists of the late 19th century advocating printing money to loan to farmers was a replay of created money funding the economy before the Revolutionary War and within Benjamin Franklin's colony in Pennsylvania. The German and Japanese rapid buildup of industry in the early 20th century was financed with socially-created money. Classical money theory is silent on the enormous potential for created money funding infrastructure and other essential social needs. Aware non-classical theorists very correctly advocate creating money for infrastructure, environmental cleanup, communications, retirement, universal health care etc. I trust they are aware of the necessity of continually increasing required reserves to soak up the excess money circulating and the necessity of eliminating the huge blocs of capital created by the private appropriation of the rental values of nature's resources and technologies properly shared by all. Through created money taking over their historic investment markets, massive blocs of appropriated capital and created investment capital will be at war with each other.

Primary-created money (base money) building infrastructure circulates within communities, regions, nations, and federations to provide the citizenry with food, fiber, shelter, health care, retirement, etc. As industrial capital is justly privately owned, industries are built by savings (finance capital).

Balancing an economy under a modern banking commons within an inclusive society with full and equal economic rights for all would be simplicity itself. Financial capital would then be the total savings of all, balanced by primary-created money (again base money) to fill any shortfall, or its destruction through higher required reserves to eliminate any surplus. Such full and equal economic rights would eliminate inflation and deflation and assure a quality life for all.

Eliminating offices and staff (superstructures) managing those monopolies and the wars generated protecting them eliminates well over half the economic activity of a monopoly system even as poverty disappears. Those exclusive titles to nature's wealth, primary monopolies, and those secondary monopolies structured under unequal property rights laws, typically by license, are consuming roughly 60% of the financial capital flowing through America's financial system. Those wasteful flows of money can only be shut off by eliminating feudal monopolization firmly entrenched within economies.

Societies do not transform incrementally, necessary change occurs in revolutionary leaps. The appearances of current changes are only potentials. The actuality is the poor of both the wealthy economies and the less developed world were getting poorer as the rich got richer and only under extreme crisis such as we are now facing will the rights of the politically weak be considered.

The necessary restructuring can only happen when the current system collapses and this may be happening as we speak. When it does we must be ready to provide the philosophical foundation for restructuring unearned values, currently capitalized into massive blocs of unearned capital, into roughly equally-shared use values.

The infrastructure necessary for the developing world to be efficient appears expensive. But that is only true if built by outside contractors. All costs above resource rent values are labor costs (industrial and finance capital are stored labor) and, in other research, we thoroughly document that most resources are within their borders and such rents properly go into the social fund. Machinery and infrastructure built by a region's own companies and trained labor creates wealth equal in value to the price of that labor (which is their own). Resource rents from regional resources provide the financing. Labor spends their wages for their living and governments spend resource rents and banking profits to run governments and essential services. All those values, except that spent for imports which, when resources and technologies are equally shared will be minor, are a region's circulating buying power.

Train labor, build industries to scale for a region, build construction equipment with those industries, build that infrastructure, and the cost to a region is primarily importing modern tools for those factories. Those undeveloped regions have most of the world's natural resources and all manufactured wealth is processed from natural wealth. So, although it is necessary that the banking system be socially-owned, developing an economically viable region is primarily creating money to train and employ a region's own labor force to build the necessary infrastructure. To do this, their currency must have no value outside their borders, a **dual currency** system. Once the currencies of developing world regions and nations are protected by an honest world currency, they can trade access to resources for technology.

That infrastructure and the wealth produced backs the newly-created money as it circulates producing more wealth. Surplus money is easily destroyed by increasing mandated reserves. The circulation (velocity) of base money producing and consuming within the borders of an economically-viable region year after year is the economic multiplier of a prosperous community. Current **exclusive titles to nature's resources and technologies, denying others their rightful share of what nature offers to all for free, denies that simplicity to the world**.

Though we describe in depth that it can be done, that the world will abandon its current struggles over who will control resources and the wealth producing process and peacefully and rapidly eliminate poverty is not likely. But such revolutionary leaps have happened before and communications superhighways, along with the 2002-08 disastrous foreign policy of America--the hegemon currently blocking such changes—has cost them the moral high ground and greatly increased—and may have assured—the potential of another such leap.

Our concluding chapter is a theoretical example of restructuring a collapsed monopolized economy and the world rapidly developing. As banks have to fund any system—wasteful or efficient, unequal or equal—leaving monopoly property rights in place while creating a theory of either money or economics is an exercise in self delusion.

That the world will peacefully eliminate **the monopolization, wealth extraction, process**, aristocratic law hiding under unequal property rights laws, imposed upon the world as per this thesis, is unlikely. But eliminating those monopolies would be revolutionary and the only way to address those many obstacles to peace and prosperity was to tie it to the current financial collapse and the worldwide populist revolution currently brewing. So, the improbabilities aside, it is one of the possibilities, and we address it as such.

That communications superhighways will revolutionize the world is well understood. That a worldwide populist revolution is in progress is recognized by many. We hope to alert these same people that unequal property rights laws were designed from their origins to appropriate wealth produced by others; that the capitalization of unearned values is monopoly capitalism's mighty engine which wastes or forgoes production of over half the wealth potential; and that the much smaller, yet twice as powerful, economic engine of full and equal economic rights would eliminate that waste, would eliminate wars, would eliminate poverty, and would provide a quality life for all the world's citizens within 50 years.

The Community Social Credit Process

How did such an inefficient economy as we have today evolve? Visualize a fertile valley 10,000 years ago with fruits, nuts and vegetables growing wild along with lush thatch for building shelters. The new settlers have only to pick their food, build their thatch homes, and, once that home is built, relax most the day.

A cunning cabal form and each lay claim to a part of the land. They make a pact with toughies that they will share the spoils if they protect their unequal and unjust "property rights." That is our legal structure today, developed in various stages, and those unequal laws are still being enacted.

The primary cause of poverty among plenty has just been established. The meek, mild, and law abiding now have to share the food they pick with those "owners," have to build their houses, and provide other services. Those cunning go on to claim their unearned wealth on through history and those **are *the property rights laws, as applied to nature's resources and technologies, denying others their rightful share of what nature offers to all for free,*** that is in place today.

Your property rights laws today, as applied to nature's resources and technologies, is nothing more than aristocracy's property rights law, exclusive title to nature's wealth which she offers to all for free. We are not talking about personal property which was built by labor and is properly exclusively owned. We are talking about the wealth of nature which was not produced by labor and belongs to everybody.

Now it is obvious why the powerstructure is privatizing everything in sight and why costs rise rapidly (frequently doubling) each time a piece of nature or a part of the infrastructure of the economy, such as a highway or bridge, is privatized. This is happening all over the world and efforts are underway to privatize highways and other social services, even Social Security.

When Bolivia's water system was privatized, costs tripled as services went down. The citizenry revolted, physically took back their water system, prices dropped, services rose rapidly, and the legal structure had to recognize and legitimize that recovery of society's basic right to water.

We can each regain our rights to our share of nature's wealth by **paying land rents, meaning all resource rents, to ourselves** (meaning socially collected) and using those social credits to build roads, railroads, water and sewer systems, and electric grids (all natural monopolies). Those funds will also run governments and provide education, health care, and retirement. This is not socialism. Congress need meet only a few days a month to tweak these equal economic rights laws.

Money and banking are centuries-old technologies—just as much a part of nature's wealth as land, water and air—and thus are an integral part of a **community social credit process**. The only tangible (labor created) values within banks are brick, mortar and furniture. Operating those banks and paying for the use of those few tangible values are covered by ½ of 1% interest on loans.

Base Money is created out of thin air by the socially-owned Federal Reserve. Circulation of that base money is our money supply. Thus money systems are also forms of wealth produced by nature and a key part of **the community social credit process**. Those **earnings of nature are also properly paid to ourselves** and used to augment the funding of governments, infrastructure, education, healthcare and retirement.

Currently your earned money becomes monopolist's unearned money which is then loaned back to you. That unearned money, essentially the other side of the ledger of everyone's unnecessary debts, grows greater and greater.

The huge gains from correcting today's unequal property rights laws is your share not being appropriated from you in the first place. That is done through **paying rental values on nature's wealth to yourself** (to the social credit fund).

The ethereal world of high finance, the 60% of all finance capital which is unearned wealth amassed through the private collection of rental values to nature's wealth and unearned banking profits, simply disappears. The next 170 words is a complete economic-property rights thesis for full and equal economic rights for every citizen under honest capitalism.

By paying land (resource) rents to ourselves (socially collected), a citizenry is quintuply repaid through those continually circulating social credits

building roads, railroads, water systems, sewer systems, and electric grids (any natural monopoly) as well as fund governments, provide education, health care and retirement. Infrastructure and the population, not capitalists, establish the use-value of land and resources and their rental values provide the social credits to fund infrastructure as well as essential social services (the community social credit process). Restructure to the just-described honest capitalism and taxes disappear as your employed working hours drop by half and all enjoy a quality, secure, life. This requires sharing the "productive" remaining jobs and equal pay for equally productive labor. Each region of the world, each nation, each region of a nation, each state, each county, each community, and each entrepreneur must have equal rights to their share of both created and saved finance capital (created money and savings). With those rights, entrepreneurs (private industry), will fill every niche within the production-distribution process.

You can follow those flows of money and commerce within this efficient economy in your head. Both **the community social credit process** operating those natural monopolies and efficient private industry producing consumer products and services are fully visible.

Funds are available for Universal Health care, retirement, infrastructure, education, and funding governments, all social needs currently starved for funds. Poverty and famines disappear and free time for family interactions is doubled.

Thousands of books can be written expanding from this foundation. But, to avoid waste, monopolization, hunger, poverty, and war—which consumes over half our resources, wealth, and labor—an honest social structure must be built upon the principles of this simple, 170-word, economic treatise.

All the stated goals of capitalism, Socialism, and Comunitarianism are attained and those living standards can be set within the earth's capacity to provide resources and absorb wastes. Instead of that efficiency throughout the past 800 years, powerbrokers, protecting their power and wealth, created the monopolization laws we function under yet today. As per the 10,000 year ago story above, this was accomplished by not drawing a distinct difference between wealth created by nature offered to all for free and properly conditionally owned and wealth created by labor properly owned unconditionally.

In *Mercantilism as a Rent-Seeking Society*, Robert B. Eklund, R Tollison and about 70 authors they reference on the subject—including Adam Smith and many other classics—address mercantilism, monopolization, privatization and rent seeking (both in world trade and internal trade) as being the same thing.

The centuries of struggles over control of resources and the wealth producing process which evolved into "plunder by trade" hiding under the beautiful words of freedom, peace, justice, rights, and majority rule is discussed in depth in our *Economic Democracy: A Grand Strategy for World Peace and prosperity,* 2009, updated 2nd edition. So we, this author and supporters, are under no illusions as to the developing world breaking free from the clutches of imperial capital any time soon. In fact, this author invests his money on the expectations of inflation after a collapse.

Those beautiful words addressed just above were only covers for a continuation of the centuries of plunder of others' wealth. The alert realize that all wealth is processed from resources and most those gifts of nature are within the borders of those poorer nations. They also know that fully 60% of the world's industrial capacity is outside the borders of the historic imperial centers of capital and this is creating huge stresses within those imperial centers.

It is anticipated that most the world will be relatively well developed by 2035, only 26 years away. If we are to avoid poverty and war, we also must break free from imperialism's identity seeking through conspicuous consumption which will happen naturally as soon as societies pay equally-productive labor equally. Just as naturally, styles and identities will blossom like never before as skilled seamstresses, skilled mechanics, skilled gardeners, and skilled hobbyists of all kinds utilize their new free time and trade directly with each other.

As rapidly-developing Asia contracts with the resource-wealthy nations of South America and Africa, decouple from Europe and America, and turn their productive capacity towards their citizenry, they will be far wealthier than when trading primarily with the old imperial centers of capital. That is the trade structure (parts of the trading world breaking free) that caused both WW I and WW II. But this time it is the entire world outside those imperial centers, not just parts of Europe or Eurasia, and they are breaking free as we speak.

Global warming, shrinking water supplies, and depleting resources motivate good thinkers and moral people to look deeper into the causes of war, and poverty. We will be demonstrating how that violence can be relegated to history, and, due in part to the free time hobbyists just addressed, especially permaculturists, all while protecting resources and the environment.

The most important breaks with past centuries are the information superhighways being put in place throughout the world. The aware people addressed above will be talking to each other on the problem being centered in both unequal property rights, unequal trades of imperialism, and that all backed by their mighty military.

With that knowledge fully dispersed within those imperial nations, only a fascist political structure can control free thinking, highly moral, citizens. Powerbrokers know this and that fascist structure (the Patriot Act, recording the communications of all citizens, detention without cause, no habeas corpus, torture, etc.) already in place hopefully will be removed by President Barack Obama.

That is understood by China and much of the world. Management of the perception of the world has collapsed and they are studying the work of the best minds in the world for the answers to a society without poverty or war (see p. 183).

We start with the first of the four primary monopolies that must be eliminated before a peaceful and prosperous world can emerge out of this struggle—money and banking.

1. A Modern Money Commons, Citizens Paying Banking Profits to Themselves

With money creation and central bank accounting powers that other private banks do not have, commongoodbank.com plans to open its first bank this year. Check their webpage for contacts on how this charitable bank can be expanded to your community.

If one has a slave economy or a monopolized economy, the banking system will either buy and sell slaves or buy and sell monopolized values. Thus an honest money system can only be established within an honestly structured economy such as described in these chapters.

Those versed on the subject will quickly spot where our views of efficient banking, partly addressed in the Introduction, diverge sharply from the views of those who advocate elimination of fractional reserve banking. We will first go through the ritual of the history of money.

From Barter to Commodity Money

Before the widespread use of money trading involved the simplest form of commercial transaction, barter, which is an exchange of two or more products of roughly equal value. This limits most trading to persons possessing equally valuable items. Eventually cattle, tobacco, salt, tea, blankets, skins, and other items were used as a form of money. Such commodities were the most desirable because they were durable, portable, readily exchangeable, and had the most recognizable common measure of value.

Products intended for consumption typically have one to three owners on their way from producer to consumer. Those that are used as money may have dozens or even hundreds of owners. Whether a product is used for exchange or consumption distinguishes it as money or a commodity. The products listed above were imperfect as a medium of exchange, and their limited usefulness limited trade. They also created problems of storage, transportation, protection, and not everyone could use these commodities.

From Commodity Money to Coins of Precious Metal

Only highly desirable, useful items could become money. No one would accept a piece of paper, brass, or copper in trade for what he or she had worked so hard to produce. Such a trade would effectively rob one of hard-earned wealth.

Gold and silver have been highly esteemed and accepted as money in most cultures. The first known coin, the shekel, was minted in "the temples of Sumer about 5,000 years ago," and coins of measured value have been routinely minted from precious metals ever since.[1] Except for scarcity values, the labor required to produce a given amount of gold, silver, or precious stones was roughly equal to the labor required to produce other items this treasure could buy. As accustomed as we are to viewing gold as money, it is still commodity money--desirable, useful, and requiring roughly equal labor to produce.

Inequality of money values is only inequality of exchanged labor values. Often when rulers became strapped for cash, usually because of war, they resorted to debasing their currency by lowering the gold or silver content and replacing it with inexpensive metals such as copper. The labor value represented by these debased coins was less than the labor value of the items purchased. Assuming the labor cost of gold was 300 times that of copper, each day's production of copper substituted and traded as gold would confiscate the value of 300 days of labor spent producing useful items. It was the universally recognized value of precious metals that became the first acceptable money.[2]

With gold, or any precious metal, divisible into units of measurable value, a trade could be made for any product. As it was only with universally accepted money that commerce could flourish, this convenience fueled world trade. However, as these precious metals had to be located, mined, delivered, stored and protected before society could have money, trades were still clumsy.

From Gold, to Gold-Backed Paper Money, to Fiat Paper Money

The use of gold as money was handicapped by its weight, bulk, and the need for protection against debasement. These problems were eventually eliminated by printing paper money that could be redeemed for a stated amount of gold or silver. This is known as the gold standard. As this paper money was backed by gold, there remained the complication of finding, mining, smelting, and storing this valuable commodity.

The next step in its evolution was the use of pure fiat paper money, meaning it was legal tender by government decree. It was almost universally resorted to in revolutions although it usually had little value once the banking systems returned to the gold standard. Benjamin Franklin had proposed fiat paper money and, while it was used less successfully in the New England colonies, it was used productively in the middle colonies in promoting production and commerce while controlling deflation. The powerful of Britain recognized the threat to their control of trade and outlawed the printing of money in the colonies. This effectively dictated control of commerce, determined who would profit, and was much more a cause of the American Revolution than the vaunted tax on tea.[3]

World War I and WW II weakened the old imperial nations and eroded the monopoly of the gold standard.[4] As most of their gold had been traded for war materiel, these countries had to keep printing money to rebuild their shattered cities and industrial plants. To return to money backed by gold would have left their economies to the mercy of U.S. bankers. Thus the monopoly of the gold standard was partially broken in these countries. The arms race that followed WW II almost totally eliminated gold-backed money as nations continued to print money wastefully for war.

Once freed from its bondage to gold, paper money represented rather than possessed value. Printed at little cost, it could be traded for as much wealth as its stated value. Society now required only one product to make a trade. Those who sold their labor received in return the paper symbols of value and needed only save this money form of wealth until they wished to buy products produced by others. Fiat paper money, used productively and not backed by gold, was true money.

Paper Money, to Checkbook Money, to Electronic Money

As simple and light as paper money was, it was still too clumsy for most trades. Most of these units of value called money were deposited in a bank, just as gold had been, and trades were then consummated with checks. These were more efficient than cash because each check was a symbol that the signer had produced, saved, or borrowed that much wealth and its money form, safely deposited in the bank, was being traded for equal value in other products or services. Family, business, corporate, and international trades use these symbols of deposited savings, checks, drafts, notes, bills of exchange, etc.

Commodity money—hides, tobacco, etc—had dozens, possibly hundreds, of owners before this trading medium returned to its status as a commodity to be consumed. Gold, still commodity money, retained the status of money much longer and had thousands of owners. Gold-backed paper money traded more conveniently and passed through the hands of many tens of thousands of owners. Reserve deposit money, traded by check, via bank debits and credits, can have an endless number of owners as this representation of value keeps moving from owner to owner. Modern electronic money, still reserve deposit money, is but a blip on a computer drive that can be instantly debited from one account and credited to another. Though tied closely to the principle of checkbook money, electronic entries are the ultimate in efficient fiat money.

Paper money and checks are familiar to everybody. Even a child learns quickly how to use them. When most of the historical and ideological mystiques are eliminated, money is easy to understand. Using the symbol of money, the banking system collects all production, completes society's trades through debits and credits, and lends the surplus production, savings, to those who, at any particular moment, have capital or consumer needs greater than their savings. The Fed buys debt instruments to expand reserves (base money) and thus increase loan capacity or they create money and loan or spend it into existence. In each case this is done by crediting money to an account without debiting from another account. Except for Congressional oversight and authorization, money is no more complicated than that.

What makes money appear mysterious is the powerful having always controlled it. Its secrets are protected by governments, bankers, and, in the ethereal world of high finance, finance monopolists of every shade trying to siphon others' wealth to themselves.

Credit or Trust Money

People accept money because they trust the value represented can be replaced by equal value in another commodity or service. Credit (pure trust) is both the oldest and most modern currency. When credit is given, nothing is received for the item of value except a promise. Each month, families and businesses are provided with products or services (value) and then billed. This is a procedure based on trust. The very meaning of money is that it can be redeemed for full value simply by spending it.

If money is controlled with equality and honesty, there is trust. Money then exchanges freely and is easily understood. We are describing money and banking in the everyday language that would apply if all were equally paid for equally-productive labor and if they had full and equal rights to a productive job and to finance capital.

The Different Meanings of Money

Money is correctly referred to as a unit of accounting, savings, stored value, a measure of value, a standard of value, a receipt for value, a system of accounting, a deferred payment, a transferable claim, a lien against future production, an IOU, an exchange value, and an information medium. At a fundamental level, money represents the value of the final product of combining the elements of production—land, industrial capital, and labor. In a properly structured society, money represents the value of labor, profits on stored labor (capital), and a share of the costs of running society represented by land rent being paid to society and spent on essential social needs as outlined in the following chapter on land (or read the 170 word thesis on pp. 15-16 or 185).

To the layperson, money is normally explained as a medium of exchange. This is true. However, a medium of exchange implies equality and it is precisely the inequality of exchanges which is the greatest problem. To understand these inequalities, we must have a better explanation of money.

Money is a Contract Against Another Person's Labor

Money is first, and foremost, a contract against another person's labor. Value is properly a measure of the time and quality of all productive labor spent producing a product or service plus resource rental values embedded in production costs. If the difference between the payment received for productive labor and the price paid by the consumer for a product or service is greater than fair value for expediting that trade, either the producer was underpaid, the final consumer was overcharged, or both. When intermediaries underpay producers or overcharge consumers, they are siphoning away the production of the labors of one or the other, or both.

Savings implies that something has been produced and not consumed. But even if a commodity is produced for consumption, it is properly understood as capital until sold to the final consumer. It then becomes his or her wealth for consumption and is no longer capital. Some commodities, such as a meal, are consumed in minutes and some, such as homes, are consumed in decades or even centuries. Products are sold, production expenses are paid, any surplus is deposited in a bank, and that credited deposit is a redeposit of the banking system's continually circulating reserves. Banks lend that in excess of mandated reserves to others for investment or consumption. The parties who labored to create the value represented by that money are only lending their surplus production in its money form, finance capital, with the promise to be repaid, plus interest, for what their stored labor produced. Interest, as opposed to usury, is the money form of wealth produced by finance capital.

Over and over throughout this book we keep pointing out that the greater share of Monopoly capitalism's finance capital was not only unearned but over half the labor and resources were wasted in the process. This three paragraph subchapter and the doubling of economic efficiency we document each time monopolization is eliminated in any segment of the economy proves the massive fraud imposed on us all by the efficiency claims of capitalism as currently practiced.

Money Productively Contracting Labor

Because money is always controlled by those who rule, revolutionaries resort to printing money to finance their insurrections. Successful revolutionary wars, like those of the United States,[5] France, Russia, and China, were fought for freedom, were productive expenditures of labor, and were all fought with paper money.[6] Every battle for freedom requires large expenditures. Most labor is donated, but much of the weaponry, clothing, food, and medicine must be paid for with money. Money is thus a tool for mobilizing society's labor to produce great things, in this case freedom.

Examples of money properly employing labor are seen every day in farming, in the creation of consumer products, and in the building of homes, roads, schools, shopping centers, and factories. The rebuilding of Europe after WW II was a productive use of labor employed, in part, by U.S. capital, as was the industrialization of Asia.

Money Unproductively Contracting Labor

An efficient economy has been judged as requiring only $3 of speculation for every $1 invested in the real economy yet currency speculation for financing world trade alone is 50 to 100 times the real economy and the derivatives-hedge fund market, having little or nothing to do with the real economy, is now $526 trillion, nine times total world production. Every one of those bets that are not invested in the real economy is an attempt to extract wealth from the economy, not produce wealth.

To use one's earned money for speculation is properly one's privilege. But borrowing society's money capital for speculating on gold, silver, commodities, already issued stock, derivatives, hedge funds, or currency (the ethereal world of high finance) is an attempt to intercept others' wealth by speculating with society's savings; there is no intent to produce. For example: one of the evening news programs alerted us that 1/3 of the price of oil as being accounted for within the buying and selling of oil contracts (a part of the ethereal world of high finance). Other commodities will have similar cost increases due to speculation. The massive wealth extracted through those speculations as well as the cost of running those offices show up in higher prices. To quote William Krehm of The Committee on Monetary and Economic Reform (COMER), in that process "the real economy is rapidly being reduced to the part of a bit player."

The uses of society's savings for corporate takeovers usually are battles between the powerful for control. Whether the takeover is successful or not, these unproductive uses of social capital continually extract wealth from the economy. All this unnecessary activity diverts money capital from its true purpose, production and distribution. More appropriately, massive speculation beyond that needed for an efficient economy is an exercise in social insanity. On balance, the entire ethereal world of high finance is composed of the massive wealth unnecessarily appropriated through unequal economic rights as per this thesis.

An even more nonproductive use of money occurs when labor is contracted to destroy others' capital (war). In 1800, Robert Owen, manager of a family textile mill in Scotland, began his famous social experiment of paying workers well, giving them decent housing, educating their children, and doing all this profitably. He calculated this community of 2,500 people was producing as much as a community of 600,000 did less than 50 years before.

Owen wondered where the wealth from such a large increase in efficiency was going. He concluded it was being consumed by the petty wars continually fought by aristocracy.[7] The mill workers were being underpaid for their work, the customers were being overcharged for their cloth, and the production of their labor, in its money form, was being siphoned away and used to contract materiel and labor for war. Labor was being paid to fight because this generated the greatest rewards for those who controlled the use of money. This was wasteful to the rest of society, nothing useful was produced when that confiscated wealth was spent on wars and much of what existed was destroyed.

In the 15th century, "about 70% of Spanish revenues and around two-thirds of the earnings of other European countries" were employed in these wars.[8] This massive wealth extracted from their own citizens is mirrored in most economies today.

The treasure pillaged from the Americas was but a small share of the wealth destroyed in European wars:

> Until the flow of American silver brought massive additional revenues to the Spanish crown, roughly from the 1560s to the late 1630s, the Habsburg war effort principally rested upon the backs of Castilian peasants and merchants; and even at its height, the royal income from sources in the New World was only about one-quarter to one-third that derived from Castile and its six million inhabitants.[9]

That is the story of this book. The powerful are still wasting massive wealth battling over the world's wealth. Once all the wastes of the monopoly system are eliminated within both internal and international trade, all money is backed by real value.

Learning the Secret of Bank-Created Money

The secret of creating money was first learned by goldsmiths. Deposits were usually left for a substantial period and they could safely make loans in the form of receipts for gold.

Loans for several times the amount of gold on deposit was created money.[10] Whenever Rothschild or other early bankers loaned 10 certificates of gold at 10% interest, for every unit of gold they owned or held for safekeeping, each year their personal net worth would increase equal to all gold on deposit. When private banks printed their own goldbacked currency, their creation of money and their profits, between collapses, were identical to that of goldsmiths. Those early banks were money creating machines.

For centuries a prudent bank with $1 million in gold maintaining its self-imposed fractional reserves at 10% could print $10 million in personal-signature banknotes, $9 million of that would be bank-created money. All goes well until some banks go beyond reasonable loan to gold reserve ratios leading to runs on banks and they collapse. Section 16 of the 1913 Federal Reserve Act established a single US currency, the Federal Reserve Note. As fast as banks were brought under that act they could loan only a mandated share of deposits. In 1980 the Monetary Control Act brought in all banks and credit unions within that system of government creation of money and control of bank reserves. Private banks hadn't created money for decades but now it was official.

Before financial powerbrokers stripped most mandated reserves out of the Federal Reserve Act—first, in the 1970s, selling blocs of loans to money markets which evolved into the current 2007-09 banking crisis and again in the 1990s when required reserves were removed from all deposits except checking accounts —a private bank with $1 million on deposit and a 10% mandated reserve could initially make only $900,000 in loans as opposed to loaning $10 million under the historic goldsmith theory of fractional reserve banking. That second example, the goldsmith theory, is far different than modern fractional reserve banking. In modern banking, as the money is spent and redeposited, a bank can loan 90% of each new reserve deposit as those reserves (money) circulate and eventually can loan out $9 million from an original $1 million deposit of base money, the same as the prudent banker 100 years ago with self-imposed reserves of 10% in gold or silver backing each bank's personal-signature-bills. The money created by a socially-owned banking system—and its circulation productively contracting land, labor, and industrial capital—is backed by the wealth produced. Having the power to create money to cover any crisis, a socially-owned Federal Reserve creates base money and maintains the proper money supply (which is base money [reserves] circulating) through raising or lowering mandated reserves.

Instead of money actually circulating, no checkbook money or credit card money (digital money [reserves]) ever leaves a banking system; it is only transferred from one account to another. Where today checks and credit card authorizations are used, historically they were certificates (personal signature banknotes) promising to pay in gold. In that process, there was no increase in gold, base money of those times, when certificates of 10 times those *non circulating reserves* in safekeeping were loaned and there is no increase in base money today when 10 times or 33 times (as is possible under 3% reserves) the original primary-created money (again base money [reserves which are circulating]) is loaned and reloaned over and over.

However, gold to repay a debt can be obtained anywhere in the world while fiat electronic money is obtained only by debiting other accounts (those circulating reserves) within the banking system

With the experience of colonial script, the 13 American colonies printed money to fight the Revolutionary War. But this power of government to create money was not used by the US again in any great measure until President Lincoln printed greenbacks to finance the Civil War. Though the alert will have spotted this efficiency potential of money creation, as soon as that war was over the government ceased creating money and started pulling those greenbacks out of circulation. This destruction of money caused bankruptcies to soar for the first 10 post-war years as wealth was again consolidated within the hands of entrenched wealth, those goldsmith theory bankers creating the nation's money.[11]

There was no need for those bankruptcies. If those greenbacks had been allowed to stand, and—so long as there were unemployed resources, unemployed labor, and consumer needs—that money would have continued to circulate freely combining labor and industrial capital with America's immense natural resources, creating even more wealth. A healthy, wealthy, economy requires a measured and balanced creation of money to create wealth, not its destruction. Those greenbacks were withdrawn because their creation encroached upon private bankers self-appointed rights to create money backed by "their" gold.

As those greenbacks were being withdrawn, conservative bankers required $33.60 of gold in reserve for every $100 in currency. This was gold-backed money created by conservative private banks. But the next 40 years recorded greedy bankers loaning 20 to 50 times their reserves (called leverage today). Banks pooled funds to cover runs on banks but those runs would spill over onto strong banks. With their depositors' money loaned out operating the economy and thus not immediately collectable (illiquid), perfectly sound banks would go under and bankrupt many farms and businesses with them.

Base Money (Reserves) Circulating is the Money Supply

With 13 banking panics over a period of 80 years, one every six years and the worst one just ending in 1907, the U.S. decided to eliminate goldsmith banking through the establishment of the Federal Reserve and modern fractional reserve banking in 1913.[12] Since that act, member banks could only loan from their reserve deposits of which a mandated percent must remain in reserve. This was a seismic change in banking. Previously a supply of gold, silver, or gold certificates were necessary to establish a bank which then printed currency with the bank's name on it (personal signature banknotes) with a total value many times the value of their precious metals reserves. But now member banks, still privately owned, could loan only a percentage of their deposits. Instead of loaning money they created, they were now loaning base money created by the Federal Reserve which was deposited over and over within the banking system as those reserves circulated.

In 1980, the Monetary Control Act brought all U.S. deposit institutions under the Federal Reserve. Creation of money has ever since been by the Federal Reserve and goldsmith banking—private banks creating money through loaning a multiple of their gold or silver reserves, though it had not been practiced for decades—was officially relegated to history. Private banks today do not create money. However, private bankers do control the Federal Reserve where they create all the money they need to protect their monopoly system and that process is on full bore pouring money at themselves during the current, 2007-09, financial crisis.

Due to the immense wealth that can be guided to their coffers, bankers, with the support of other extractors of wealth, deny society the enormous efficiency potentials we demonstrate are possible within a socially-owned banking system. The huge profits bankers make on high interest rates were theoretically to control inflation or deflation. But they were actually protecting the massive profits pocketed as they moved back and forth between bonds and stocks in sync with the rise and fall of interest rates and bond values. The simplicity and instant effect of controlling the money supply through slight increases or decreases in mandated reserves was ignored.

Between 1913 and 1936 each of the federally owned, but privately managed, 12 central banks created money for their regions backed now by government owned gold. However, from 1926 to 1929, the old guard running the New York Federal Reserve poured created money at their banks which loaned it to stock speculators. When the NY Fed heard the Federal Reserves Board of Governors had held an all night meeting on their practice, they pulled back. The funding to support the bubble was not there, the stock market crashed, and the Great Depression was on. The problem was traced to the independence of those 12 reserve banks. So, in 1935-36, the Roosevelt administration assigned final money creation decisions to the Board of Governors. America finally had its central bank that was not fully in place in 1913 and that Board and Congress has made all decisions on creation of America's money ever since (still theoretically backed by gold until August 15th, 1971 when President Nixon closed the gold window to other countries as President Roosevelt had done to citizens in 1933).[13]

Modern Money Mechanics (MMM)[14] also states, in error, that private banks create money. But when analyzed it is clear they, and many money theorists, are calling each change of control of money as it is loaned (each step in its circulation [velocity]) as a creation of money. The proof of their error is MMM's accounting of the money supposedly created exactly matching what we demonstrate is only a total accounting of whose hands base money (created money) has been in as it circulates. Loan repayments, reserves circulating, closely matching loans made, again only reserves circulating, proves our point.

MMM misnames a loan as created money when they have only moved deposited money (a credit to the depositor and a debit to the bank) first to their loanable and spendable funds (that debit owed to the depositor credited to the bank) and then to the borrower's account (a debit to the bank and a credit to the borrower). Their statement, "checks drawn against borrowers' deposits result in credits to accounts of other depositors, with no net change in the total reserves," proves this.

We will use diamonds to prove our point. The bank has in its reserves (base money) eleven $1,000 diamonds and loans me ten $1,000 diamonds keeping one $1,000 diamond in reserve. To buy a $10,000 car I write out a check for ten $1,000 diamonds. The car dealer deposits the $10,000 diamond demand (the check) and the bank moves ten $1,000 diamonds (reserves circulating) from my account to the car dealer's account. Those diamonds (base money) were not created by being loaned to me. Base money was only transferred from the bank's reserves (those customer reserve deposits sitting in their loan fund) to my account as borrower and then to the new depositor's account when the new owner of that money cashed my check. The original loan has returned to the bank both as a liability and as a replacement for the circulating reserves (circulating base money) loaned to me and still owed. The bank's revolving reserves (still that same base money) remains in balance (totaling $11,000) with now only $9,000 available to loan because $1,000 reserved backs the $10,000 I owe. But that $10,000 was from the previous $11,000 of reserves, not this latest $10,000 deposit which did not exist as a reserve deposit until my check was cashed and the money in my account was moved to their account where it was still the same units of base money (circulating reserves, circulating money). That money was never, at any point, created by a private bank.

MMM recognizes deposits, until they are loaned, as "excess reserves." In Section three, it states that since "lending banks expect to lose these deposits, and an equal amount of reserves, as the borrowers' checks are paid, they will not lend more than their excess reserves." Despite saying, in error, "private banks create money when they credit a borrower's account," the first statement acknowledges that loans are made from excess reserves. Both the Federal Reserve and money theorists stating that "each loan is balanced by a deposit [in an account] somewhere" is also an acknowledgment money is debited from one reserve account within a bank, credited to the borrowers reserve account, and then transferred to other deposit accounts (reserve accounts) within the banking system when those loan funds are spent. The use of federally created base money has been accumulatively accounted for but it already existed as reserves and was not created through loans. Reserve deposits (base money) were only simultaneously contracting and expanding as both loaned money and owned money were spent. Debts being extinguished (repaid) at roughly the same rate they are created keeps the money supply in balance. An increase in the velocity of money is an increase in the money supply. If more base money is needed, the Fed must create it, now backed only by the faith and credit of the government.

Base money is first created by the Federal Reserve (government) by simply typing the numbers into an account. By crediting those borrowing from—or selling debt instruments to—the Fed without debiting anyone's account, new money is created.

I have asked money theorists what happens to their deposits and am told "it just sits there." But there being no increase in total reserves within the banking system by those deposits, stated specifically by MMM and proven in their charts, belies that statement. Occasionally MMM supports the goldsmith theory of private banks creating money but, throughout their outline of how modern fractional reserve banking works, then thoroughly prove, and in many places clearly say, "only the Federal Reserve creates money."

Private bankers tried hard to get past the U.S. Constitution, Article I, Section 8, saying that, "The Congress shall have power….to coin money, regulate the value thereof, and of foreign coin." Once money was no longer backed by precious metals, their lawyers simply could not get around those words in the foundation law of the land that, even allowing for shortcomings in that statement, only the government can create money. So, when technology advanced to money as digits in an accounting system bankers designed an appearance of ownership of, but not actual title to, the Federal Reserve, all this to maintain their control of fiat money creation which is not permitted under the Constitution.

Except for private bankers being in charge, by 1935-36, when President Roosevelt's government assigned the authority for money creation to the Board of Governors of the Federal Reserve (in concert with regional reserve banks), America's banking system was brilliantly established. Doing away with fractional reserve banking, as proposed by some monetary theorists, is a monumental mistake without first eliminating the monopoly structure. The simplicity of controlling the money supply through mandated reserves is lost. Unwittingly, their goals of eliminating fractional reserve banking are the same as the corrupt bankers who pushed through legislation which eliminated most reserve requirements (before the current crisis with its massive guarantees, only $40 billion were backing $3.5 trillion in deposits). But they did not, because they could not by constitutional law, eliminate the principle that only the government can create fiat money. That is the prerogative of the Federal Reserve which is—as proven by all profits, almost 98% of the Fed's gross income, being paid to the Treasury—federally owned.[a] See also John Kenneth Galbraith, William Greider, and James Livingston.[15]

The Fed calls the reserves they created, the reserves deposited as that base money circulates (up to the point in time it is again loaned out), and currency in circulation as "high-powered money." Through their control of the Fed, private bankers create all the money they need to cover the ever-expanding values of their monopolies. But, in federally mandated modern fractional reserve banking, only the Fed can credit one account without debiting another and expand those reserves (create base money). Only in the sense that private bankers control the Fed do they create money. What some theorists call creation of money by private banks as money circulates is really only an accumulative accounting of whose hands base money pass through as it circulates from deposit to deposit.

What is happening, and the terminology used, is deposit creation. When that $10,000 loan is withdrawn, spent, and redeposited into the banking system's reserve accounts, the 10% reserve for that loan and the latest reserve deposit exactly match the original $11,000 of base money. Ninety percent of that 2nd deposit is loaned out, spent, and returns to the banking system as a 3rd reserve deposit. The 10% in reserve backing the first two loans and the 3rd reserve deposit again exactly equal the original $11,000 in base money.[b] In the 4th, 5th, 6th, and all subsequent circulations, the latest reserve deposits ad-

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[a] The Bank of England was chartered in 1694 as a privately owned central bank. Government IOUs instead of Gold were used as reserves. Those debt instruments were nothing more than the faith and credit of the British government. Something visible and valuable to back money was only because citizens were habituated to money backed by gold. Today all central banks create money backed by the faith and credit of the government and they ignore the ritual of a symbol of value backing money.

[b] By removing bankers from the helm and keeping the money supply in balance, a Federal Reserve overseeing required reserves is pure gold to an economy. With it an economic collapse can be stopped in its tracks (assuming they point that money towards the real economy instead of the ethereal world of high finance as they are doing during this financial crash, 2007-09).

ded to the retained reserves always add up to the original reserves, which is Federal Reserve created base money. One person's spent loan is quickly redeposited as another person's reserve deposit. Never is money in two people's hands at the same time. Beyond the initial creation of money by the Fed, there is only an accounting of whose hands base money is in at any one time. That accounting accurately measures economic activity and the number of times money has been spent and redeposited. At all times the money supply is the amount of base money available for spending or loaning. (Before the current massive creation of money, U.S. base money [reserve deposits] of roughly $850 billion was supporting a total money supply circulation of $13 trillion. By May 2009, $1.64 trillion of created money [still base money] was needed to keep the economy from collapsing as the slowing of circulation reduced the money supply. Such crises will not develop when banks are socially-owned and operated.)

At 10% required reserves for a $10,000 loan issued from a reserve deposit, when the cycles—anywhere from 30 to 50 in ever smaller increments—of the acclaimed circulation (velocity) of money is complete, a total of roughly ten times that original loan will have been accounted for. Though $100,000 in trades has been accounted for, $330,000 if considering required reserves of 3%, no more money beyond that first $11,000 reserve deposit will have been created. That is exactly what MMM says: there is "no net change in the total reserves" and "the supply of reserves [base money] in the banking system is controlled by the Federal Reserve." That $100,000, or $330,000, is only an accounting of the committed (loaned) reserves circulating, loaned, deposited, and reloaned 30 to 50 times or more in ever-smaller increments. The reserves backing those multiple deposits, or loans if you are looking at the other side of the double entry bookkeeping ledger, are, at all times, the original $11,000 (the example we started with) created by the Federal Reserve.[c]

The money supply is only base money's measured circulation. If the receiver of what is commonly, and wrongly, referred to as "private-bank-created money" puts it under the mattress instead of into a reserve deposit, money circulation (velocity) stops. But as soon as that person spends the money, where it is soon deposited into a reserve account, again 90% is loaned back out, that money is then committed and there is no surplus to loan until it is again deposited (typically within hours or days if the transaction was by check and instantly if by debit card) and 90% of the money continues to circulate as it is again loaned out. In the act of being accounted for each time it

[c] Eighty percent of capital formation is through pension funds, mutual funds, insurance companies, security dealers, and finance companies. Spending or loaning that privately owned money is not subject to reserve requirements. But such expenditures are only a one time thing. While it is on deposit waiting to be loaned and after it is loaned, that money is identical to all other circulating deposits. Loan repayments replaces the money that appears, to some theorists, to be created by money being loaned.

changes hands, the money totals increase and these increasing totals within double-entry bookkeeping make it appear that money has been created. But each trade of money for value has only been counted; base money (reserve deposits) has not increased. It has only circulated. (Loan payments roughly equaling loans made is the missing link in faulty private banks create money theory.)

Private banks creating both money and debt when they make loans is badly misinterpreted by private-banks-create-money theorists. A debt within the normal flow of money is just that a loan or debt to be repaid. It is a normal function within the circulation of money.

Instead: money is deposited, at 10% mandated reserves 90% is loaned, it is spent on consumer products and services or 90% is again loaned out. Pledged (mortgaged) property or personal credit is the guarantee for that loan being repaid. After facilitating any trade, that money continues circulating. Once spent, it has no commitments or connection of any kind to any past depositors or borrowers. That depositor looks to the bank for protection of his-her stored labor and that bank's protections are those pledged equities and the good credit of borrowers.

A bank could have bought a bond, a business, or a vacation for its entire staff instead of making a loan and it would have had exactly the same effect as loaning money. The check written would have returned to the bank as another deposit ready to loan out or to spend. Saying, "The net effects on the banking system [by bank purchases] are identical with those resulting from loan operations," MMM fully backs up our assertion. Surely money theorists will not call a bank's expenditure of money as a creation of money.

Go to any major coin-currency show and any theorist on money creation will become humble. Counties, railroads, communities, and banks have created so many different issues of money that each state requires one or more deeply-researched books on their history of money creation. Successful examples of money creation addressed in most histories have been repeated over and over again throughout each state and the world. That those coins and bills are in collections today testify to most of those money creations as having some measure of success, many very successful.

The $850 billion the Federal Reserve had in treasuries going into the current financial crisis set the limit on how much money they could disburse without consulting Congress. As of mid March, 2008, they had distributed over 60% of that money. Due to the rapidly deepening crisis, the Federal Reserve and Treasury went to Congress for more funds and were authorized to create virtually trillions of dollars ($13 trillion pledged so far, some borrowed, much to be created). So we are very familiar with the process of money creation. Though the Fed is in charge once authorized, when more money is needed it must again be authorized by Congress.

Private banks can only increase money's circulation (velocity); they can never create money because they can no longer add a credit without accounting for a debit as they did for centuries under the goldsmith theory of banking. Today only the Fed can credit without debiting and they can only do so under the authorization of Congress who gives them that authorization in big blocks. Loaning or purchasing from the $850 billion on the Fed's books is to maintain or increase the money supply as the velocity of money slows If people refuse to borrow, spend, or loan, the money supply appears to shrink even though base money has not varied.

Neither the Treasury nor private banks can create money because they cannot credit one account without debiting another. Only the Fed can credit without debiting.

When corrupt bankers pay lobbyist to get the laws changed so they can avoid mandated reserves, sensible accounting principles, and debt to equity ratios (leverage), money circulation (velocity) rapidly increases. Yes money appears to have been created but it has only circulated faster, each dollar of base money has only been spent more times.

A lay person cannot be criticized for calling a speedup in the circulation of money a creation of money. But monetary theorists who follow that faulty logic come up with seriously flawed suggestions on restructuring all aspects of banking.

Private banks-create-money theorists do not address base money, doing so would destroy their thesis. As the creation of base money and its circulation is the very essence of money, all monetary theory textbooks address it deeply.

Further Testing the Assertions that, under Modern Fractional Reserve Banking, Private Banks Create Money

Alternative money theorist's fractional reserve banking assertions are clear, "Deposited money sits in an account until withdrawn by the depositor and, while on deposit, it serves as reserves for the money the banks create through loaning money into existence."

So those theorists are saying, "Private banks create money by crediting it to the borrowers account and must have 10% that amount on deposit [$1,000 in reserve] to back that creation. That $10,000 is spent, and is deposited back into a reserve account which becomes a total of $11,000 in reserve. The $1,000 remaining in the original reserves is still backing that original loan while the $10,000 deposited after that first loan was spent is now additional surplus reserves for further loans."

Challenge 1 Money theorists cannot have it both ways. If that first $1,000 in reserve deposits backs a $10,000 loan, that secondary reserve deposit of $10,000 becomes reserves for a $100,000 loan which completes cycle two. Cycle three creates $1 million. Cycle four $10 million. Cycle five $100 million and four more cycles would reach $1 trillion. No bank will claim either that ability or that right. Such a money creation process would destroy the very meaning of both M1 and fractional reserve banking. Replace those dollars with diamonds as we did earlier and it would be obvious they cannot be created as they circulate.

2 Loan payments coming out of deposits roughly equaling loans spent going into deposits is as fatal to the theory of private banks create money theory as bringing circulating reserves (circulating base money) into the equation.

3 The creator of money owns that representation of value. If banks could create money through making loans they would have tons of money and never go broke. Yet they are going broke all the time and are doing so rapidly as we speak, 2008-09.

4 Competition for profits from money created with a few key strokes would competitively shrink interest rates to just that necessary to keep a bank solvent.

5 The same money theorists that claim private banks create money push for 100% reserves (cash in the vault to back all deposits). If deposits are not loaned out as they claim, that money is still in the bank—available by check, credit card, or debit card—and 100% reserves are already in effect.

6 In the current (2007-09) worldwide liquidity-solvency crisis, banks all over the world are in trouble. Because they cannot, none have created money to solve their problem and central banks and national treasuries are pouring trillions of their newly-created dollars (base money) at them.

7 All money currently circulating within the banking system is federal fiat money where money created by private banks have always had that bank's name printed on it. As all digital deposit money is convertible to cash money, which is federal fiat money (greenbacks), no one would consider giving a private bank the right to create Federal Reserve notes and no one can point to a law giving them that right.

8 Historically interest was normally paid on deposited money. Bank deposits are nothing more than a loan to the bank, typically at interest, that can be rescinded by the depositor at any time.

9 It is against the U.S. Constitution, Article I, Section 8, "The Congress shall have power….to coin money, regulate the value thereof, and of foreign coin."

10 The fundamental principles of double entry bookkeeping does not permit it. Any who did so would go to jail.

11 The seal of the nation, the signature of the Treasurer of the United States, and the signature of the Secretary of the Treasury on every bill, and it being fiat money "good for all debts public and private," prove only the federal government —through the Federal Reserve and under the authorization of Congress—creates money.

12 James Livingston in *Origins of the Federal Reserve,* chapters 7 & 8; John Kenneth Galbraith in *Money: Whence it Came, Where it Went,* pp 126-83, 188, especially pp 134, 144, 177-90, 195-96, 199-200; William Greider's *Secrets of the Temple,* pp 49-50, 280, and Paul Krugman in *The Return of Depression Economics,* 2009, p. 176, clearly say (throughout their books) the Federal Reserve is federally owned and that they create our money. They do acknowledge that between 1913 and 1936 regional reserve banks created money independently for their regions. That freedom led to the Great Depression and, as per laws enacted under President Roosevelt in 1935-36, all creation of money powers were then placed under the authority of the Board of Governors of the Federal Reserve.

Through precious metals as reserves and the faith and credit of nations, that right to money creation had been ebbing and flowing between private banks and governments for centuries. Any time money was created by private banks and loaned, wealth was extracted as that debt was repaid. As wealth represented by newly created money obviously belongs to all, over time governments created all money and theoretically, but not actually because political control still guided that free money to the powerful, all citizens gained their share. It is time for citizens to understand that wealth represented by newly created money is theirs collectively; it does not belong to banks, governments, or those extracting wealth from the economy.

There is precedent for assigning the full powers of money creation by, and for, society to a socially-owned central bank of a "National Banking System." President Abraham Lincoln felt money should be created by society and spent into circulation on essential social needs without debt.

> The monetary needs of increasing numbers of People advancing towards higher standards of living can and should be met by the Government. Such needs can be served by the issue of National Currency and Credit through the operation of a National Banking system.… Government has the power to regulate the currency and credit of the Nation (run an Internet search).

America has a socially-owned, yet private banker controlled, central bank today but does not have a socially-owned National Banking System. Private banker control can be quickly eliminated and socially-owned banks can be just as quickly put in place. When banks go broke they are, under current law, owned by the lender of last resort which is the publicly owned Federal Reserve and legislation can quickly remove all officers with conflicts of interest from that central bank and the Treasury.

As we speak, the Federal Reserve has been pouring money at major banks to keep them afloat. Simply call in those "permanent rotating loans," a euphemism for imminent nationalization, and take over those bankrupt banks. As a socially-owned bank's costs are 1/3rd that of private banks, higher interest can be paid to depositors and lower interest charged to borrowers. Backed by the Fed's money creation powers means socially-owned banks cannot go broke and depositors and borrowers will flock to that security. Already in trouble, the rest of the banks will turn in their keys as their customers disappear.

The Fed's Open Market Operations Hide the Simplicity of Money Creation

To maintain the secret of how simple money creation really is and to avoid the creation of debt-free money for infrastructure and essential services so as to reserve those investment opportunities for monopoly capital, designers conceived the Fed's Open Market Operations.

Money is created by the Fed buying debt instruments and its bank crediting the seller's bank account without debiting another account. The reserve accounts of the bank where that check is cashed being credited with the amount of the sale or funding with no debiting of another reserve account creates money. That base money circulating (which includes currency and coin) is the only "real" money within modern fractional reserve banking.

Once the limit of circulation of money is reached, yet there are legitimate endeavors to fund under Congressional oversight, increases in the money supply requires banks borrowing from the Federal Reserve or the Fed purchasing more bonds in the market. In each case no other bank's reserves are debited as that banks reserves are credited and money has been created.[16] If there are not enough purchasers for treasuries in the market, the Fed can purchase that U.S. debt directly and is doing so heavily as we speak (2009). If imminent failure of banks threatens to damage the economy, the Fed may, up to a certain level and under Congressional oversight, create money as a loan to banks or, in an emergency, even loan directly to industries. To do so, the Fed simply credits their account and debits no other account. Lowering or raising reserve requirements increases or decreases the circulation of money (increasing or decreasing the money supply) but does not increase or decrease base money. Base money increases are the responsibility of the Federal Reserve while bankruptcies can destroy that money.

It would be transparent and much simpler for the Fed to credit the Treasury's account and the government spend that money into circulation. As those just-purchased treasuries were originally printed by the Treasury, they can be destroyed rather than go through the ritual of the government paying those debts off and the money then promptly returned to the Treasury by the Fed. They do not do so because the value of those bonds sets the boundaries of the Fed's prerogatives managing and protecting the banking system. When that is spent, only Congress can authorize more.

The interest and principle paid by the U.S. Treasury on Fed-purchased T-bills goes to the Fed, which returns that and a part of other profits—bonds, currency trading, priced services to banks, etc—to the Treasury. In 1994 the Fed received $19.247 billion from the Treasury as interest on bonds and paid to the Treasury $20.470 billion, or $1.223 billion more than it received in interest. The dividends investors in the Federal Reserve may receive are laid out in Section 7 of the Federal Reserve Act (federalreserve.gov/ GeneralInfo/fract/ sect07.htm). Those dividends are dictated by that section, not by bank officers, and, by that same law, profits are returned to the Treasury.

The unpaid principal and interest on those Fed-purchased, and thus government-owned, bonds are simply credits and debits on the Fed's and Treasury's books. Both are government agencies and when payments are made to the Fed by the Treasury that interest, principle, and other profits are promptly returned to the Treasury, thus proving there never was a debt. The Federal Reserve could have openly created that money. But the simplicity of creating money and spending it into existence would be visible to all and maintaining that secret is the very purpose of the whole charade.

Private bankers politically control, but do not own, the Fed. If they really did, the Fed would pay taxes and the owners would retain both interest and principle on Fed-owned debt instruments. Their $212 million in dividends at a mandated 6% interest rate tells us the member banks have under 2.4 billion invested. Since the profits turned over to the Federal Reserve would give it a capitalized value of several hundred billion dollars, it is over 99% publicly owned and under 1% privately owned.

Operation costs are paid for by charges to banks, the Fed reports to Congress, and the payment of over 99% of its profits (almost 98% of its gross income) to the Treasury is proof that the Fed is an arm of the federal government. With all this and the Fed itself claiming it is a government agency that pays no taxes, the Fed is privately owned theorists have nothing to back their claim.

In a society with full and equal economic rights for all, each unit of money represents a unit of use value within the economy. In a steady state economy, value is being destroyed, by consumption and depreciation, as fast as it is created or, if you prefer, created as fast as it is destroyed. Consumption and production are in balance. Still assuming full and equal economic rights as laid out in this treatise, the circulation of base money does this naturally.

In an expanding economy, the Federal Reserve oversees the creation of base money at a rate that maintains the money supply at the proper level. However, with bankers in control, they fail to create money for the right purposes and they control inflation and deflation primarily through increasing and decreasing interest rates rather than, within this monopoly system, increasing and decreasing required reserves. Pointing that created money towards the ethereal world of high finance and towards war along with the failure to fully utilize the power of mandated reserves in balance with money creation, seriously lowers economic efficiency. By our calculations and without counting the wars to protect it all, over half of America's economic efforts are wasted.

America had the good fortune of sincere bankers, tired of the multiple crisis of wildcat banking (one every six years for 80 years), establishing in 1913 and finally restructured to a true central bank in 1935-36, a modern fractional reserve banking system overseen by the Federal Reserve's Governing Board. Then they had the misfortune of corrupt bankers taking over the beautiful system they designed. For the purpose of laying claim to more unearned wealth, they slowly repealed the protective laws of a fully functional central bank, almost eliminated fractional reserve banking, and eliminated the Glass Steagall act which forbid combining banks, insurance companies, and brokerage houses. The foxes had lobbied Congress, were given the keys to the henhouse, and they proceeded to feed on the chickens (meaning you and I) which led to the current financial collapse.

Those selfish few avoided creating debt-free money for education, building post offices, roads, railroads, water systems, sewer systems, electric systems, schools, parks, museums, etc (infrastructure). Instead, **through property rights law as applied to nature's**

resources and technologies, denying others their rightful share of what nature offers to all for free, they guided the nations wealth to their coffers, loaned those appropriated funds back to the masses, did all this on higher and higher margins (leverage), it is now collapsing, and has the potential of another Great Depression, WW III, or both.

The ease of analyzing increasing or decreasing mandated reserves as the most effective method of controlling inflation or deflation means bankers have always known this highly-efficient tool was there but chose to fatten their profits by controlling inflation through higher interest rates. Bonds and stocks rise and fall in reverse order to interest rates and the wealthy do not want to destroy that honey pot by raising or lowering mandated reserves, instead of interest rates, to control the money supply.

Once infrastructure is built and the money supply in balance, the most efficient way to finance and maintain it, plus take care of essential social needs properly funded by governments (universal health care, retirement), is through advance-calculated, socially-collected, resource rents and banking profits. Bankers derailed those potential efficiencies because the massive funds generated through monopolies needed a secure place for investment and investors have always chosen loans to governments as that safe haven.

Unrealized by most, including economists, the tax system is paying both principal and interest on wealth appropriated from its rightful owners, the ones paying off those bonds. The annual unearned values extracted are capitalized by 10 to 30 times, sold, those unearned profits loaned to governments and otherwise invested, and those values are now, in the form of those debt instruments, a debt to be repaid by the same people from which it was appropriated. Those second generation payments are recycled into more bonds or investments and those extracted values are repaid, either through taxes or the excess costs of consumer purchases, over and over in perpetuity.

Monopoly values created through exclusive titles to nature's resources and technologies (denying others their rightful share of what nature offers to all for free) and bought and sold on the markets, are also money creation processes. The proof is the capitalized monopoly values of exclusive titles to nature's resources and technologies continually extracting more unearned wealth and, through the capitalization process, rising in value. Those increased monopoly values require 3% to 10% that much base money be created to finance sales and purchases. Circulation of that base money funds the rest. The quick disappearance of those appropriated values under conditional titles, their transposition into relatively equally-shared use values, and the enormous economic efficiencies, a workweek of two to three days outside the home earning a quality life, that are quickly realized proves the existence of those monopolies as well as their inefficiencies.[d] Such an increase in free time requires a total restructuring of society (see Conclusion).

Very little has to be done for society to reclaim their full and equal rights to finance capital. Buy back those "vestigial" privately owned shares (roughly $2.4 billion) in the Federal Reserve system that "have virtually no practical meaning,"[17] remove those bankers from their undemocratic positions of power, put trained professionals in their place, mandate the creation of money for infrastructure (up to the point the money supply is in balance) raise or lower required reserves to maintain that balance, and run the Federal Reserve efficiently with all regions, all states, all communities, and all entrepreneurs having full and equal rights to finance capital (created money and savings). As addressed above and in the Conclusion, in a financial crisis, inefficient and expensive private banks disappear simply by calling in the revolving Federal Reserve loans shoring them up and converting them into socially-owned banks.

With the $526 trillion derivatives-hedge funds market leveraged anywhere from 35 to 70 times (Freddie Mac and Fannie Mae leveraged 100:1, Citibank leveraged 280:1, and other large banks being similarly leveraged—forcing their bailout) alerts us that banks were functioning as hedge funds. The minimum risk during the inflating bubble as losses were covered by rising borrowing capacity became infinite risk as it unwound and values failed to cover debt. As soon as a major bank was insolvent, such as Bear Stearns which triggered that rush of threatened bankruptcies, those investors could not pay up, hedging costs jumped, and that bankrupted more banks and hedge funds. Income from credit default swaps (actually insurances but to call them that would have required maintaining reserves) and other similarly leveraged bets were spent on high salaries, bonuses, and profits, and the funds to pay those bets simply were not there. The unpaid winners of those bets on margin go broke too. Those who loaned the money for those bets go broke because nobody is able to pay them. Thus the Fed engineered the $30 billion plus rescue of Bear Stearns-JP Morgan to prevent a total meltdown of the $526 trillion hedge fund-derivatives market which would have extinguished the current banking structure running those hedge funds off book. As insolvency skyrocketed within the shadow banking system, credit markets froze, the ethereal world of high finance was crumbling, and, under congressional authority, trillions of Fed created dollars are being thrown into the breach as we go to press. Nikolai Kondratieff's theory that capitalism collapses into a Great Depression every two to three generations due to massive wealth in the hands of the few and limited spending power in the hands of the masses will again have been proven right.

[d] Market charges above use values are monopoly values appropriated through exclusive title or license. The larger share is wasted through the superstructures operating those monopolies'. Values remaining after those excessive costs are both earned profits (roughly 40%) and unearned appropriated values (roughly 60%) which are capitalized into blocs of capital, capitalism's mighty financial engine.

Efficient Social Credits Requires the Tools of Banking, Money Creation, and Social Collection of Bank Profits

All borrowers, consumers of the moment, are borrowing the deposits of savers of the moment. One may be borrowing from oneself, either from a checking account or out of pocket, and expecting to replenish their bank account or pocket change, both are savings. The banking system keeps an account of these trades between people. Many are equal trades, in a month, or year, most people earn roughly what they spend. But the unequal trades, more produced (earned) than spent or more consumed (spent) than earned are balanced by lending/borrowing deposited savings residing in banks' reserve accounts.

Monopolies per se produce no value. If money contracted only productive labor and full values were paid for that labor, money would represent real value and would become a symbol of actual wealth, its use value. Money would then be only a tool, a symbol for the trade of productive labor, which is the mechanism that functions when we describe efficiency increases equal to the invention of money, the printing press, and electricity as an efficient and just property rights structure churns out social credits to fund essential social needs.

Under conditions of equal economic rights, when each person is fairly paid for his or her fully productive labor and each has rights to a productive job, money lent combines land, labor, and industrial capital to produce full value in needed goods and services. A society can be fully productive only if each of its citizens is fully productive. Neither money nor the economy can become truly efficient until all nonproductive extractions of wealth through unequal trades, in both internal and world trade are eliminated. Every contracting of labor for nonproductive use must, on final analysis, be paid for by extracting value from other stakeholders' productive labor.

Powerful bankers thousands of miles away have no concept of local needs and no loyalty to local people. Farmers, homeowners, and small businesses are strapped for finance capital as their locally-produced wealth is claimed by stock speculators, merger and takeover artists, currency speculators, and other gamblers in the worldwide market casinos, the ethereal world of high finance.

Do away with the casino aspect of both banking and stock markets and local private capital needs can be easily financed. Simply calculate finance capital needs and assign a surcharge to all loans to go into a socially-owned capital accumulation fund kept in, and loaned from, local banks. Larger banks will have a similar department for financing large industries. Worker-owned businesses and cooperatives financed by those larger banks would be the economic ideal of labor employing capital. Everything is then local as opposed to an ethereal world of high finance claiming title to wealth all over the world. Capital needs of each federated region of the world, each nation, each state, each county, and each community can be calculated. So long as there are surplus labor and resources and real value is to be produced, finance capital not available from savings can be obtained through creating money. Once established, an investment fund would replenish itself through loan repayments and interest rates high enough to cover loan losses.

Remembering that governments, infrastructure, education, health care and retirement should be financed by resource rents and bank profits (functioning as social credits), it is clear that wealth accumulated in the past through **exclusive titles to nature's resources and technologies, denying others their rightful share of what nature offers to all for free**, has gone for many other things besides society's finance capital needs, primarily buying and selling the capitalized values of appropriated wealth (speculation within the ethereal world of high finance) and for extravagant living.

Every alert entrepreneur knows the big profits end up with those who call the tune with their money. With a socially-owned capital accumulation fund, social collection of resource rents, banking profits, and created money replacing those huge blocs of appropriated finance capital destined for obsolescence under full and equal economic rights, citizens with sound ideas, but no capital, would have the opportunity to realize the profits from their abilities and accumulate capital in their own names. As talent is broadly diffused, wealth, accumulated by true producers, would quickly diffuse itself relatively equally throughout the population.

Just as each individual has rights, federated regions, nations, regions within nations, states, communities, and entrepreneurs should have rights to their share of the world's finance capital (savings as primary-created money, resource rents, and bank profits circulate). Denying borrowed social funds for speculation in the worldwide gambling casinos called stock markets (see Chapter three), but permitting it for new speculative enterprises, would guide lending into productive channels, the real economy as opposed to the ethereal world of high finance laying claim to wealth produced by others.

Consumer credit, within limits, should be a right quickly available, just as it has been pioneered by computerized credit cards. Using eye patterns, thumbprints, and signature scanning, procedures now in use, along with a credit check, risks would be almost nonexistent. Each person's right to credit would be tempered by being subject to standards much as they are now, and the local credit union, an integrated member of the banking system, would be in a position to know a member's creditworthiness. Local bankers should best know the needs of the region and the trustworthiness of those who borrow to build and produce for that society. If not, they should not be bankers.

The economies of prosperous nations are dynamic due to the hopes and dreams of their citizens. These hopes are the motivation for the millions of small businesses springing up. The economic health of a nation requires that those with ideas, talents, and energy have access to finance capital (others savings). With rights to credit, a nation's talented can bring together land, labor, capital, and technology at the right time and in the right place to fulfill society's needs. If there is a shortage of finance capital for productive use, and the resources are available and can be used without destroying the environment, a nation's Federal Reserve simply creates money and the Treasury spends it into existence, up to the level of a balanced money supply, building infrastructure or providing essential services. Through social collection of resource rental values (next chapter) and the greater profits of efficient socially-owned banks paid to society (both are social earnings, neither are properly private earnings), all citizens pay their share of normal social costs through the products and services purchased with their relatively equal pay for equally-productive work.

Only individuals operating under free enterprise and competition, partially so under monopoly capitalism but fully expressed under full and equal economic rights, can develop the billions of ideas necessary for the progress of science, industry, and society. In order for citizens to fulfill these visions and provide their special expertise, it is necessary they have access to credit. With entrepreneurs having rights to finance capital and banking personnel trained to be generous, yet careful, innovation in production by business and industry, productive speculation, would expand.

Credit is currently rationed by the simple method of checking track records and lending up to a certain percentage of a borrower's equity, a great rule for monopolists. "Loans are made in a very impersonal way, everything depends on 'track record,' and if you don't have a 'track record' [or equity], as most young people do not, you can forget it."[18] Access to investment capital should be a right based on productive merit as well as collateralized equity. Thus credit for productive people in their first ventures and those with a vision for productive expansion would be easier to obtain.

With employees of a banking authority trained to be alert to productive investment requests, these loans would be quite simple. When a loan request was received, an evaluation would be made of its potential productive and financial success. If it looked reasonable, the loan would be approved. This is precisely how loans in America were made for the first 15 to 20 years after WW II. After the boom years were over, banks reverted primarily to loans against equity.[e]

With the disappearance of monopoly values, smaller loans would be backed by a smaller, secure, true value and those values would be matched by the savings of fully-productive labor and entrepreneurs within a fully efficient economy. A loan would, of course, require financial accountability by the borrower just as it does now.

Through regional capital accumulation funds charging enough interest to cover risk, loan institutions can fund new projects. It is not necessary to lend strictly to owners who would then hire workers. Those with insight need only prepare a prospectus describing the product or service, market potential, profit expected, financial requirement, and labor needs. The loan institution would study the proposal and, assuming the ideas were sound and beneficial, would approve the loan. Workers would study the prospectus, and agree to 10-20% of their wages being deducted as payments until

[e] With the elimination of appropriated values in the various monopolies, there will not be those monopoly values against which to lend. But neither will money capital be needed to purchase those fictitious values.

their 60-80% of the stock is paid for. Those who planned the productive endeavor would own, and be responsible for paying for, 20-40% of that industry's value. Fully worker owned and operated industries and cooperatives should receive equal consideration. Their financing would be the economic ideal of labor employing capital.

With workers owning a share of industry and a share of their wages used to pay off the loan, those owners would be true producers. Society would receive useful products or services and the nation's savers and national treasuries, providing primary-created money (base money) when necessary, would be fully paid for their finance capital.

With these triple benefits to society, bankers should be taught to pay close attention to requests for investment credits; they are the sinews of capitalism. Most workers would stay on the job, but, once a new business was secure and their new stock had capitalized value, the talented would search out another prospectus, help develop another business, train more workers, gain more capitalized value, and move on again.

Labor would be both mobile and highly productive just as capital is now and the most productive of those workers would be the accumulators of capital. This would be mobilization of labor without the dispossessions that has been so typical of past capitalization processes. Labor would have the same rights to gains in efficiencies of technology as investors now have. The talented would be in high demand by the developers of industry. Periodically, employed working hours must be lowered in step with technology's efficiency gains.

Besides collateral protection, there are three flows of money that make those loans secure, resource rents, profits, and a share of wages. Every success increases the use value, and thus the rental value, of land. As they are sharing in those profits, society's collection of resource rents (see next chapter)—either directly or through lower product and service costs—could, and should, through risk insurance, permit it to accept its share of the risks of new entrepreneurs.

With these restructured borrowing rights, many more people would qualify for investment capital than under equity loans. If successful, they and their workers would own that capital honestly, as opposed to the current custom of capitalizing values through **exclusive titles to nature's resources and technologies, denying others their rightful share of what nature offers to all for free**.

Those searching for a higher return, and confident they have found good investments, could directly employ their capital. Those with the opportunity to lend their savings at a higher rate would be free to do so. But they could no longer obtain high profits by bidding on exclusive titles to nature's resources and technologies rightfully belonging to us all in equal shares and, through that monopoly structure, laying claim to wealth properly belonging to others. The huge blocs of accumulated capital confiscated from productive labor, **roughly 60% of all investment capital, would be transformed into equally-shared use values under these proposed conditional titles to nature's resources and technologies that should be shared with all equally.**

Once restructured, a society must reduce labor time and share productive jobs. If this is not done, new mini-monopolizers, in the form of excessive job rights, will emerge. A socially-owned capital accumulation fund within a modern financial commons (finance capital comprised of created money, resource rents, bank profits, and savings) would eliminate the ethereal world of high finance composed of capitalized unearned rental values and the many games played within the ethereal world of high finance with this surplus investment capital laying claim to ever-more wealth produced by others.

Japan operated just such a capital accumulation fund and utilized it with a vengeance to reach its current position in world trade. We do not suggest a nation's international trade capital accumulation fund (known today as sovereign wealth funds) be that aggressive but it would be great protection against others' predatory trade practices.

Massive accumulations of unearned finance capital are a loss to society, not a gain, while the roughly 40% honestly earned, saved, and operating the real economy, is efficient. That which was not honestly earned is inefficient to the extreme. Not only is creation of money, socially-collected resource rents and profits of socially-owned banks funding infrastructure, governments, and other essential services more efficient than when funded with unearned finance capital extracted from its proper owners, those massive funds floating around searching for something to own is the ethereal world of high finance laying claim to ever more of the wealth properly belonging to others.

A Money Commons

People unproductively attached to the arteries of commerce, either for making a living or making fortunes, see only their momentary self interest and will not permit the necessary legal and social changes to eliminate their wasted labors. Through perception management by think tanks established and funded by the power structure, perpetuated through the university system, and the media promoting and protecting the current unequal social structure, only under extreme crisis can change be imposed upon them.[19] For the sake of precision and clarity, and recognizing that only small changes are likely and then only under severe crisis (which may be upon us as we speak), we are outlining a reconstructed banking system providing finance capital to all relative to their efficiency and productivity.

The key to understanding an honest banking structure is that money and banking are only tools with which to produce and distribute wealth. Beyond a little brick and mortar there is nothing tangible (labor created) there to own. With automatic 100% reserves, a socially-owned and operated bank cannot go broke. Their cost of operation is only ½ of 1% on loans leaving the profits available to fund health care and retirement. An efficient privately owned bank is an oxymoron.

Chapters one through five document that competition does not eliminate monopolization. Instead, those competitive monopolies, protected by "exclusive" titles to wealth they did not earn, consume enormous amounts of resources and labor battling over market share and, in most cases, double the cost of services or products. As elimination of the monopoly system means elimination of those huge blocs of unearned wealth and the owners of that monopolized capital controlling governments, at no time, either within the wealthy world or on the periphery of their empire, have societies been given the opportunity to reorganize to the efficient social and economic structures we describe.

This is why we have heard all our lives, and still hear, about the horrors and waste of governments and the dictatorships and violence of societies breaking free (communication superhighways may change that). Monopolists understand well they disappear if ever the citizenry figure out that an economy controlled by a truly democratic government would double in efficiency and reduce their hours employed outside the home by half.

That efficiency can only be attained when society, not monopolists, collect resource rents and bank profits (which then become social credits); when society shares roughly equally the use values produced by the ever-increasing efficiencies of technology (two chapters below); when all members of society have full and equal rights to primary-created money and finance capital as opposed to its current monopolization; and when the remaining secondary monopolies—health care, insurance, law, etc.—are also eliminated.

Let's assume that an economically viable, highly educated population emigrates and starts up a new economy in virgin territory and were planning to manage it honestly, equally, and efficiently. There are no labor-created values in this virgin territory but this population brings with them basic industrial tools and has the knowledge to run an efficient economy and create a new nation. These modern Pilgrims arrive prepared to establish modern fractional reserve banking to create money, fund production and distribution, store savings, and keep account of this new nation's trades.

Their newly established Federal Reserve is empowered to create money to combine their industrial tools (industrial capital) and labor with their resources to produce basic infrastructure, roads, railroads, post offices, schools, water systems, sewers, communication systems, more industrial tools, etc. Most economists recognize these natural monopolies should be socially owned.

So long as there is surplus labor, unused resources, and a social need not cared for through the current circulation of money, a nation's, or a federated region's Federal Reserve can create more debt-free primary money (base money). Through creation of money and raising or lowering required reserves, a society can maintain the proper monetary balance as base money circulates.

That process (in use by China, increasing mandated reserves 13 times, to 17.5%, and the money supply [base money] by 18% in 2007) is simple. If reserve requirements are increased, loanable funds (circulating monies) are reduced. Thus, as money creation increases reserves, circulating money (the money supply) can be kept in balance. When the economic problem is over, money creation and required reserves are returned to normal. Creation of money for infrastructure is a correct policy only in a developing or expanding economy. A fully developed economy no longer expanding can create money only to the level property is destroyed in natural disasters such as hurricanes, tornadoes, and earthquakes (that destroyed money recreated functions as insurance payments). In a stable—no longer expanding—economy, infrastructure and all other essential needs can be fully funded from resource rents and socially-owned bank profits with their levels calculated to cover those costs.

For developing or expanding economies, creation of money must be planned within the earth's resource capacity and its ability to absorb society's wastes without ecological destruction (a Green Monetary Policy for sustainable development) In a nation's early development, so long as there are surplus labor, resources, and industry, debt-free primary money can be created for education, roads, electric power, water systems, sewer systems, post offices, communication systems, etc. In the very early stages, remembering that balance in the money supply can be retained by increasing reserve requirements, in the early industrial stage even industry can be built with socially-created money. Those options are only viable if a federated region's currency has no value outside its borders (see Conclusion for **dual currency** systems in operation). Once developed, societies can calculate resource rents and banking charges to cover costs of governments, building infrastructure, universal health care, and retirements (economic accounting may require Social Security payroll deductions).

Basic infrastructure makes society far more efficient and greater wealth is produced as base money circulates funding other segments of the economy as those circulating monies (reserve deposits) are loaned and reloaned to produce more wealth.

When money is created and spent for development, society owns what is built or has a mortgage against that created wealth. To the extent there are unemployed workers, unused resources, unused industrial capital, and unmet human needs, and taking into consideration the capacity of the earth to recycle wastes to protect resources, ecology, and environment for future generations, it is only necessary for a nation's Federal Reserve to create the money to employ that labor, utilize those resources, and meet those needs.

Fractional reserve banking as practiced 1936-80 was very close to a modern money commons. Through "revolving reserve accounts," (money circulating) total deposits and loans of each individual bank should be accounted for just as they are now through banks debiting and crediting customer reserve accounts and the Fed debiting and crediting bank reserves. The money supply should be maintained through a central bank creating money, just as now, and increasing or decreasing mandated reserves (at this time largely ignored). Banks should be collectors and loaners of the nation's savings, just as now. All money needed beyond the revolving reserves (base money circulating) would be created by the Federal Reserve, just as now, only done so openly and spent by the treasury directly on essential social needs.

The Fed can lower reserve requirements where loan needs are high, poorer regions which need development, regions of natural disaster, etc, and holding steady, or even increasing, reserve requirements in booming sectors of the economy. The affluent sectors awash in funds thus rebalance the undeveloped sectors previously deprived of finance capital.

There would be economically viable regional rights to created finance capital. Each federated region, each nation, each region within a nation, each state, each community, and each entrepreneur would have a constitutional right to their share of finance capital (primary-created money [base money for that region] and savings) but only a world Central Bank could create the world's trading currency. [f] That creation of money would be, by a formula adjustable to the deficits or surpluses of a region, automatically distributed. There would be neither control by an elite nor control by politics. Keeping money local would be a formula of world regional, national, state, local, and individual rights to primary-created money (base money), resource rents, bank profits, and savings, a society's finance capital.

The success of local currencies proves regions, localities, and individuals are denied their full rights to finance capital. But local scrip is enormously labor intensive and it is neither legal tender nor universally accepted, thus it is limited in circulation (commongoodbank.com has solved that problem). With banks attuned to take care of those needs, each locality would, in the form of rights to finance capital, effectively have a local currency and, because it is legal tender and can be spent anywhere, it would be much more efficient than very respectable and currently necessary local currency schemes, LET Systems, Ithica Hours, Time Dollars, etc.

Honest money, such as we are proposing in a modern commons, is efficient locally, nationally, and internationally. Efficient means they are instantly acceptable anywhere and accounting costs are infinitesimal. The money itself is the accounting system and those costs are reduced to a fraction of accounting under monopolization.

The Populists of late 19th century America studied banking reform. Their agenda

> became a sourcebook for political reforms spanning the next fifty years: a progressive income tax; federal regulation of railroads, communications, and other corporations; legal rights for labor unions; government price stabilization and credit programs for farmers.... The populist plan would essentially employ the full faith and credit of the United States government directly to assist the "producing classes" who needed financing for their enterprises. In effect, the government would circumvent the bankers and provide credit straight to the users.... The government would provide "money at cost," instead of money lent by merchants and bankers at thirty-five or fifty or a hundred per cent interest.[20]

There have been many reforms since those days of blatant extortion by the owners of finance capital, but "the money creation system that the [American] Congress adopted

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[f] This would establish **dual currencies**, one for world trade and others having value only within economically viable nations or regions.

in 1913 [and reformed during the Great Depression] ... preserved the private banking system as the intermediary that controlled the distribution of new money and credit."[21]

That exorbitant interest rates are unnecessary was demonstrated by early Scottish bankers whose thrift is so well known that even today a person careful with his or her money is called "Scotch." In the 19th century, the universal practice of Scottish banks was setting interest on loans 1% above that paid depositors. Their innovative practices are still considered a model of banking stability.[22] With the costs well established at 1% for small-volume banking using expensive hand accounting, ½ of 1% would more than cover costs for large-volume banking using inexpensive computerized accounting.

During the stable years following WW II, the real rate of interest in the United States, allowing for inflation, hovered around 1 to 2%. Previously the normal world rate had been 2 to 3%.[23] Although the real rate of interest during what were considered the best years the world economy has ever known was under 2%, we believe stored labor should be well paid and will allow the highest long-term average real rate of interest paid to investors, 3%, as a fair rate. With monopolization and the waste it engenders eliminated, with workers fully paid for their fully productive labor, and with interest on savings at the high end of historical norms, both industrial and finance capital (stored labor) and current labor would be well paid. People would save and those savings would be available for productive investments. The tendency of many people to spend any money in their pocket requires motivation for savings deposits through paying no interest on checking accounts.

Detractors may decry this as a loss of their rights. But the only right lost is that of the powerful to intercept the production of others' labor, especially those pure gamblers whose wagers within the ethereal world of high finance amount to 50 to 100 times the investment, labor, and commodity, activity in the real economy. An honest banking, production, distribution, and consumption economy will have adequate entrepreneurial speculative funds but not the massive blocs of capital consisting of the capitalized value of wealth appropriated through exclusive titles to nature's resources and technologies rightfully shared by all. Though a large share ended up in productive investments where they create immense problems in restructuring to an honest economy—that elephant in our living room discussed in detail in the Conclusion—their original purpose was buying and selling those capitalized extracted values (misnamed profits) within the ethereal world of high finance which, when restructured to an honest economy, no longer exists.

Though the interest rate on loans could be made 1% over that paid savings, totaling 4%, an efficient economy would charge possibly 6-to-8%. In league with social collection of resource rents, those surpluses would become social credits for essential social and human rights (funding governments, economic infrastructure, education, universal health care, retirement, etc). Those funding needs and the sums collected from resource rents and interest charges can be adjusted to provide all necessary social credits.

With the exception of money created, total debits and credits will balance, withdrawals will equal deposits. With a fully integrated banking system, any deviation from that balance could be quickly corrected. The visible flow of funds would be the economic pulse of a community, a region, a nation, a federated world region, and the entire world. Any unexplained deficit in a bank, community, or region could be immediately looked into while normal deficits are balanced by others' normal surpluses.

To provide an adequate living standard for all people and still protect the world's resources and environment, a balance between a respectable living standard and the capacity of the earth's resources and ecosystems will have to be reached. Assuming imperial centers of capital could no longer siphon the world's wealth to themselves and then waste it battling over that wealth, the thesis of this author's *Economic Democracy: A Grand Strategy for World Peace and Prosperity,* 2009, updated 2nd edition; societies throughout the world could then progress calmly and rapidly.

Every trade financed by money capital moving between two banks creates a change in those banks' reserve accounts at the central bank for that currency. If that central bank does not honor a transaction in its currency through suspending targeted banks' access to their reserves, those banks funds are frozen.

The power to discount currencies and freeze funds of developing countries gives powerful nations effective control over currency values and thus control over others' ability to create money. Nothing is more important for a nation's or a region's economy than productive use of created money and savings, its finance capital. This requires their currency being under their control, spendable only within their borders, and an honest World Central Bank currency; a dual currency system handling trades between nations with a mandate to protect the value of all currencies.

The Theory of Interest as Usury

Working on a bill to submit to the Eighth Session of the Provisional World Parliament, Professor Glen Martin of Radford University expanded upon the Biblical and Koranic principles that it is wrong to charge interest. As money and banking are social technologies understood for thousands of years, ownership is only proper for items built by one's labor or purchased with funds earned by one's labor, and banking systems are neither, they are properly socially owned.

What caught Professor Martin's attention was that, if properly structured, the elimination of the waste of monopolies and the attaining of full and equal economic rights through sharing the remaining productive jobs, with paid employment two to three days per week and being equally-paid for equally-productive labor, equalizes the earnings of all relative to their productivity. It also does away with the huge blocks of wealth formerly extracted from its proper owners through exclusive title to nature's resources and technologies rightfully shared by all.

Beyond application, approval, accounting, and brick and mortar costs, recoverable at a ½ of 1% interest rate on loans, there is no one within a banking system applying anything other than normal mental or physical labor. Therefore, though all are entitled to be well paid, no one is entitled to the unearned profits earned through 6-24% interest charges or the many other methods of bankers to extract wealth properly belonging to others. The ethereal world of high finance will have disappeared.

By raising required reserves in step with the creation of money, it is possible to create money for a developing region's first industries and infrastructure. As the economy develops, industries can be financed from savings and infrastructure from resource rents paid to society. At a modest level—by raising mandated reserves every two months for a year (to 17.5%) and by creating money (increasing base money) at an annual 18% rate during this timespan—China is, at this moment, testing this theory. Other developing regions will be studying that model. It will work beautifully so long as you use a currency spendable only within the borders of a region and handle trade between regions through an internationally-created honest trading currency as China, Russia, and others are petitioning for as we speak. Once substantial industry and infrastructure is in place, mandated reserves can be lowered as social credits are funded more and more from resource rents and banking profits.

Honestly-earned depositor savings are entitled to interest on their stored labor. They should be rewarded and we do so through, as outlined above, the payment of interest on savings at the high end of long term averages, 3%. Operating costs are ½ of 1%. The key is what is done with the profits of 2-to-6% earned by banks. No one's labor is involved beyond that of well-paid managers, accountants, and clerks within the banking system and we have deemed monopolies structured through exclusive titles to technology (their licenses) are the heart of the current monopolized banking system. So, beyond brick and mortar, there are few tangible, labor-created, values to own. Thus the proper recipient of bank interest, above operational costs, is society itself.

With society **paying banking profits to themselves**, those social credits fund universal health care, retirement and other essential services. As all are returned to society collectively, effectively there is, just as preached in the Bible and Koran, no interest. Society has simply taxed the loan structure in the form of an annual percentage on outstanding loans. The differential between the 3% paid savers and that charged borrowers and the charges for resource rents would be balanced to cover government costs, building and maintenance of infrastructure, universal health care, retirement and other essential social costs.

Once the world is developed to a sustainable level, as we demonstrate in the Conclusion can be done within two generations, the wealthy world will have repaid the struggling world for 500 years of slavery and plunder through which the massive wealth of the imperial nations was accumulated. At that point interest and resource rents society is **paying to themselves** should, except for those protecting against resource depletion and environmental degradation, be reduced to the level required to operate a peaceful federated world. To not federate means continual war. **To federate under full and equal economic rights for all means peace for all time.**

The elimination of banking monopolies through socially-owned banking, with the **profits paid to themselves** (society) and spent on infrastructure, universal health care, retirements, and other essential social needs, engenders an economic efficiency gain equal to the invention of the printing press. This increased efficiency would require democratic and communitarian oversight to conserve the earth's resources and protect the environment (see Conclusion).

Restructuring exclusive title to land and resources offered to us all for free by nature to conditional title, exposes exclusive titles to nature's resources and technologies as the centerpiece of property rights law for all monopolies. Monopolization of banking, technology, communications—with land they are the four primary monopolies—and the secondary monopolies—insurance, health care, law, etc—are all understandable as monopolization of nature's resources and technologies (including social technologies).

As the monopolization of money and banks are eliminated, those huge blocs of capital previously buying and selling the capitalized appropriated values (misnamed profits) within the ethereal world of the current banking structure are transposed into rights to equally-shared use values within a system of full and equal economic rights.

We now turn to how full and equal economic rights requires society collecting resource (land) rents to provide social credits for funding governments, building and maintaining infrastructure and providing education, health care and retirements.

2. A Modern Land Commons, Citizens Paying Resource Rents to themselves

Land, minerals and other aspects of nature's wealth are subtly monopolized by private collection of rental values on what nature offers free to all. This monopolization of social wealth started centuries ago as the powerful structured superior rights into ownership of land. As British Prime Minister Winston Churchill said, land is "by far the greatest of monopolies—it is a perpetual monopoly, and it is the mother of all other forms of monopoly."[24] This chapter is essentially Henry George's thesis.[25] Monopolizations of industrial and social technologies, banking etc, were patterned off land monopolies but go well beyond his writings.

When resource rents are privately collected, it is "an extraction of uncompensated value from others" (search for rent seeking). When society collects its full due in resource rents (meaning **citizenry is paying those rental values to themselves**) all private-property use rights will be retained. As the initial cost of land drops to zero, ownership of land for homes, businesses, and production will be a human and community right. With resource rents replacing all taxes, land for homes and businesses would, on balance, cost nothing. Those rental values coming back to all citizens as social credits financing infrastructure, health care, retirement, running governments and other essential services means society is quintuply repaid for restructuring to **paying resource rents to themselves** (society). Eliminating monopolization would not only increase your right to land and the profits from its productive use, it would ensure that human right.

Reclaiming Your Share of Values Produced by Nature

If a person were born with fully developed intelligence, physical ability, and judgment, but without social conditioning, one of the first confusing realities he or she would face is that all land belongs to someone else. Before one could legally stand, sit, lie down, or sleep, he or she would have to pay, or have the implicit permission of, whoever owned that piece of land. This can be shown to be absurd by reflecting on the obvious: land, air, and water nurture all life and each living thing requires, and is surely entitled to, living space on this earth. No person produced any part of it, it was here when each were born, and their share of its bounty is everybody's common right.

By observing exclusive titles to nature's resources in action, earlier economic philosophers were able to deduce that the essential factor in claiming all wealth produced by nature was exclusive (private) title to land and, unless others paid a private tax known as land rent which denied others their share of all values produced by nature. All other monopolies follow those principles:

> The first man who, having enclosed a piece of ground, bethought himself as saying "this is mine," and found people simple enough to believe him, was the real founder of civil society. From how many crimes, wars, and murders, from how many horrors and misfortunes might not any one have saved mankind, by pulling up the stakes, or filling up the ditch, and crying to his fellows: "Beware of listening to this impostor; you are undone if you once forget that the fruits of the earth belong to us all, and the earth itself to nobody."[26]

Jean Jacques Rousseau, in A Discourse on the Origins of Inequality, was outlining the injustice of one person having exclusive title to another's living space. This practice is only customary. It is part of social conditioning (perception management) that locks society within belief systems. Being thoroughly conditioned, and having never experienced or imagined anything else, few realize that under exclusive private ownership of land and other aspects of nature's wealth including mechanical, chemical, electrical, and social technologies, they do not have all their rights. Instead, the possibility of eventually owning one's piece of land or a license to practice within a monopolized structure—banking, insurance, law or other social technologies—is viewed as full rights. Being conscious of the not-so-distant past when common people did not have even those rights, citizens view and celebrate these limited rights as full rights.

Mark Twain recognized that alienation of nature's gifts in unrestricted private title by one person and loss of rights for others: "If he owned the entire world, all the wealth of the world would be his and all the world's citizens would be his slaves."

While one's lack of full and equal economic rights is difficult to visualize when a person is accustomed to exclusive ownership to what nature provided free for all, it is easy to see if one uses a gift of nature, such as air, that has not yet been alienated from the commons. Air is one of nature's gifts and if a group could claim title to it (when windmills were invented such efforts were made), each person would have to pay for the right to breathe just as now they have to pay for the right for a place to live.

Water was still free long after land was fully claimed. As population density increased and water became scarce, it became profitable to claim exclusive title to water. Whenever those claims of ownership are encoded in law, water sources develop high capitalized values and society would become accustomed to paying dearly for its drinking water. By paying those monopoly values, one is giving up wealth that is properly theirs.

When one analyzes monopolies, it becomes apparent that exclusive title to gifts of nature creates unnecessary social costs in the form of massive waste of labor and resources far exceeding the unearned gains of monopolists. Instead of society wasting that wealth paying non-producing monopolists, each one's proper share of nature's bounty should be paid by, and distributed right back to, all citizens through socially-collected resource rents becoming the social credits funding infrastructure, education, universal health care, retirement, running governments, etc. The secondary monopolies—insurance, health care, law, etc—are social technologies with only modest amounts of tangible, labor-created, values but high monopoly values. Each one's proper share of values to which they have a natural right is assured by replacing marketing rights (licenses within a monopolized structure) with social rights or human rights to those services.

Pride in Ownership Must be Maintained

Land is, unquestionably, social wealth. However, the right to one's space on this earth, the pride it returns to its owner, and the care normally given to one's personal property, are compelling reasons to keep land under a conditional form of private ownership. If equal rights for all to a share of the production of land are acknowledged through society collecting resource rents, private ownership is socially efficient and fully justifiable. What is unjust is the unrestricted monopolization of the natural resources that nature freely provides on, above, and under, land. It is necessary to keep private ownership of land and resources while eliminating monopolization and its unavoidable inequities.

The Feudal Origins of Land Titles

Societies have battled for title to land for millennia. One society's violent claim to land is another society's violent loss. Today's landowners are the descendants of the winners of the latest clashes of cultures. After the collapse of the Roman Empire at the hands of the Germanic tribes, the common people regained their rights to the land, and the use of nature's wealth in common again developed a powerful following.[27] Their belief in freedom and natural rights resembles our belief (but not our practice) in these principles today.

However, this reversion to social wealth in public ownership came under attack by powerful clans. Petr Kropotkin, a unique historian, describes the repression of these rights as the origin of the modern state: "Only wholesale massacres by the thousand could put a stop to this widely spread popular movement, and it was by the sword, the fire, and the rack that the young states secured their first and decisive victory over the masses of the people."[28] Those people were struggling against imposition of a legal structure (privatization) which protected exclusive title to land,

and all the resources on and under the land, previously owned and used by all in common.[a]

As described by Kropotkin, the medieval roots of our culture grimly parallel the massive slaughter in many countries of the developing world today. People in these countries are fighting to retain, or reclaim, their right to a fair share of the earth's wealth, resources now owned by the cultural descendants of earlier violent thefts of land. The resemblance here is not a coincidence; current struggles are a continuation of that medieval battle over who shall have rights to nature's wealth and, as we have stated and will be demonstrating further, today's land titles are feudal exclusive property rights. However unjust, if legal title to land or any other gift of nature can be established (the privatization process) those with unrestricted title can, through the collection of rental values or various overcharges, lay claim to wealth produced by others.

In the 14th century, the sharing of social wealth in common was still practiced by local communities. But, tragically, that century saw the beginning of a 300-year-effort by the aristocracy of Europe to erase all trace of communal rights. Kropotkin explains:

> The village communities were bereft of their folkmotes [community meetings], their courts and independent administration; their lands were confiscated. The guilds were spoilated of their possessions and liberties, and placed under the control, the fancy, and the bribery of the State's official. The cities were divested of their sovereignty, and the very springs of their inner life—the folkmote, the elected justices and administration, the sovereign parish and the sovereign guild—were annihilated; the State's functionary took possession of every link of what formerly was an organic whole. Under that fatal policy and the wars it engendered, whole regions, once populous and wealthy, were laid bare;

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[a] In *The Earth Belongs to Everyone,* chapter one, published by this institute, Alanna Hartzok addresses the formalization of the privatization process into modern law as starting with the Statute of Merton in England in 1235. Many other authors address important aspects of that system of theft of wealth produced by others designed centuries ago that needs to be collated as sources and citations.

The privatizations ongoing today are extensions of that same process, read *Shock Doctors,* by Naomi Klein. The rule of thumb is that privatizing the commons more than doubles costs and creates a mega wealthy class as it impoverishes the masses. The 50% overcharges today (those doubled costs) are the same 50% of a serf's production paid to aristocracy 300 to 800 years ago. Lawmakers today are continually expanding those aristocratic rights and deferring to the rights of the masses only when the threats of ballot box revolutions are high. Steven Hiatt, Editor, *A Game As Old As Empire*: and Chalmers Johnson, *Nemesisa: The Last Days of the American Empire* add to this picture.

As Co-Director of Earth Rights Institute. Alanna is currently directing a 34 member International Advisory Group which is developing a program on land value capture for the UN Habitat's newly-launched Global Land Tool Network (see www.earthrights.net). This effort is in the forefront to reclaim the rights lost through the privatization process.

> rich cities became insignificant boroughs; the very roads which connected them with other cities became impracticable. Industry, art, and knowledge fell into decay.[29]

Though privatization of the commons started with the Statute of Merton in 1235, the continued efforts to alienate the individual from common use of the natural wealth of the land are documented in Britain by the nearly 4,000 enclosure acts passed between 1760 and 1844 that effectively gave legal sanction to this theft.[30] Those enclosure acts were the continued privatizations which, in turn, are the continuations of rent seeking legal structures (monopolization) appropriating wealth produced by others.

For the powerful to protect their exclusive titles further, it was necessary to erase from social memory all traces of the earlier custom of social ownership of social wealth. Kropotkin points out, "It was taught in the universities and from the pulpit that the institutions in which men formerly used to embody their needs of mutual support could not be tolerated in a properly organized State."[31] Classics for the past 400 years justified that injustice and we hear those justifications yet today: "This is the most efficient and proper social structure."

The classic descriptions of the evolution of capitalism explain how trade and industrial capital usurped the preeminent position of nobility with their historical title to all land. Yet in parts of Europe an elite social class still owns large tracts of land. As late as 1961, the Duke of Bedford, the Duke of Westminster, and the British Crown owned the most valuable sections of London, and large estates still abound throughout the countryside. In fact, at the turn of the 20th century,

> the English upper class consisted ... of around ten thousand people drawn almost entirely from a core of 1,500 families.... The aristocracy owned great estates and houses and works of art—but, above all, they owned land. Well over ninety percent of the acreage of Britain was theirs.[32]

Today's neoliberal philosophies are ongoing efforts to prevent a rekindling of mutual support beliefs and social wealth held in common. Today we are taught, by those who parrot the original disinformation, that an efficient economy requires all property being privately owned with each individual a "free" bargaining agent. To avoid repetition, I suggest returning to the Introduction and read again that analysis on exclusive titles to nature's wealth having descended from aristocratic law and how today's unequal property rights laws are little more than aristocratic law. Their massive extraction of wealth from its proper owners is the beating heart of **the monopolization, wealth extraction, process**.

Our disagreement with current property rights is that title to land, or any other gift of nature, including mechanical, chemical, electrical, and social technologies, should—since no person built this natural wealth and all are entitled to their share—be conditional. Exclusive title as opposed to conditional title is that remnant of feudal law which is the primary cause of today's inefficient economies creating a wealthy few and an impoverished many, and the wars protecting power and wealth.

Private Ownership of Social Wealth Moves to America

Parts of America's land ownership were originally structured under the same aristocratic property rights as in Europe. The "manorial lords of the Hudson Valley" owned huge estates "where the barons controlled completely the lives of their tenants." One such estate in Virginia covered over five million acres and embraced 21 counties.[33] Such excessive greed contributed to the widespread dissatisfactions that fueled the American Revolution.

> Under Governor Benjamin Fletcher, three-quarters of the land in New York was granted to about thirty people. He gave a friend a half million acres for a token annual payment of 30 shillings. Under Lord Cornbury in the early 1700s one grant to a group of speculators was for two million acres.... In 1689, many of the grievances of the poor were mixed up in the farmers' revolt of Jacob Leisler and his group. Leisler was hanged, and the parceling out of huge estates continued.[34] [B]y 1698, New York had given thousands of acres to the Philipses, Van Cortlands, Van Rensselaers, Schuylers, Livingstons and Bayards; by 1754, Virginia had given almost three million acres to the Carters, Beverleys, and Pages—an early example of government "aid" to business men.[35] [Spanish land grants were even more extensive]

Despite the egalitarian rhetoric of the American Revolution and an attempt to place a proclamation in the Declaration of Independence for a "common right of the whole nation to the whole of the land," the powerful looked out for their own interests by changing the wording of Locke's insightful phrase: "All men are entitled to life, liberty and property." This powerful statement that all could understand, especially if they replaced the word property with "land," coming from a highly respected philosopher was a threat to those who monopolized that natural wealth. So they restructured those words to "life, liberty and [the meaningless phrase] pursuit of happiness." The substitution in America's Declaration of Independence of phrases which would protect every person's rights to nature's wealth for words protecting only the monopoly rights of a few should alert one to check the meaning and purpose of all laws of all societies carefully. Only portions of the huge estates described below were confiscated, and "speculations in western lands were one of the leading activities of capitalists in those days":[36]

> Companies were formed in Europe and America to deal in Virginia lands, which were bought up in large tracts at the trifling cost of two cents per acre. This wholesale engrossment soon consumed practically all the most desirable lands and forced the home seeker to purchase from speculators or to settle as a squatter. "[Moreover, observes Beard], as the settler sought to escape the speculator by moving westward, the frontier line of speculation advanced."[37]

Some of America's famous leaders were deeply involved:

> In the Ohio Valley a number of rich Virginia planter families, amongst whom were counted both the Lees and the Washingtons, had formed a land company and this, the Ohio Company, founded in 1748, was given a crown grant of half a million acres.[38] [And with] every member of the Georgia legislature but one [having] acquired a personal interest in the speculation schemes, [they sold thirty-five] "million acres to three ... land speculating companies for a total payment of less than $210,000.[39] [That is six-tenths of a cent per acre. Thus,] as the frontier was pushed back during the first half of the nineteenth century, land speculators working with banks [and corrupt legislators] stayed just ahead of new immigrants, buying up land cheap and then reselling it at high profits.[40]

Those who participated in these later land grabs knew the route to wealth lay in claiming exclusive title to land so those who followed would have to buy or rent it from them. Whether rented, or sold at high capitalized values, a share of the wealth produced each year would be siphoned to the owners without expenditure of their labor.

Individuals, such as the butcher's son John Jacob Astor who had title to much of Manhattan Island, became immensely wealthy. Matthew Josephson, in *Robber Barons*, and Peter Lyon, in *To Hell in a Day Coach*, document the greatest land grab in history when the railroads, through control of state and federal governments, obtained unrestricted title to 183 million acres of land, 9.3% of the land in the United States. By the turn of the century this included "more than one-third of Florida, one-fourth of North Dakota, Minnesota, and Washington and substantial chunks of 25 other states."[41]

> The state of Texas was the most generous of all: at one point they had actually given away about eight million more acres than they had in their power to bestow; as it finally turned out, they forked over to twelve railroad companies more than thirty-two million acres, which is more real estate than can be fitted inside the boundaries of the state of New York.[42]

Those to whom this land was parceled out had taken care to buy Congress and codify their exclusive title in legal statutes, inequality structured into property rights law. The arrival of the railroads provided easy access to these lands and made them valuable. Instead of immigrants being allowed to choose land on a first-come first-served basis and using its rental value to develop social infrastructure, the land-hungry poor were forced to buy from these profiteers. Land sales by speculators were contracts siphoning a part of the future labor of those who bought the land to the speculator.

America's celebrated Homestead Act of 1862 came after most of the choice land had already been claimed by speculators. Some 600,000 pioneers received 80 million acres under this act, but this was less than half that allotted to the railroad barons, who were only the latest in a long line of profiteers. These new lords of the land thoroughly understood the legal mechanics of siphoning wealth produced by others to themselves. They knew all the surplus land had to be owned before their land could have significant value, thus the Homestead Act was vital to their plans of attaining great wealth.

Saleable Land Titles Permitted the Mobilization of Capital

Once land had been confiscated from the masses in the Middle Ages, it belonged permanently to the lord of that land and could only be lost through war. When English law changed to permit the sale of land, this created the foundation for modern capitalism. When an entrepreneur wished to speculate by building a factory or ship, land could be mortgaged for that venture. This provided a broader base of wealth to loan against than loaning against potential profits from monopoly trade rights issued to favored friends by royalty.

The privatization of land and resultant mobilization of capital was a key stage in the development of capitalism that expanded rights to more people. However, those exclusive titles to nature's wealth still maintained the structure of law which permitted nonproducers to claim what properly should be social credits (those rental values) funding essential social needs.

An efficient economy will have neither those capitalized appropriated values (misnamed profits) nor the huge blocs of unearned capital currently buying and selling them. Starting from a clean slate, money had to be created to buy those first capitalized values. When those exclusive titles are restructured to conditional titles that amount of money, roughly 60% of all finance capital within capitalist nations along with the capitalized values of all monopolies that finance capital had been buying and selling, are transposed into equally-shared use values. The remaining 40% runs the economy efficiently (see pp. 38-50, 119-20, 143-51, and the Conclusion).

Slave labor was also a method to accumulate capital and pockets of slavery remain today. Export platforms in the developing world that avoid taxes and pollution laws and pay dimes per hour for workers to produce items for sale in the developed world, where workers with the same qualifications are paid $9 to $35 an hour, is a simple capital accumulation scheme akin to slavery.

The forced acceptance of opium sales to China a century ago and the turn-around sales of drugs to the developed world today accumulates capital. Charging Japan's well-paid citizens triple the price for Japanese manufactures or food as the same item would cost in Europe or America was also a capital accumulation scheme.

The "Robber Barons" of the late 19th and early 20th centuries accumulated capital at an unnecessarily great cost to all others in America. That cost is not acknowledged because, even with massive destruction of natural wealth, timber, topsoil, etc, the remaining vast resources could still provide a good living for the relatively small population. The timber burned to clear the land could have provided a fine set of hardwood furniture for every family on earth and topsoil could have been preserved to feed people for millenniums.

Through hard work, frugality and-or good fortune, a family owns a valuable piece of land. When the breadwinner's buying power decreases or ceases due to death, tracts of land are sold off piecemeal to maintain the accustomed standard of living. All money from land sales deposited within the banking system as savings become part of the nation's finance capital. Eventually all the lands are sold, some of the money becomes accumulated capital, and the part spent to maintain the family, that also could have been accumulated capital if that person had worked for his or her living, becomes consumed capital.

John Jacob Astor's exclusive title to a large share of, and piecemeal sale of, Manhattan Island, as addressed above is probably America's leading example of wealth accumulation through land monopolization. As tracts of land became smaller and smaller, their use values, and thus their capitalized monopoly values, rose higher and higher. The values unrealized (potential capital), the capital wasted through high living of heirs and the enormous monopolized values restricting others' rights tells us transposing those rental values into social credits is far more efficient.

A simple adjustment in the law, **each paying resource (land) rents to themselves** (society) and those funds building infrastructure and providing other social needs attains those rights. The "mother of all monopolies," the private taxation of land, will have been eliminated. Each will have rights to land and their share of the wealth produced. Applying those principles to all monopolies doubles economic efficiency and eliminates both poverty and reasons for wars.

Profound Thinkers Who Believed in Society Collecting Resource Rent

The French Physiocrats were the originators of laissez faire, the philosophy of little government interference. They held as a cornerstone of their beliefs—extended from the work of Jean Jacques Rousseau, John Locke, William Penn, and Richard Cantillon 50 to 100 years earlier—that **society should pay resource rents to themselves** (to their government). One of their most respected members, Mirabeau the Elder, held that this would increase social efficiency equal to the inventions of writing or money. Note: Some of these theorists were royalists who would point those rental values towards the king and their thesis is only of value if those rental values are returned to the citizenry in the form of economic infrastructure and social services.

David Ricardo formulated the law of rent which supports the logic of Mirabeau's statement. Put in simple terms, Ricardo's law of rent means that all income above that necessary to sustain labor will be claimed by the owners of the land without the expenditure of their labor. A land monopolist retains ownership of land until some innovative entrepreneur sees its potential for more productive use. The high price demanded effectively siphons a part of the wealth produced by that entrepreneur to the previous owner, now the holder of that mortgage and sales contract. Ricardo not realizing the proper owner of those resource rents was society testifies to his being a justifying philosophy.

Ricardo's law of rent explains how society's surplus wealth is siphoned to the owners of land and how that monopoly maintained itself through the ever-rising price of land. He outlined how wealth came directly from land and accrued to the owner; how all wealth above the survival needs of the hard working people flowed to those with title to the land without expenditure of their labor; how these profits capitalized land values ever higher, perpetuating the flow of newly produced wealth to titleholders; how commercial successes were dependent on location and those profits too went largely to owners riding its value up to ever-higher levels.

Adam Smith's statement "every improvement in the circumstances of society raises rent" tells us he knew titles to land claim much of the wealth produced by the increased efficiencies of society.[43] The respected economist John Kenneth Galbraith, although questioning changing tax policy at this late date, accepted the justice of society collecting resource rents. In 1978, the conservative economist Milton Friedman stated, "In my opinion the least bad tax is the property tax on the unimproved value of land."[44]

Earlier philosophers who believed in the free enterprise philosophy of the Physiocrats, "society collecting the land rent," include Thomas Paine, who is credited with proposing much of the Bill of Rights; William Penn; Herbert Spencer, the noted philosopher in his classic Social Statics; Thomas Sperry of the Newcastle Philosophical Society; and philosopher John Stuart Mill. These early economists were not radicals. They all "believed in the sacredness of private property, particularly land."[45]

Besides Henry George, the leading theorists on the subject, the Robert Schalkenbach Foundation lists over 100 more famous thinkers —including Confucius, Moses, Thomas Jefferson, Mark Twain, Henry Ford, John Maynard Keynes, Albert Einstein, President Eisenhower, and several popes—who recognized the principle that the natural product of the land belongs to all citizens, and lists various places in the modern world where these policies have been, at least in part, implemented.[46]

Commercial Land

Visualize a trade in a primitive society with someone standing by collecting tribute for trading on a particular piece of ground. The landowner does no productive labor; he or she only monopolizes that land. Of course, to avoid paying tribute, early traders only needed to move to another piece of land. Today that nearby land would also be claimed.

As David Ricardo and Henry George taught us, the closer one approaches to the center of commerce, the higher the price of land. Every transit line from the suburbs to a commercial district raises commercial land values a calculable amount. This high value represents the cheapness and the quantity of trades within any population center and that savings, efficiency of trades, is recognized by the price business is willing to pay for that land.

Because rent lays claim to a large share of the wealth produced by commerce, the land values are very high in large population centers. Land values gradually lower as the distance from the center of population becomes greater and the trades become less frequent and more expensive. In a matter of minutes on an acre in the middle of a city there would be millions of dollars' worth of trades in grain, diamonds, stocks, land, finance capital, or consumer products. A share of each trade is remitted to the landowner as rent, thus the high value of land within population centers.

It is not unusual for commercial land to be valued at three, four, or even 10 times the value of the buildings placed upon it. Probably the highest priced acre in the world was in the center of Tokyo, valued, before prices dropped over 75%, at $1.5 billion. The space of one footprint in Tokyo was valued at $8,000. The land area of the 23 wards of Tokyo was equal in monetary value to the entire land area of the United States. The land upon which the emperor's palace sat was valued at the price of all the land in California. All the land in tiny Japan was worth four times as much as all the land in America. "In fact, the real estate value of Tokyo [in 1989] at $7.7 trillion [was] so high that, once collateralized and borrowed against, at 80% of the then current value, it could buy all the land in the United States for $3.7 trillion, and all the companies on the New York Stock Exchange, NASDAQ and several other exchanges for $2.6 trillion."

Farm Land

The quality of farmland depends on rainfall, growing season, fertility, and accessibility to markets. Once the quality has lowered to where one can earn only the wages expended in production or distribution at the margins, meaning the economic edge of profits, the land's value reaches zero.

By exporting food to countries that, if their lands, resources, and trade were not monopolized, could just as well feed themselves, and by farming the public Treasury, agriculture in the United States has made handsome profits and evaded Ricardo's law of rent. Unearned incomes (resource rents) from the monopoly created by those laws are capitalized into, and maintain the value of, farm land. Under Ricardo's law, but without sales to countries able to feed themselves or government supports, the price of the current high priced farm land of America would be almost zero. The $28 billion paid by the American government in 2005 and the $350 billion paid out in the richest 30 countries put the high value on that farm land.

Home Sites

In smaller cities of America, a typical $240,000 house will be on a $120,000 lot. In major population centers, it is not uncommon for the same house to cost double, triple, or even 10 times that price. In Honolulu and parts of California a comparable home would be over $1 million and in Washington, DC it would be $1.6 million. As labor and material costs are relatively equal, the price differentials are the costs of land functioning under Ricardo's law of rent. The price of land accurately measures the resource rents paid by producers of wealth to the monopoly landowners who did no work.

The powerbrokers took from the Physiocrats' free enterprise philosophy only that which protected, and further extended, their wealth and power. As historically most members of legislative bodies were large landholders, naturally they did not accept that society should collect resource rents. If that were to happen, everyone would have rights to their share of nature's wealth. The "divine rights" of private ownership of social wealth siphoning large amounts of wealth from those who produced to those who did not, those capitalized monopoly values bought and sold on the markets, would be converted to "conditional rights" where only those who produce are paid.

Take homes for example: real estate taxes are currently levied mostly on the improvements and only a small part on the land. That tax structure is the key to land monopolization. Removing all taxes on the house and charging full rental value on all lots, used and empty, drops land prices to zero.

Even though the monetized value of the land disappears, its use value actually increases. As capitalized value in land would be eliminated, the purchase price would be only the value of labor and material that built the house. The initial capital required to purchase a home would drop to the cost of building the house or the depreciated value of an older home.

The social collection of resource rents eliminates all other taxes, and lowers the purchase price of homes and businesses 50 to 90%. Those socially-collected rents—along with banking profits[b]—transpose into social credits building and maintaining a nation's infrastructure and providing education, universal health care, and retirement. That is at least a quintuple gain over monopolists collecting those rental values and loaning that unearned money back to those from which it was extracted.

Though the purchase price of home and business sites are zero, each paying annual land rents to the social fund, lowers the monthly purchase cost of homes and businesses to only slightly less than current costs.

Occasionally a city council person will become aware of the social efficiency of taxing unused land within their jurisdiction. If that idle land is properly taxed it will quickly be put to use. But these alert officials quickly find that powerbrokers have inserted restrictions into state constitutions and passed laws on local communities' ability to tax land.

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[b] The private collection of land rent is "The extraction of uncompensated value from others" and, because there are few tangible (labor produced) values within banking proper, so is the private collection of banking profits.

Land held in unrestricted private ownership entitles the owners to large rental values which create high capitalized values. True free enterprise requires society collecting natural resource rental values. Distribution of land by capitalized value (price) would then be replaced by distribution of land by rental value paid to society and that money returned to the citizenry through paying for the social services described above, all other taxes eliminated, etc. The net cost to the homeowner would be slightly lower, much lower if Mason Gaffney and Fred Harrison's estimation of 35% of national income being resource rent is correct, but there would be no interception of others' labor through private collection of rent on what nature provided to all for free.

Oil, copper, iron ore, and the like, are land and can very properly be privately owned so long as the resource rents are returned right back to the rent payers in the form of social credits funding essential social needs. The world has adequate reserves of most of these minerals. It is only richer deposits and cheaper labor in the developing world that make their minerals more available. Under Adam Smith's unequal free market philosophy, the developed world's more expensive deposits are not mined until the undeveloped world's cheap deposits are exhausted.

Developing land—clearing, drainage projects, shaping the land, irrigation dams, canals, and so forth—all involving capital expenditures and labor, require special consideration. Those who invest in such improvements should be well paid. However, unconditional title to land development becomes exclusive title to the land. Currently the government pays a substantial share of development costs. Investor-developers can be fully reimbursed by liberal deductions of the remaining costs from resource rents.

The market measures the rent value of land. The resource rents paid by society would be slightly less than that now collected both publicly (taxes) and privately (interest). The price spread of resource rents between the choice sites and lower-valued sites should still be maintained. The current private resource tax, some interest and all resource rents, are converted to socially-collected rent that would be slightly lower than the former combination of taxes and land payments.

Society Paying Resource Rents to Themselves and Taxes Disappearing is Key to the Community Social Credit Process

According to Gore Vidal:

> In 1986 the gross revenue of the government was $794 billion. Of that amount, $294 billion was Social Security contributions, which should be subtracted from the National Security State. This leaves $500 billion. Of the $500 billion $286 billion went to defense; $12 billion to foreign arms to our client states; $8 billion to $9 billion to energy, which means, largely, nuclear weapons; $27 billion to veterans' benefits, the sad and constant reminder of the ongoing empire's recklessness; and finally, $142 billion to loans that

> were spent, over the past forty years, to keep the National Security State at war, hot or cold. So, of 1986's $500 billion in revenue, $475 billion was spent on National Security business.... Other Federal spending, incidentally, came to $177 billion ... which is about the size of the deficit, since only $358 billion was collected in taxes.[47]

In 1929, federal government expenditures were 1% of GNP and at the peak of the Cold War they were approximately 24%.[48] David Stockman, a member of President Reagan's cabinet, calculated that after deducting bureaucratic waste and payments to

> law firms and lobbyists and trade associations in rows of shining office buildings along K Street in Washington; the consulting firms and contractors; the constituencies of special interests, from schoolteachers to construction workers, to failing businesses and multinational giants, all of whom came to Washington for money and legal protection against the perils of free competition ... that leaves seventeen cents for everything else that Washington does. The FBI and national parks, the county agents and the Foreign Service and the Weather Bureau—all the traditional operations of government—consumed only nine cents of each dollar. The remaining eight cents provided all the grants to state and local governments, for aiding handicapped children or building highways.[49]

The American government no longer keeps track of total land valuations. Extrapolating from 1990 land values of $3.7 trillion,[50] we can safely say 2007 values of land were well over $10 trillion. Resource rents at 4% of value would be over $400 billion per year. That is over three times the percentage of GDP that ran the peaceful American government in 1929[c] and to that must be added the resource rents from oil, minerals, timber, etc. To those rental values we must add profits collected through socially-owned banks. Society will have adequate funds for all essential services.

When necessary to regulate commerce, other taxes are proper but those funds should also be returned to society through social services. For example, ecological taxes can support pollution-free energy development and resource conservation. The proper level of sin taxes, alcohol, tobacco, etc, would lower disease through lowering consumption and the funds collected would offset health care costs incurred from such habits.

Machinery and inventory are relatively easy to obtain; it is the price of land that restricts ownership of farms and businesses as well as the homes just discussed. While land prices would drop to zero, use values and productive ownership rights would actually increase. Commerce would flourish as business people, farmers, and other entrepreneurs, all true producers, would be able to start businesses with only

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[c] The 2007 budget was $2.4 trillion. But Social Security is a paid-for insurance, not rightly part of that budget and that applies to health care. With costs hidden in other parts of the budget, the actual cost of the military is far above the $439.3 billion listed. We will be listing other areas where massive savings are possible (see Conclusion). Assuming Stockman's estimate that only 17 cents of each budget dollar will operate "all the traditional operations of government," those needs in that year's budget were $470 billion.

the capital necessary to buy buildings, machinery, and inventory. They do not have to purchase monopoly values that, in the form of use values, belong to everyone.

Resource rent being paid to society out of cash flow means only hard working and talented people would own farms and businesses. The mechanism whereby excessive rights of absentee or incompetent landowners extracts the labor of others through exclusive titles would be replaced by the rental values paid becoming social credits funding all essential social needs. Labor costs to industries and businesses would be reduced by whatever taxes labor previously paid. The elimination of all taxes, and a lowering of finance capital costs makes replacing all taxes with socially collected resource rents and banking profits a bargain for any business.

Although society would be enormously richer, land will not have monetized (capitalized) value against which money can be loaned. The sale value would be calculated as the rental value one pays to society monthly or, as in the case of farmers, annually. Society, not the landowners, puts that value there by increased population, roads, water systems, sewers, electricity, communication systems, etc. The wealth collected through land rent, profits of socially-owned banks, and all other rental values collected from nature's resources and technologies would be returned to the people through the cost of social services—measured in employed labor time to provide it—dropping at least 50%. Opportunities to extract wealth from its proper owners will be almost nonexistent and all would be well cared for even as all the functions and services of government (universal health care, retirement, and infrastructures) are well funded

When society collects the rental values of the land and natural resources which nature offers to us all for free, the huge blocs of capital previously buying and selling those capitalized appropriated values (those misnamed profits of the ethereal world of high finance) are transposed into equally-shared use values and each now has a human right, and a community right, to their share of land and resources for homes, businesses, or industries. If the remaining productive jobs are shared and labor paid equally for equally-productive work, those quintuple gains from abandoning the private collection of rental values (rights to land at no initial costs as a human right, those socially-collected social credits building economic infrastructure, and no taxes to pay) will become even greater gains by employment outside the home lowering to two to three days per week and each citizen of that society, or the world if so applied, having a quality life.

Michael Hudson and Baruch A. Levine, *Privatization in the Ancient Near East and Classical World*, trace the 5,000 year history of privatization of nature's wealth. Inclusive property rights, restructuring those exclusive titles to conditional titles, as applied in this thesis, has, in one stroke, retained the claimed efficiencies of privatization—private property, individualism, competition—even as it restores in modern form the commons that was the original economic structure for every people on earth.

A study of the five books on property rights law in this footnote will alert one that this subject is in continual discussion in America's courtrooms and collective rights trump private rights if it can be shown as imperative and just.[d] Though those court cases do not go, and cannot go, to the depth that this thesis does, the principles are all there. A legislature can go to this depth and we can only hope they will if this current crisis deepens into a full fledged depression.

[d] Laura Underkufler, *The Idea of Property: Its Meaning and Power*; Janet Dine, Andres Fagan, editors, *Human Rights and Capitalism;* Marjorie Kelly, *The Divine Right of Capital: Dethroning Corporate Aristocracy*; Stephen R. Munzer, *A Theory of Property;* Jeremy Waldron, *The Right to Property*

3. A Modern Technology Commons, Consumers Saving Fifty Percent

The original meaning of a patent was, "A grant made by a government that confers on an individual fee-simple title to public lands." A land patent as the original meaning of title to land affirms our analysis that patent monopolies were patterned after aristocratic exclusive titles to land. Copying the legal design of land and patent monopolization, later monopolies were established through licenses.

Before the advent of title to social wealth through industrial capital and finance capital, all sustenance for life and all wealth were processed directly from land. Finance capital is the money symbol for industrial and distribution operating capital, and these factories and distribution systems are only extremely efficient tools to process and distribute products from the land. So the monopolization of finance capital and industrial capital (both are stored labor) are only extensions of the monopolization of land. When wealth began to be produced by industrial capital as well as land, powerful people undertook to lay claim to (monopolize) those tools for the production of wealth just as historically they had monopolized land to lay claim to the wealth produced.

If you claim technology is produced by labor and is not a part of nature, put yourself in the position of the rest of the world when denied its use even if independently invented. Or consider technology thousands of years old, patented within monopoly capitalism's exclusive property rights laws, and denied its free use even to those who have used it for those millenniums.

We addressed a money system as a social structure known for centuries so, unless it is monopolized to lay claim to unearned wealth and thus create a capitalized monopoly value, there is little there to own. All technologies are a part of nature waiting to be discovered and thus honest ownership can only be under conditions protecting the rights of all to their share of the wealth produced by efficient production and distribution technology.

Communication technologies are as much a part of nature as any other technology. Communication systems are a natural monopoly in the same sense as are sewers, water systems, electric systems, natural gas, roads, railroads, and garbage collections. It is well understood that duplicating such services through competing private ownerships is highly wasteful economic nonsense.

It is important to understand that social technologies are a part of nature and such key knowledge has been monopolized whenever possible, money and banking for example. Systems of government are also social technologies and any thought of monopolizing governments would be ridiculed. Yet most governments are monopolized through power, witness the firm control of imperial governments throughout history by the very monopolies we are exposing.

For centuries, as modern economies developed, the hidden hands of the alert and powerful were busy structuring property rights to gain, or retain, title to wealth-producing sectors of the economy. Patent laws were being structured to monopolize technology and stock markets were being structured to both harvest those profits and further monopolize industries.

That stock markets are crucial to raising investment capital is a myth. Most stock traders have no contact with new issues of stock and those who do are primarily taking an already established private company public. Most corporate investment needs are financed from profits, liberal depreciation schedules, and borrowing. A stock is taken public primarily to put those values in play to join in the game of making money betting on whether stocks will go up or down, which is really gambling not producing.

Expanding markets means increased profits capitalized into the value of a company's stock and, with the potential for profits thoroughly analyzed by the market, those capitalized values are claimed before those profits are banked. "Behind the abstraction known as 'the markets' lurks a set of institutions designed to maximize the wealth and power of the most privileged group of people in the world, the creditor-rentier class of the first world and their junior partners in the third."[51] Restructuring exclusive patent laws to pay inventors well and place those patents in the public domain would erase those centuries of carefully crafted monopoly laws creating values above and beyond intrinsic values created by labor and socially-collected resource rents.

Under that simple legal change to conditional patent titles, the inventors are well paid and their patents placed in the pubic domain. The monopoly structure, offices and labor within stock markets where those profits are collected disappear and the price of consumer products drop by half (we are confident it is closer to 75%). Capitalized non-tangible values within stocks and corporations have been transposed into equally-shared use values.

Combining those social savings with free trade between equally developed regions, with managed trade between unequally developed regions, and dropping protections in step with the harmonization of previously unequal economies, would protect both labor and capital worldwide. The masochistic destruction of jobs and capital under current internal economic and world trade structures based on monopolization of technology and control of resources would be eliminated.

Capital Destroying Capital

Factories moving offshore to low-paid labor sharply reduce buying power. The profits from lower cost production sold on the high-priced markets of the imperial centers go into corporate coffers to be distributed to owners of stock, corporate managers, and stock traders. Those increased profits create higher capitalized values which—so long as there is broad ownership of stocks and an increase in taking in each other's wash, cooking each other hamburgers, or giving each other heart transplants (service industries) to maintain the circulation of money—replaces labor's lost jobs.[a]

By expanding productive capacity without expanding equal buying power, capital destroys capital. It is unrealistic to assume this will be the first time in history those rising stock and real estate values that have been providing a substantial share of consumer buying power will not go down and collapse the imperial center's buying power. It may be happening as we speak (2008-09).

Japan's industrial capacity operated at 65.5% of capacity for 12 years and by 2009 much of the industrialized world was producing well below capacity. Michael Moffit quotes Stanley J. Mihelick, executive vice-president for production at Goodyear:

> Until we get real wage levels down much closer to those of Brazil's and Korea's, we cannot pass along productivity gains to wages and still be competitive." With factory wages in Mexico and Korea averaging about $3 an hour, compared with U.S. wages of $14 or so, it looks as if we have a long way to go before U.S. wages will even be in the ball park with the competition. That the decline of U.S. industry is the natural and logical outcome of the evolution of the multinational corporate economy over the past twenty-five years has been a bitter pill to swallow and it will become increasingly distasteful as time goes on. *One consequence will be a nasty decline in the standard of living in the United States*.... [W]e have the outlines of a true vicious circle: the world economy is dependent on growth in the U.S. economy but the U.S. domestic economy is [now] skewed more towards consumption than production and investment, and this consumption is in turn sustained by borrowing—at home and abroad.... The deal with surplus countries essentially has been as follows: you can run a big trade surplus with us provided that you put the money back into our capital markets.[52]

The excessive accumulations of capital by stateless corporate imperialists and the denial of capital to the world's powerless are two sides of the same coin. There is too little

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[a] Forty years ago the United States economy was 30% services and 70% industrial. In 2009, it was 15% industrial and 85% services.. As this is the world's first service economy, we may be witnessing a historical first if the world economy continues to crash (2009).

buying power among the dispossessed to purchase all the production of industrial capital. When there is already an excess, capital building more industry without developing more consumer buying power will destroy other capital:

> So long as global productive capacity exceeds global demand by such extravagant margins, somebody somewhere in the world has to keep closing factories, old and new.... South Korea will be losing jobs to cheap labor in Thailand and even China may someday lose factories to Bangladesh.[53]

General Motors and Chrysler appear headed for bankruptcy as we speak (2009) and the profits of other automakers are rapidly dropping. When China (which is considering buying one or more of those companies) and other developing nations develop brand names and sells cars and other consumer products on the world market 40% below current prices, both overseas and home profits of auto makers, and other consumer products will disappear. So will American and European jobs.

Labor Should Employ Capital

That capital is properly owned and employed by labor is recognized by Adam Smith. His bible of capitalism, *Wealth of Nations*, states: "Produce is the natural wages of labor. Originally the whole belonged to the labourer. If this had continued all things would have become cheaper, though in appearance many things might have become dearer."[54] The "appearance of becoming dearer" is because each worker would have been fully paid. Things would have been cheaper because purchasing power of those fully-paid workers would have advanced in step with productive capacity and those who once made their living through extracting wealth from labor would have to join the ranks of productive labor. Those well-paid workers would have purchased more from other fully-paid workers and with that increased buying power others would produce more to take advantage of that market.

In short, purchasing power, which is so hard to generate under monopoly rules, would have developed in step with the productive power of easily-built industrial technology. If monopolization had been avoided, labor would have been fully paid and the world would have developed rapidly without either destructive wars, without poverty, and without financial and economic crashes such as the world currently faces.[b]

If labor owned the capital it produced, then labor would employ, rather than be employed by, capital. When monopolized by exclusive title, capital's use can be denied to labor at any time, and it will be denied if no profit is made. The natural order of

[b] This cannot happen until democracy is established. Theoretically we have democracy today but, as said, that is only theoretical. Once those monopolies are eliminated, a full democracy can emerge. Likewise if a crisis transposes our society into a full democracy, a restructuring to full and equal inclusive property rights will eliminate those monopolies.

labor employing tools (capital) is reversed. If land and capital (both industrial and financial) were not monopolized, land, labor, and capital could freely combine to produce social wealth, workers would receive their full wages from what they produced, and the owners of industry would receive full value for use of their capital. Elimination of the monopolization of technology under current stock market and patent structures would increase social efficiency equal to the invention of money.

As all people are stakeholders in their nation's, and the world's, economy, no economic sector should have excessive rights (monopolization, structured within property rights law, denying others their rightful share of what nature offers to all for free). Just as with land, we are accustomed to wealthy people claiming ownership of the nation's industrial capital. We are taught this is the proper and most efficient social arrangement. Therefore we do not recognize the obvious, capital is social wealth. It is composed of all tools of production which was produced by labor. Thus capital is but stored labor. Those technologies, industrial capital, are only a part of nature that has been discovered and all should be entitled to the opportunity of employing that capital, or being employed by it, and receiving a fair share of what is produced.[c]

Capital, however, is often more productive under private ownership and, when this is so, private ownership is justified. In such cases, entrepreneurs, whose special talents lead to increased production, properly buy industrial capital, at a fair price, from those who produced it. A substantial share of society's capital has been justly claimed in this manner. Capital that is obtained by means other than trading useful labor (physical, intellectual, innovative, or special talent) is an unjust interception of wealth produced by others.

Capital which is more efficient under social ownership belongs to all society, with all citizens receiving the profits. For example, no profits are directly distributed from the increased wealth produced by highways, airports, harbors, or post offices. But the wealth society is able to produce and distribute through the common use of these natural monopolies is many times more than a normal return on construction and maintenance costs. Just as each ones' share of the use value of land in a modern commons is realized by all through socially collected resource rents, the efficiency gains of technology are, under the inclusive property rights laws we address, distributed to all si-

[c] This thesis is easily tested. Factories are only a series of tools. Without tools you must pay a shop to repair anything. Most homes have those simple tools and carry out simple repairs in a few minutes at no cost. Monopolize those tools in the same manner as industrial technology is monopolized and you have to pay someone else to do those repairs. Likewise, eliminate the monopolization of technology through the patent process and other communities and societies can produce their own consumer products. Two monopolizations have been eliminated, that preventing others' use of a technology and the superstructure—the unneeded share of stock markets, roughly 85%—managing that monopoly. This first is proven by the rest of the world quickly industrializing under those rules and the second by the roughly 50% (very possibly 75%) drop in price of consumer products that would occur.

lently and efficiently through cheaper production-distribution costs and no unearned wealth will have been claimed by monopolization.

Much of what is properly social capital,[d] "honest" private capital, and "fictitious" capital are all currently lumped together and collectively treated as private capital. Ownership of capital is considered proof it was justly earned and that the owner deserves compensation for its use. Below we distinguish between social, private, and fictitious capital. Once identified, the proper owners can claim their capital and the profits it produces. Fictitious capital, like that in banking and land monopolization described above and others described below, can be eliminated altogether.

Efficient Socially-Owned Capital

The difference between what is properly social capital and private capital is that everybody uses social capital. It forms a natural monopoly, while proper private capital is used only to produce products or services for specific needs of specific people. Capital required for society's basic infrastructure, which is by its nature a monopoly and used by all citizens, cannot justly be bought and sold as private property. It is properly part of a modern commons through a modern legal-social structure. This includes not only highways, airports, harbors, and post offices, but also railroads, electric power systems, community water systems, banking and a communications superhighway. Most recognize these natural monopoly infrastructures should be socially owned.

Although such facilities and services are publicly held in most Western nations, U.S. citizens are unaccustomed to railroads, electric power systems, banking, and communications being socially owned. These are natural monopolies and all claims of efficiency under private ownership are rhetorical covers to hide the siphoning of the fruits of others' labor to those who hold title to those economic crossroads.[55]

Almost 24% of America is served by consumer-owned electric utilities, 13.4% are publicly owned and 10.2% are rural cooperatives. Privately-owned companies charge 42.5% more for electricity than those publicly owned. Yet, since they serve population centers with the highest density of customers per mile, privately-owned electricity costs should be far lower. The difference in electricity costs between privately-owned and publicly-owned electric companies is even greater than these statistics show. Not only do they sell cheap electricity to private companies, the publicly-owned utilities provide enough profits for some of those communities to build swimming pools, stadiums, and parks.[56]

Matthew Josephson's classic *Robber Barons*, Peter Lyon's even more profound *To Hell in a Day Coach*, and Edward Winslow Martin's *History of the Grange Movement* cover how the American railroads were built at public expense. As much as half the funds collected for building them were pocketed and over 9% of the land in the United States was deeded to these railroads. The pocketing of those funds, claiming title to

[d] Social capital is also used by some to refer to the unquantified—but real—value of social interconnections that aid the functioning of society, typically meaning a higher education level.

these natural monopolies, and being deeded that land were little more than thefts of public wealth. Martin describes the building of the Union Pacific Railroad as perhaps the most flagrant example but the pattern was typical:

> Who then was Crédit Mobilier? It was but another name for the Pacific Railroad ring. The members were in Congress; they were trustees for the bondholders; they were directors, they were stockholders, they were contractors; in Washington they voted subsidies, in New York they received them, upon the plains they expended them, and in the Crédit Mobilier they divided them. Ever-shifting characters, they were ubiquitous—now engineering a bill, and now a bridge—they received money into one hand as a corporation, and paid into the other as a contractor. As stockholders they owned the road, as mortgagees they had a lien upon it, as directors they contracted for its construction, and as members of Crédit Mobilier they built it.... Reduced to plain English, the story of the Crédit Mobilier is simply this: The men entrusted with the management of the Pacific road made a bargain with themselves to build the road for a sum equal to about twice its actual cost, and pocketed the profits, which have been estimated at about thirty millions of dollars—this immense sum coming out of the taxpayers of the United States.[57]

"By 1870 the states alone had given $228,500,000 in cash, while another $300,000,000 had been paid over by counties and municipalities." Of course those millions of 19th century dollars would be hundreds of billions in inflated 21st century dollars. In the process of building those railroads, promoters skimmed off possibly one-half of this public investment and stockholders' capital, while simultaneously claiming 9.3% of the nation's land through land grants.[58]

With enforced privatizations through imposition of Reaganism-Thatcherism (the first heavy promoters of this philosophy) on the successfully destabilized former Soviet Union, social wealth was being placed under exclusive private ownership in the 1990s at a rate that makes America's robber barons of the late 19th and early 20th centuries look like country bumpkins. Those defeated nations were paid pennies on the dollar to give up title to their natural wealth, their banks, and their industrial capital. The citizenry, of course, had little to say. In many cases, if not most, one member of these less-than-honest groups, to put it mildly, would be signing as government agent and another was the buyer.

Obviously there is no savings to society from the private ownership of a natural monopoly such as railroads, electricity, post offices, power systems, sewers, water systems, communication systems, etc. And, as shown in chapter five, the true cost of a communications superhighway when properly structured under a public authority and used in common, would be only pennies per dollar of current costs.

The basic infrastructures addressed above are integral to a nation. Society is a machine; even though these basic facilities do not directly produce anything, a modern society cannot function without them. They are an integral part of production and are just as important to social efficiency as modern factories.

To demonstrate this, compare the labor costs of a society with an undeveloped infrastructure to those of a developed society. Vacation to any wilderness park, hike for a day, and calculate how efficient virtually any economic activity, such as sending and receiving mail, would be from there. In the 18th century, a letter traveling by U.S. mail from New York to Virginia, 400 miles, took four to eight weeks and cost 60 cents a page.[59] Today it is 42 cents, possibly equal to less then a penny 200 years ago, for several pages anywhere in the nation and that letter normally arrives within one to three days. When China built a road into the almost inaccessible Tibet, the price of a box of matches dropped from one sheep to two pounds of wool.[60]

Efficient Privately-Owned Capital

Commercial activities producing for variable individual needs rather than everybody's needs are properly privately owned. Thousands of personal preferences—clothes, furniture, jewelry, hobbies, recreational activities, etc—cannot be provided efficiently by a public authority. Such personal needs can only be assessed by perceptive and talented individuals close enough to recognize and fulfill those needs. The capital to provide such services is more productive under private ownership.

Most of the construction and production for basic social infrastructure operated under public authority is quite properly provided by tens of thousands of privately-owned industries. This free-enterprise, privately-owned capital can, under contract, accommodate the needs of public institutions. We see this every day in contracts to build that infrastructure.

Fictitious Capital

Few economists agree on exactly what constitutes capital. Most include all wealth that produces a profit, titles, stocks, bonds, etc. But, although the wealth this paper represents has a firm claim on part of society's income, much of it was skimmed off and resurfaced in another investment. The earnings of the skimmed off share of those first certificates of investment is properly defined as earnings of fictitious capital. Bonds used to construct harbors, deepen riverbeds, and build railroads represent true capital. But if 50% were pocketed and reinvested elsewhere, that leaves two dollars in claims against each dollar of value of the original infrastructure contract.

In the previous example of building the Union Pacific Railroad, half the money was used to build; the other half was pocketed and reinvested elsewhere. That share of those certificates having a claim on social production and yet had produced nothing was fraudulent. This fictitious capital may represent wealth to the owners, but it is not, on balance, increased wealth to society. Those debt instruments that build only half the industrial capital as promised, and the half invested elsewhere, are 50% fictitious capital.

There are three physical foundations to production—land, labor, and capital. Land commands rent, labor is paid wages, and honest interest can only be for the productive use of honestly earned capital (stored labor). Patent monopolies capitalize stock values far above tangible values and those fictitious values demand profit equality with real values. Through excess profits on unearned wealth, the production of others' labor is siphoned from those who produce to those who do not. The share of finance capital demanding payment and yet producing nothing is properly labeled "fictitious capital."

We have covered the wealth extracted through unearned profits of banking and exclusive title to land and patents. The property rights structure under which that wealth was appropriated from its proper owners was, and is, unequal. The same is true of the unearned wealth of monopolies we have yet to address. Restructure to a modern commons throughout the economy and those huge blocs of capital currently selling those capitalized unearned values (those misnamed profits of the ethereal world of high finance) are transformed into equally-shared use values. The doubling in economic efficiency, proves those huge blocs of wealth producing nothing need never have been appropriated from their proper owners.

Yes a large share of appropriated capital built industries and infrastructure. But the problem is that a large share was unearned and we have thoroughly documented that, if there is a shortage of finance capital, a socially-owned banking system can create money for any essential services. Instead of appropriating that wealth, restructure the banking system to promote adequate savings, create money to cover any shortfall, and raise or lower mandated reserves to maintain a stable money supply.

That it is necessary to appropriate huge blocs of capital to finance infrastructure, industry, or any other aspect of an economy is a cover story to justify unearned wealth. If technology had been shared the past 500 years instead of monopolized, it would have spread rapidly across the world and there would have been little poverty and few wars.

Banking is a social technology which would have spread to the rest of the world right along with mechanical, chemical, electrical, and other technologies. Being far more efficient, thus producing far more wealth, each technological leap can be financed by savings or created money. The increased wealth, both the industry and its production, backs that investment and the circulations of that base money (those reserve deposits) are known as "the money supply."

Invention, a Social Process

> There is no isolated, self-sufficing individual. All production is, in fact, a production in and by the help of the community, and all wealth is such only in society. Within the human period of the race development, it is safe to say, no individual has fallen into industrial isolation, so as to produce any one useful article by his own independent effort alone. Even where there is no mechanical cooperation, men are always guided by the experience of others. —Thorstein Veblen

These words from an eminent philosopher of massive waste within our economy are well spoken. The long march of technology leading up to the present sophisticated level is based upon thousands of earlier discoveries—fire, smelting, the wheel, lathe, and screw—and untold millions of improvements on those basic innovations.[61] Many primitive, but revolutionary, technologies were discovered by Asian and Arab societies. Greek, Roman, and other cultures improved upon these methods, which were, in turn, used by later cultures. As social processes build upon the insights of others, Stuart Chase's list of inventions of 5000 years ago barely touches the subject:

> The generic Egyptian of 3,000 B.C., though unacquainted with iron, was an expert metallurgist in the less refractory metals. He could smelt them, draw them into wire, beat them into sheets, cast them into molds, emboss, chase, engrave, inlay, and enamel them. He had invented the lathe and the potter's wheel and could glaze and enamel earthenware. He was an expert woodworker, joiner and carver. He was an admirable sculptor, draftsman and painter. He was, and is, the world's mightiest architect in stone. He made sea-going ships. He had devised the loom, and knew how to weave cotton to such fineness that we can only distinguish it from silk by the microscope. His language was rich, and he engrossed it in the handsomest system of written characters ever produced. He made excellent paper, and upon it beautiful literature was written.... He had invented most of the hand tools now in existence.... He had worked out the rudiments of astronomy and mathematics.[62]

There were also wedges, drills, wheels, pulleys, and gears; all were necessary before modern machines were possible. There had to be countless earlier inventions, back to the control of fire, before the Egyptians could have reached even that level of technology.

Not only does every modern invention rest on millions of insights going back to antiquity, its development requires thousands of people with special talents. For example, a British scientist's accidental discovery of penicillin has benefited almost every person in modern civilization. More people worked to develop and produce this antibiotic for the wounded in WW II than worked on the atomic bomb, and they were all funded with public money. Yet the drug was patented by an American who recognized if he obtained a patent he would have a monopoly with a capitalized value that would lay claim to vast wealth although he had neither created nor produced anything.[63]

Every innovation is a part of nature. Just like land, oil, coal, iron ore, or any of nature's wealth, if something is to be discovered it had to have been there all the time. As technology is a part of nature that has been discovered, everybody should share its fruits. Inventions not only use the insights of millions of people throughout history and prehistory, they require the support and skills of millions of present workers as well. Stuart Chase estimated at least 5,000 people were involved in contributing data to the writing of his book and they depended on others for their knowledge.

These people provided tools, materials, and services: pencils, paper, graphite, rubber, lead, typewriters, telephones, cars, electricity, typing, printing presses, book distribution, banking, and so forth. The people directly involved in Chase's knowledge required educators, authors of textbooks, and their educators, ad infinitum. Every one of these consumer items required the labor and skills of thousands of people, some in distant parts of the world, such as producers of rubber or tin. Though the labor charge of some is infinitesimal, each is real and definite. Collectively they accumulate a substantial, though incalculable, value.[64]

While the contribution of any one person to the pool of social knowledge is truly small, the wealth diverted to those who own the patents to social knowledge can be substantial. It has been estimated that, if the developing world were capitalized to the level of the developed world, the royalty claims would be $1 trillion a year. These royalties would normally be going to people who "own" these efficient technologies but neither invented anything nor labored productively for this wealth. They are designed commercial chokepoints structured into property rights, denying others their proper share. This is the monopolization of these tools of production, technology, permitting huge overcharges siphoning wealth produced by others to owners of patents.

Consider how expensive consumer products would be if the use of wheels, levers, gears, fire, and thousands of other early inventions required the payment of royalties. By our calculations, half the costs of consumer products operate the offices and staff overseeing the patent monopoly system, the stock market, or go to patent holders. Those huge overcharges create excessive stock market values which become the capitalized blocs of unearned wealth owned by monopolists that, through restructuring exclusive titles to nature's wealth—patents in this case—to conditional titles, disappear as they are transformed into efficient, relatively equally-shared, use values.

Inventors rarely receive much reward for their discoveries and innovations. The few who are compensated receive but a small share of the tribute charged by those who own this social wealth. That a small number of powerful people monopolize inventions, and ever afterwards siphon to themselves the wealth produced by others, defies both decency and justice. This was well known to prominent inventors and industrialists such as Thomas A. Edison and Henry Ford. Both "agreed that all patent laws should be repealed since they benefit the manufacturer and not the inventor."[65]

Patent laws should be redesigned to be a part of a modern commons within inclusive and equal property rights in which any person can use that technology by society paying those inventors well and placing those patents in the public domain (see below).

Capitalizing Actual and Fictitious Values

> Inventions are a "more or less costless store of knowledge [that] is captured by monopoly capital and protected in order to make it secret and a 'rare and scarce commodity,' for sale at monopoly price[s]. So far as inventions are concerned a price is put on them not because they are scarce but in order to make them scarce to those who want to use them."[66]

The patent structure capitalizes value far above tangible values and, through those excess profits and without expenditure of productive labor, intercepts wealth produced by others. Where inventions once went unchanged for decades or even centuries, many, if not most, patents are now obsolete before their 20 year life expires. By the time a key patent has run out, newer patents are able to boost efficiency yet more. As many of the earlier technologies are still essential to production, the owners of the latest patents control both the latest technologies and the expired patents of support technologies. Honda's exclusive ownership of patents on the stratified charge engine, even though the basic principles for this crucial technology were invented 100 years ago, makes all this quite evident.

Corporations are in such powerful bargaining positions that only occasionally will a new invention pose a threat to them. As corporate control of other critical patents limits the inventor's options, these patents are bought for a fraction of their true value, or they are patented around and the inventor receives nothing. Controlling markets is integral to controlling patents:

> Any move by the neo-colonial state to revoke the patent law as a defensive measure would have very limited results since the market belongs to the monopolies. This becomes quite clear when it is realized that the other markets to which such products would be exported would still have such legislation protecting the same patents, and the transnational corporation would be in a position to require compliance. The mere ownership without the actual know-how which is guarded by the monopoly at headquarters would be useless. This is the whole point about monopoly. The world imperialist monopoly market would not exist if such a system of market control were not in operation.[67]

We view the inventions of 400 to 1100 years ago as primitive, yet in their time these simple inventions could produce, with less labor, both more and better products. Someone powerful enough to control these new techniques could trade one day's work for two, three, five, ten or as many days' production of other people's labor as the efficiency of his invention and political power allowed.

For example, if the invention of the windmill could have been monopolized, its owners could siphon to themselves the production of large amounts of others' labor. This potential created a dispute between the nobles, priests, and emperor "as to which one the wind belonged."[68] A 17th century French patent granted such a right to selected owners of windmills."[69]

However hard they tried, claiming ownership of the wind was quite difficult. But it was not so with other technologies. The water mill, first used in Europe during the 10th century, permitted one worker to replace as many as 10 others. A stone planer eliminated seven workers out of eight. One worker with an Owens bottle machine could do the work of 18 hand blowers.[70] Modern technology has created even greater efficiency gains. Many credit the steam engine with the greatest single increase in productive efficiency. Stuart Chase cites a study by C.M. Ripley of work costing $230 done by hand labor that would cost only $5 using electric power.[71] Modern electric furnaces and continuous casting have brought the direct labor expended in the steel industry down to only 1.8 hours per ton of steel produced.[72]

The owner of that first water mill was able to trade his single day's work, grinding grain, for seven days' labor of a woodworker or blacksmith. In effect he was paid for seven days while working one. The owner of a patented stone planer would likely gain five days' value for only one of his own. Owning a patented Owens bottle machine would probably have claimed 12 days' pay for each day's labor. If the manufacturer in Ripley's study had been able to patent that efficiency, he could have charged 20 to 30-times the labor value in his product. However, just like claiming ownership of the wind, it would be difficult to claim exclusive title to electricity and accounts for the drop in costs in Ripley's study.

Whether a market is in land or corporate stock what is being bought and sold under current property rights are primarily values produced by nature, or an aspect of nature, properly belonging to all in relatively equal shares. That value has been confiscated by the cunning and powerful through exclusive titles to the various aspects of nature's wealth, and those unearned values are then capitalized in the markets by a factor of 10 to 30 times.

Royalty Conferring Monopoly Trading Rights is the Origin of Patent Royalties

That the owners of patents are entitled to royalties exposes the feudal origin of the term. Patent rights to land and inventions were conferred upon favorites by kings and queens, with the understanding that the person so favored would share the earnings (royalties). In short, the origin of patents is indistinguishable from paying bribes for the privilege of doing business. Such bribes were the precursors of today's patent royalties.[73] Exclusive title to patents, as opposed to conditional title, is the remnant of feudal patent law which must be restructured to attain full rights for all, a human right to the full benefits of ever-more efficient technology.

The Ever-Increasing Efficiencies of Technology

Long before governments protected patents, they were protected by violence. "The struggle against rural trading and against rural handicrafts lasted at least seven or eight hundred years.... All through the fourteenth century regular armed expeditions were sent out against all the villages in the neighborhood and looms or fulling vats were broken or carried away."[74] Those early claims to technology, enforced by violence, were the forerunners of today's industrial patents. Those who would control technology have just become more sophisticated. They encode these exclusive rights in legal titles. Today, being accustomed to it, and unaware of society's large losses, we accept this as normal.

The growing efficiency of textile machinery started the Industrial Revolution. Primitive looms were improved upon by inventions such as Kay's flying shuttle, Hargreave's spinning jenny, Crompton's "mule," and the power loom. Between 1773 and 1795, the labor time to process 100 pounds of cotton went from 50,000 hours to 300 hours, an efficiency gain of 16,666%.[75] That efficiency gain within a time span of only 22 years exposes how the owners of these technologies quickly dominated world trade. Quite simply, technology was not shared. It was monopolized through restricting the rights of production to the owners of patents.

The widespread use of machine weaving came about only because the technology was copied and the patents ignored. That 16,666% gain in 22 years is dwarfed by 150 power looms in Formosa weaving 24 hours a day under the watchful eyes of only one agile female operator on roller skates.[76] This is a gain of hundreds of thousands, if not millions, of times in efficiency. The labor component in the price of a yard of cloth produced by modern industry is small. This includes the labor to smelt the ore and fabricate the machines which is stored in that industrial capital.

The economically powerful will say they are not claiming the production of anyone else's labor as there is hardly any labor involved. But this is exactly how wealth is siphoned to those who monopolize the tools of production. The price charged for those products is far above the cost of production and others are forced to trade large amounts of their labor for what was produced with that small amount of labor.

All society is denied the full benefit of cheap industrial goods when labor is charged more than they are paid to produce that product. If a product requires one hour's labor to produce and distribute, and then sells for three hours' of labor value, it effectively siphons away the value produced by two hours of labor. If production is traded at the same value to a country where equally-productive labor is paid one-third as much to produce the product, it siphons away nine hours of labor value.[77] Standard economics and accounting do not measure this overcharge because it shows up in stock prices far beyond intrinsic (labor created) value. If that cloth were priced relative to the price paid labor where it was sold, including fair interest for the stored labor value represented by that machinery, then it would be priced within reach of the world's low-paid labor.

A bushel of wheat required three hours to produce in 1830 but only 10 minutes in 1900.[78] A call to Montana State University in Bozeman revealed that in 1986 it took only 3.2 minutes of labor to produce one bushel of dryland Montana wheat. Other crops have similar efficiency gains.

Railroad labor costs per ton-mile in 2008 were roughly 2% that required 70 years earlier, and that efficiency gain is dwarfed by the five million percent gain in transportation efficiency over the horse and wagon 180 ago.

The public did receive a large share of the labor savings in textiles, agriculture, transportation, and other technologies. With the common people's newly won rights, the U.S. Constitution and Bill of Rights, and with the enormously wealthy and sparsely inhabited lands of the Americas, the gains were just too great for the powerful to claim them all. However, due to the failure to increase the buying power of all labor in step with the productivity of capital, there is more production forgone and wasted than that which society so gratefully receives.

Patent laws evolved specifically to claim title to the gains of technology. With multiple patents, and occasionally with only one key patent controlling markets, the owners of technology siphon to themselves large amounts of the production of others' labor.

Ownership of a key technology, the telephone, was Bell Telephone's advantage when that monopoly was established. Inventions not controlled by Bell, such as the dial phone, were suppressed for many years. The telegraph and telephone reduced communication costs by an amount comparable to the savings created by new technology in textiles and transportation. These efficiency gains of technology, protected by patents, produced the monopoly profits that established Bell Telephone, a corporation larger than any in textiles or transportation. At 10 times the capacity for 10% the cost (1% the cost per unit of capacity) and assuming powerful low frequency spectrums able to pass through mountains are reserved for social use, a communications superhighway has the potential of reducing communication costs to 1% that of today. Under those efficiencies, still advancing rapidly, the whole world has the potential of gaining their freedom.

Henry Ford's assembly line was a milestone in industrial technology rapidly picking up the pace of the Industrial Revolution:

> The factory is not a new tool but an organization of production that eliminates the periods of idleness in the use of tools, machines, and human beings that are characteristic of agrarian and artisan production. In the artisan's shop the saw, chisel, file, and so forth are idle while the hammer is being used. In the factory all the tools are simultaneously in use in the hands of specialized workers; production is "in line" rather than "in series." But production in line requires a large scale of total output before it becomes feasible. The division of labor is limited by the extent of the market, as Adam Smith told us. But transportation, urbanization, and international trade provided a market of sufficient scale.[79]

During 1913 alone, the time required to assemble an automobile dropped from 728 minutes to 93. Until that year, the wage rate averaged $2.50 for a 10-hour day. Ford doubled the daily wages of his workers and reduced their hours from ten to eight, all while lowering the price of his cars.[80] This was unheard of in those times and drew much criticism from business and the press.

What Ford knew, and others did not, was the profits were so large that, with that 800% efficiency gain, the wages could have been increased to almost $20 per day. Ford was strongly opposed by his managers and other investors. But Emerson had reached Ford on the morality of not maximizing the profit potential of his monopoly.

Attempts were made to monopolize the emerging auto industry. George Baldwin Seldon, a patent lawyer, understood that, as the law was structured, patents laid claim to wealth produced by others. In 1899,

> he set his mind to working out the precise legal definition and wording of a patent that would give him the sole right to license and charge royalties on future automobile development in America.... Seldon had gone into partnership with a group of Wall Street investors who saw their chance to cut themselves in on the profits of the growing American car industry.[81]

The near success of Seldon and his partners in patenting the automobile illustrates the basic injustice of the current patent structure. Neither Seldon nor these investors had anything to do with the invention of automobiles. The first ones had been built in Europe 14 years earlier and virtually hundreds of auto companies were already in existence. Yet, if anyone had succeeded in patenting the process of building automobiles, every purchaser of an automobile would have had a part of the production of his or her labor siphoned to the owners of that patent who had invented nothing and had done no productive work.

Seldon's attempt at patenting the principle of the automobile is being successfully accomplished today in the patenting of processes. Corporations are being formed to patent embryo transfers, gene splicing, other advanced medical procedures, even title to human genes and genes of plants domesticated by primitive societies thousands of years ago. Any doctor who wishes to use these new procedures and any farmer who grows a patented plant has to obtain a license and pay a royalty.[82]

The current race to patent human genes clearly outlines the monopoly cost of patent laws. There are thousands of human genes directly affecting human health. As patent laws now stand, some corporation is going to have a patent on, and thus own, each gene. Let us say that there are 300 genes to be studied in a standard gene test and the royalty to be paid to each patent holder only $1 per gene. If a couple wishes to test themselves for defective genes before conception or their unborn child shortly after conception, the cost would be $300. Sixty minutes, July 29, 2001, suggested the possibility of $1,000 royalties.

This added tax, though common to medical equipment and drugs, has not previously been added to the cost of an operation but is now an added cost to some food crops. As ownership of procedures and food plants are established, the cost for every plate of food will have royalties added. Only those licensed by patent holders could raise that crop. In the process, the rights of all others are reduced, some to the extent of death or hunger. Every improvement in patented surgical procedures or improved crop strains would also be patented and, as technological improvement is ongoing, the patent's monopoly would never run out. Thus Microsoft's tens of billions of dollars of software overcharges, all built from purchasing the DOS computer operating system for $3,000 and patenting it, led to later patents eventually valuing Microsoft at hundreds of billions of dollars. The cost to society can be imagined if each producer or service provider had to pay a patent holder for the use of fire, wheels, wedges, levers, and gears. Inversely, the savings are evident in their free use when in the public domain.

About 7,000 patents worldwide are based upon indigenous knowledge of India. After spending millions to get one plagiarized patent invalidated, India is creating a tens-of-thousands-page Traditional Knowledge Data Library (TKDL) to be available to every patent office in the world.[83]

There is one recent and remarkable exception to this rule. In parts of Africa, "as many as sixty percent of the people over age fifty-five were partly or completely blind" from becoming infected with a parasitic worm. Possibly 18 million people were affected. The pharmaceutical corporation Merck and Company owned the patent on a drug, Ivermectin, used to kill worms in animals. In October 1987, Merck announced they would provide this drug free of charge for Africans afflicted with this parasite. The company chairman, Dr. P. Roy Vagelos, noted, "It became apparent that people in need were unable to purchase it."[84] Here the loss to society from exclusive title was so obvious and devastating these corporate executives made a moral decision to save the sight of millions of people. The cost to them was negligible; the gain to society was beyond measure.

Cuba' restoring vision to 4.5 million treatable blind Latin Americans by 2015 without charge, 40% of Cuba's 70,000 doctors at work in many impoverished areas of the world, Cuban education equaling the best in the world, and Venezuela and Bolivia in the early stages of copying Cuban successes are further examples of how cooperation can quickly alleviate poverty while monopolizations only entrench it deeper.

An intense battle was fought over life saving drugs for AIDS victims. These drugs can be produced for a fraction of the monopoly prices currently asked. Even at that fractional price few in the impoverished world can afford those essential drugs and at the monopolized price almost no one can afford them. Drug companies have reneged on agreements to lower prices for Aids victims in Africa and that struggle for what is obviously a human right is still on-going (early 2009).

There is a loss to society from exclusive control of any technology, but it is usually not as obvious as in these dramatic examples, where the patent rules of exclusive use were abandoned. These examples demonstrate the original morality of the medical community when "to patent an essential medicine was considered morally indefensible."[85] It is also morally indefensible for other inventions crucial to society. The Gaviotas community, regenerating the primeval Amazon forest of Colombia's barren Los Llanos plains while building a model community using modern production methods to live off the land, does not believe in patenting technology. Its inventions, such as a cheap, 100-pound, wind-mill driven water pump and cost-free, maintenance free air conditioning spreading throughout Latin America.[86]

Innovation and technology thus create large reductions in labor costs in all segments of the economy. Most are more modest than the previous examples, but reductions of 90% are common. Average increases in efficiency of 30% per decade[87]while labor's pay remains static exposes capital as banking all efficiency gains as capitalized profits (plus a part of what once went to labor).

This alerts us that, if technology had been shared instead of monopolized, the entire world could have industrialized in step with the increased efficiencies of technology. Throughout those centuries, assuming equal rights to the fruits of nature had been taught as opposed to the teachings of Adam Smith's winner take all philosophy, there would have been little poverty and few wars. With each enjoying full and equal use rights, the world would have been, at all times, many times richer in the form of use values than under monopolized values.

Most wars and poverty throughout the world today have their origins in the millions of unequal property rights laws the past 700-plus years through which the powerful monopolized technology. The two most obvious were: 1) Kaiser Wilhelm buying technology wholesale from his grandmother, England's Queen Victoria, and cousin, King George V.[88] That breach of monopolist's absolute rule to never transfer technology to any other nation was the direct cause of WW I. 2) The massive suppression of the world's breaks for freedom the past 65 years. That this is conscious policy is again proven by providing technology to the defeated nations, Germany and Japan, and to Asia so as to halt fast expanding socialism with their more equal property rights laws. That accident of history, technology developing outside the imperial centers of capital, again threatens to collapse the monopoly system. Chapter 17 of the simultaneously released *Economic Democracy: A Grand Strategy for World Peace and prosperity,* 2009, updated 2nd edition, addresses that "accident," development of China and the rest of Asia with Western technology.

The overcharges of the monopoly system cannot exist if labor is fully paid for their work. It only appears proper because people are accustomed to a subsistence wage for most labor, equally accustomed to all increased profits going to owners and management, and unaware of how rapidly technology and poverty elimination would spread around the world if capital were accumulated along the guidelines in this treatise, conditional patent titles, labor fully and equally paid, and productive jobs shared by all. Under those restructured rights, workers would have buying power, and technology would be regionally available to produce desired products, capital will have been accumulated to finance it all simply through the developing world, federated into viable economic regions, safely creating their own money, and they being fully paid for their resources and labor

Wealth is Extracted by Titleholders Through Capitalizing Unearned Values

Shares in corporations are sold with the price based on how profitable they are expected to be, their capitalized value. This idea proved to be a real bonanza. Where conservative business people typically estimated the capitalized value of the company at 10 times the yearly profit, the stock markets, anticipating future increases in profits, capitalized these values far higher, frequently 20 to 30 times annual profits and occasionally even more. It is not uncommon for the price of stock going public, called IPOs (initial price offerings), to jump 500% the first week. This capital accumulation bonanza claims a share of a nation's loans and the money supply must be expanded to sustain those values.

All in one stroke, an individual or group can lay claim to the efficiency of a technology through capitalizing its value and selling shares to investors. This siphoning of the production of others' labor, through the mechanism of capitalizing values, concentrated wealth produced by the many into the hands of a few, was christened accumulated capital, and gave capitalism its name.

Through carefully structured laws laying claim to the wealth produced by nature and through technology, which is a part of nature utilized to increase the efficiencies of labor, the hidden hand of the wealthy and powerful kept claiming an ever-larger share of the wealth produced.

Labor, just as naturally, tried to retain or reclaim what they produced. The rights gained in the American Revolution and enshrined in its Constitution, and the natural justice of those rights, eventually increased the power and income of labor. This and the expansion of unnecessary labor in the service industries, as summarized in the next chapter, led to more people retaining a greater share of society's wealth.[e] With these savings more broadly distributed, there evolved the present diversified markets to sell shares in industry and concentrate money capital.

Fully 60% of the wealth measured by capitalized values is claimed by the various monopolies we are exposing. If these excessive rights of property were replaced by the rights of society to **pay resource rents to themselves through those social credits funding social needs; If it was the social right for any person to use any technology through paying inventors well; if patents were placed in the public domain to form a modern technology commons; if all had full and**

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[e] A large share of the massive wealth distributed had been appropriated from the periphery of empire by imposed inequalities in trade and outright theft. That world trade story is told in the simultaneously published *Economic Democracy: A Grand Strategy for World Peace and Prosperity,* updated 2nd edition, by this author.

equal rights to socially-created money and savings (finance capital); if productive jobs were shared; and if productive labor were fully paid, all society would be wealthier and capitalized wealth (a nation's industrial and finance capital) would now be roughly a ten times multiple of use values as opposed to a 20 to 30 times multiple of the much higher monopoly values.

By eliminating monopolization, sharing the resultant fully-productive jobs, and paying labor fully for what it produces, measured values (the price of consumer products) would equal the rental value of resources, the value of productive labor, and the earnings of capital (stored labor) producing that wealth.

The Stock Markets are Financial Structures Extracting Unearned Value from Technology

As that is where the unearned profits from exclusive titles to patents are collected, the battle for corporate ownership is centered in the stock market. Millions of hours are spent by speculators, they call themselves investors, trying to figure out which company is going to increase its capitalized value. The game is calculating profits that will translate into capitalized value. It is viewed as a simple method of keeping score. But claiming wealth properly belonging to others as technology continually replaces labor is the underlying theme.

Values, properly shared by all through lower prices, are claimed by the shareowners of industrial technology. Unearned values claimed by monopolists are capitalized, sold or borrowed against, the Federal Reserve creates more base money (reserve deposits) which will circulate to buy and sell those unearned values, and a multiple of that annual wealth extraction (capitalized value) becomes finance capital. Through restructuring exclusive titles to patents to conditional titles, eliminating intangible values, and creating a modern technology commons in the process, those monopolized values and huge blocs of finance capital are, in the form of consumer prices dropping by 50% to 75%, transposed into relatively equally-shared use values.

Lester Thurow explains that the impoverishment of many while wealth is accumulated by a lucky few is due to "the process of capitalizing disequilibrium"—distortions of trade, either internal or external, and thus distortions of values—and that "patient savings and reinvestment has little or nothing" to do with generating large fortunes:[89]

> [A]t any moment in time, the highly skewed distribution of wealth is the product of two approximately equal factors—instant fortunes and inherited wealth. Inherited fortunes, however, were themselves created in a process of instant wealth in an earlier generation. *These instant fortunes occur because new long-term disequilibriums (sic) in the real capital market are capitalized in the financial markets*.... Those who are lucky and end up owning the stocks that are capitalized at high multiples win large fortunes in the random walk. Once fortunes are created, they are husbanded, augmented, and passed on, not because of "homo eco-

> nomicus" [economic man] desires to store up future consumption but because of desires for power within the family, economy, or society.[90]

Of course, the small fortunes accumulated by the upper middle class are from these same disequilibria in the value of land and capital. Except by violence or trickery, **those exclusive titles to the resources and technologies, denying others their rightful share of what nature offers to all for free,** how else can wealth beyond what one produces be accumulated? The income demanded by those appropriated values derived from non-tangible values (capitalized monopoly values) is a private tax upon the rest of society and quite accurately labeled air. "By reducing air to vendability, scarcity could be capitalized. Business would be richer, and every man, woman and child in the country would be poorer."[91]

A study of the market over a full boom and bust cycle will find these fictitious values developing in most stocks. The reasons given may be many but the underlying cause is clear: the steady rise in the nation's efficiency is captured by, and mirrored in, stock and land values created through extracting wealth which should have been, and under a modern commons would have been, relatively equally shared by all.

Every speculator dreams of becoming wealthy by owning some of these stocks or land. The powerful and cunning, with better than even odds, buy and sell in rhythm with the inflation and deflation of stock and land prices to lay claim to much of this new wealth.

Those who win the gamble on who will own the world's land and industrial and distributive technology are freed from the necessity of laboring for their living. This is not a contradiction. Their speculative efforts are certainly labor; however, when unnecessary, that labor is fictitious and such earnings are first appropriations of wealth properly distributed to all, those unearned values are then capitalized, typically in the gambling casinos called stock markets, where some win and some lose as those unearned values are capitalized ever higher.

Capitalizing values is necessary to decide the sale price of a business. However, not only should everyone involved receive proper compensation for his or her labor, innovations, and risk; society should receive its share. Society not only provided tens of thousands of necessary preceding innovations; it also provided the schools, skills, tools, labor, markets, and infrastructure. Nature provided the resources, including the inventions waiting to be discovered. Thus conditional titles to patents, where all are entitled to use those technologies without cost, are extensions of conditional title to land.

There is a necessity for a stock market. However, that the stock market's primary purpose is financing the nation's business is pure fiction; trades in the stock market have little to do with capital investment:

> Buying a stock from a broker does not add one red cent to the corporate treasury and provides no investment capital except if the stock is newly issued. But new issues by major corporations are fairly rare because issuing new stock dilutes equity and depresses stock prices. As a result, the bulk of shares now traded on the stock markets were issued twenty or fifty years ago. Since then the shares have passed through many hands, and their prices have fluctuated over a wide range. Yet all these transactions have been strictly between the buyers and sellers of stocks, aided and abetted by stockbrokers trying to eke out a modest living.... [S]peculators are not really interested in the company whose stock they temporarily own. They want to take their profits and get out. They are not investing in the proper sense of the word; they are simply gambling. Ownership of corporations has become largely a game of chance in which the individual players try to guess what the other players will do.[92]

Market Bubbles and Crashes

Speculators are unaware that their gains are unearned. If the market wipes them out, they feel they have lost earnings when actually it was just the odds of the gamble and their turn to lose. Like the casinos they are, the stock markets are primarily a mechanism for the redistribution of wealth upwards towards the already wealthy and powerful, not its production. It is a gambling game in which the rest of society's members are spectators, spectators who continually have their share of the nation's increased wealth thrown on the table of a game of chance they are not playing. The danger of gambling with the nation's wealth was addressed by Business Week's cover story, "Playing with Fire":

> By stoking a persuasive desire to beat the game, innovation and deregulation have tilted the axis of the financial system away from investment toward speculation. The U.S. has evolved into what Lord Keynes might have called a "casino society"—a nation obsessively devoted to high-stakes financial maneuvering as a shortcut to wealth.... "Speculators may do no harm as bubbles on a steady stream of enterprise. But the position is serious when enterprise becomes the bubble on a whirlpool of speculation. When the capital development of a country becomes a byproduct of the activities of a casino, the job is likely to be ill-done."[93]

What is normally spoken of as a market "bubble" is only the claiming of wealth produced by others through exclusive titles to nature's wealth which has gotten out of hand. History is replete with examples. Charles Mackay, in *Extraordinary Popular Delusions and the Madness of Crowds*, describes the tulip craze that broke out in Europe in the 17th century. Before that insanity dissipated, one particular tulip bulb cost "two lasts of wheat, four lasts of rye, four fat oxen, eight fat swine, twelve fat sheep, two hogsheads of wine, four tuns of butter, one thousand lbs. of cheese, a complete bed, a suit of clothes and a silver drinking cup."[94]

One wonders at the variety of commodities traded for that one flower bulb, but their total value of 2,500 florins serves as a guideline to the money value paid for other bulbs. During this period, prices ranged from 2,000 florins for an inferior bulb to 5,500 florins for the choicest varieties. "Many persons were known to invest a fortune of 100,000 florins in the purchase of 40 roots."[95] Although tulips are not stocks, the principle is the same.

At the turn of the 18th century, John Law implemented a plan to sell stock in gold mining in the Mississippi wilderness to pay off the huge debt of the French government. Though this scheme was seriously flawed, the French economy prospered. The plan went awry when the money rolled in. Those selling paper were so busy getting rich they neglected to invest in production anywhere; they merely re-invested in more paper. In a speculative frenzy, fortunes changed hands as people sold, and then bought back, nothing but paper.

The stock in this Mississippi scheme had no value because there was no investment in production and thus no wealth produced. Law's scheme was borrowed from the cunning financiers in England who a few years earlier sold stock in a South Seas venture, known as the "South Sea Bubble." Although Spain controlled most of South America, stock companies were set up to trade within this territory. Visions of wealth stirred up a speculative fever, companies were formed for very unlikely endeavors, and the money rolled in as speculators dreamed of getting rich. Soon, so many joined the game that it got out of hand and the government had to call a halt to new issues. The intention of most of these promoters can be summed up by one audacious proposal. This promoter touted "a company for carrying on an undertaking of great advantage, but nobody to know what it is."[96]

Since the organizers of these companies had no intention of producing anything, their capital was 100% fictitious. Proof that this capital was not real was when the speculative bubble collapsed. There were no tangible assets, production, or services to back the value of the stock; there was only the transferring of wealth from the naive to the cunning or lucky.

When wild speculation breaks loose, there is no relationship between value and price. Even when the stock market behaves normally, there are always stocks whose prices defy logic. This activity can only be attributed to crowd psychology, as described by Mackay, although sly promoters pull strings at every opportunity.[f]

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[f] As this goes to press, major banks have lost trillions and markets are seizing up around the world. Possibly $30 trillion of value has disappeared worldwide and no one knows if this is a Nikolai Kondratieff 50 year depression or if the economies will reflate. Central banks are pouring several trillion dollars of newly created money at the ethereal world of high finance. A much surer plan would be to point that money at the real economy (see the Conclusion). Those bankrupt banks, hedge funds, and derivative traders made massive sums as the bubble inflated, had their bets down for making even more, but they lost that wager. Normally one can follow such events only on *Democracy Now, Free Speech TV, Link TV, information clearinghouse.info, commondreams.org, globalnet news, global research.ca, europac.net, implode.com, msfraud.org,* etc. But the responses to these events are so dra-

Options, Futures, Derivatives, and Hedge funds are Extractors of Wealth

The markets for stocks, bonds, commodities, futures, options, currencies, mortgages, money markets; in fact virtually every exchange market anywhere in the world, are now one huge market. Options, futures, swaps, forwards, other derivatives, all tools of hedge funds, are only the buyer betting that something will go up and the seller that it will go down; neither has a stake beyond the gamble. They appear to have a legitimate purpose in takeover schemes, but in that role, until a bubble tops out, they are not even gambles. The psychology of the market almost guarantees the stock price will rise when word gets out a takeover is in progress. This increase in valuation backs the money required for the takeover.

The historic speculations in options, futures, and other simple bets are dwarfed by the derivative markets of the late 20th to early 21st century which evolved to bypass leverage (debt) limitations. Long-Term Capital Management's bankruptcy crisis in 1998 uncovered the unsettling reality that "this small hedge fund with a capital base of only $2 billion had over $1 trillion in bets in the derivatives markets, betting primarily on the Russian Ruble whose value had been successfully destroyed. This was a margin of only 0.2% (leveraged 500:1) and many of the estimated 400 other hedge funds then operating would have had similar slim margins bet on similarly volatile currencies.

By late 2007, derivatives bets by the then 10,000 hedge funds created a $415 trillion house of cards just within the derivatives market, eight times the GDP of the world economy, which climbed to $526 trillion in October 2008. As stock markets crashed around the world, derivative traders, attempting to unwind their positions, went bankrupt right and left and bankrupted banks and other financial institutions. No one having any idea who was solvent or who was bankrupt froze credit markets around the world.

To avoid throwing "the world's financial markets into turmoil … bankrupt hundreds of hedge funds … wipe out big-name financial institutions … sabotage the investments of pension funds … and scramble the portfolios of millions of average investors" the world's central banks-treasuries are pushing many trillions of created money at the financial markets. The world holds their breath as to whether they collectively can reliquify those credit markets. All aspects of the markets "have become chips in a casino game, played for high stakes by people who produce nothing, invent nothing, grow nothing and service nothing." As these gamblers go broke, they are bringing the world down with them.

The news alerted us one evening that "one-third of the cost of oil was due to speculative buying of oil contracts." That, and the same trading practices in other

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matic that even the mainstream press is openly wondering if this is the end of capitalism.

markets, is another form of harvesting unearned profits. Sharp traders have leveraged world markets with stock and currency options, futures on options, meaning options on options, futures on interest rates, warrants, a form of option, credit default swaps, and other bets (unregulated derivatives) designed to lay claim to wealth without have done any productive labor.

Hedge funds betting on which way everything in the markets and sometimes outside (the weather for example) will go, leveraging those bets 35 to 70 times (meaning betting with borrowed money) and, as said above, doing all this to the tune of $526 trillion worth of derivative bets (nine times world GDP) is what has all markets of the world holding their breath.

The collapse of the huge housing bubble in America with its eventually valueless collateralized debt obligations (CDOs), structured investment vehicles (SIVs), etc, sold to the world triggered the crisis but was not the cause. Instead of maintaining a debt equity (leverage) ratio of 12:1 or below as prudent investing and law required, much of the world's economy was leveraged 20, 40, 70, and even 280:1 (Citibank).

Problems arose when the word leaked out that many of the debts within those bonds were uncollectable. Quickly the markets started to seize up. The U.S. central bank's "permanent rotating loans," bankers' language for imminent nationalization, were like sand against incoming waves. Trillions are being thrown at that wave, and it is still coming as we go to press. As values fell, and just as all financial crisis for centuries, the value of perfectly sound banks, companies, and industries fell below the value of debts owed. Massive bailout funds have staved off bankruptcies of the largest financial institutions but values are still falling as we go to press (March 2009).

Betting on everything that moved, the derivatives-hedge funds market actually climbed to $526 trillion, as addressed above, even as banks were threatened with insolvency. Central bank funds poured at the ethereal world of high finance instead of at the real economy worked through to temporarily stabilize some of those hedge funds. If investor and consumer confidence continue to collapse, those funds distributed—not loaned—directly to consumers (as outlined in our Conclusion) may be required to restart the economies. The first authorization of $168 billion directly to the people in the spring of 2008 having no effect is being followed by larger sums. An ethereal world of high finance leveraged from 35:1 to 70:1 can unwind very fast. Stopping that feared 2nd Great Depression could backfire into an even more feared inflationary depression.

Far more wealth is being extracted from the citizenry than is necessary to operate the economy. Even then—after honest investment—extravagant living, waste within the economy, and wars to protect it all, there are, in the expanding phase of a cycle, still massive investment funds left over. Inevitably the uncountable and inscrutable games within the ethereal world of high finance are created. As outlined on pages 38-50, 119-20, 143-51, and in our conclusion—demonstrating that 40% of today's finance capital can operate the economy at double the efficiency—such strategies laying claim to others wealth can never evolve in a transparent economy with full and equal economic rights.

In the early 1990s, Wall Street bankers used derivative tools to crash the Japanese land and market bubbles but Japan's control of investment and management did not permit them to gain controlling title to Japanese companies. Later, Vulture funds bought up Southeast Asian properties after those ethereal world banker engineered crashes. By printing ¥35 trillion in 2003-04, equaling $50 for each person on earth, which was converted to dollars to buy US treasuries, Japan partially evened the score.[97] Other scores have yet to be evened

We have yet to see if a fascist financial and military fix will protect the current monopolizers of capital, or whether the oppressed world will break free as the ongoing worldwide populist revolutions build strength. President Barack Obama's sincere dedication to change reduces the chance of such dictatorial oppressions.

Bringing the World's Markets Under Control

Buying and selling investments is the legitimate purpose of stock markets; any activity beyond that is gambling. Eliminating monopolization through restructuring primary monopolies—money, land, technology, and communications—into a modern commons and eliminating secondary monopolies, next chapter, through full and equal economic rights for all will eliminate those massive appropriated funds which are reducing economic efficiency over 50% and causing periodic financial crashes such as we are now facing. The ethereal world of high finance will disappear, economic efficiency will double, and poverty will soon be history.

Equal and Efficient Patent Laws Within the Community Social Credit Process

The importance of societies retaining and furthering technical knowledge is demonstrated by China having the basic knowledge required for an industrial revolution at least 800 years before Europe used these technologies. A millennium ago the Chinese were producing massive amounts of iron and steel, including stainless steel. They had invented the compass and rudders for large ships. They had paper, movable type, and the printing press. They built suspension bridges. They had matches, wheelbarrows, wheeled metal plows, mechanical seeders, horse collars, rotary threshing machines and a drill to tap into natural gas. They knew the decimal system, negative numbers, and the concept of zero. And they once knew how to produce primary tools of world conquest, gunpowder and large ships.[98] But that technological knowledge was forgotten because of disuse and the lack of a recording system such as today's patents.

Inventions and innovations are the cornerstones of prosperity. To establish them in social memory, those technologies must be recorded and used.[99] It is necessary to reward both those who had the original innovative ideas and those who first put them to work.

The present policy of restricting access to technology should be changed to one of easy access with proper compensation for inventors, developers, and producers while returning the maximum savings to society. The patent system could do all that, be far simpler, and administration costs lowered to almost nothing by evaluating the value of a patent, paying inventors and developers a reasonable capitalized value, and placing their innovations in the public domain. This creates a modern technology commons, conditional titles to nature's wealth. The inventors and developers would be well paid, all would be free to use their inventions, and there would be no cost for accounting or for disbursing royalties.

Most inventors would want their inventions to have maximum use and opt for instant cash, recognition, and free use by all. Inventions not originally recognized as valuable, a frequent occurrence, would be proved by developers who would then file development patents, each would be paid a capitalized value, that patent would be released to the public domain, and inventors, developers, and consumers are all well paid.

Businesses and communities would no longer have to shut down because their markets were overwhelmed by a competitor with a patent monopoly, capital destroying capital. Communities would be quite secure as all gained maximum benefits from the newest technologies.

New inventions would be available for all to use. The inventors, developers, and producers would be adequately paid for their ideas, capital, labor, and risk. Society would be well paid through low-priced products and services.

By restructuring the current monopolized patent titles-stock markets to a modern technology commons, paying inventors well and all having equal rights to use any technology, those huge blocs of finance capital owned by monopolists, currently buying and selling appropriated monopoly values on the markets, are transposed into relatively equally-shared use values. Assuming all other monopolies and their huge extractions of what is properly others' wealth were eliminated, economic efficiency would double and, since each would have full and equal economic rights (equal pay, rights to a job, etc.) and thus obtain their share, poverty would quickly disappear.

Patent monopoly profits are collected through the stock market, the superstructure of patent monopolies extracting wealth produced by technology from the economy. With each having full and equal rights to the fruits of nature, the need for 85% of the offices and staff overseeing, and the businesses and labor servicing, the patent-stock market industry disappear and the productive remainder becomes as stable as bond markets.

Economic efficiency gains from these relatively small changes, but huge effects, in property rights establishing a modern technology commons would, assuming buying power is protected through sharing the remaining productive jobs, equal the invention of electricity.[100] Such massive economic efficiency gains require democratic, communitarian oversight to prevent stripping the earth's resources, to protect the environment, and to rebalance the human psyche to equality with massive free time.

Again it must be pointed out that wealth extracted from truly productive labor through exclusive title to nature's technologies is invested; through taxes or overpriced products and services that principal, plus interest, is paid for by those from whom it was first appropriated; it is again reinvested; and it is again paid for. That impoverishing cycle continues into perpetuity and is broken only by economic collapses as the wealth is concentrated into too few hands, leaving the majority without adequate buying power, such as the ongoing financial collapse as we speak (2008-09). The elimination of those huge blocs of appropriated wealth and resultant large increase in economic efficiency and elimination of poverty is the essence of inclusive property rights laws.

Patent marketing rights (monopolization) will have been replaced by a social right, the right of all to use any technology. Privately imposed monopoly costs are transposed into equally-shared use values priced over 50% less than previous monopolized values; all this under greater freedoms, fiercer competition, and full and equal economic rights.

A study of the four books on property rights law in this endnote will alert one that property rights are in continual discussion in America's courtrooms and collective rights trump private rights if it can be shown as imperative and just.[101] Though those court cases do not go, and cannot go, to the depth that this thesis does, the principles are all there. A legislature can go to this depth and we can only hope they will if this current crisis deepens into a full fledged depression.

Before we analyze the 4th primary monopoly, communication superhighways through which our rights can be reclaimed, we will address secondary monopolies.

4. The Productive Roles and Extractive Roles of Secondary Monopolies

The American health care, insurance, legal, and welfare systems, taxi medallions, etc, are exclusive marketing-rights-monopolies which built up ad hoc due to a lack of those services as a social or human right. Prisons, law enforcement, and other protective industries are not monopolies per se but they grew to the huge proportion of the economy that they are due to the inequalities and lack of rights within the monopolized sectors of the economy (3.7% of adult white Americans, 15% of adult Latinos, and 35% of adult African Americans, have been in jail).

All social structures—governments, banking systems, retirements, other insurances, a legal system, health care, etc—are all social technologies (wealth producing, distribution, and governing tools) discovered and put in place over the centuries. That they are ineffectively overseeing "rights" within an unequal system is instinctively understood. The threat of ballot box revolutions due to periodic economic collapses led to Social Security, unemployment insurance, and, in almost 50 countries, universal health care, all becoming social tools to fulfill human rights.

That these rights were given only during economic crises, and are typically partially withdrawn during good times, proves the power structure is, for the purpose of increasing and protecting their wealth and power. Even the novice can't help noticing it would be much easier to fund those economic changes during prosperous times than during an economic crisis. Yet reforms are put in place primarily during a periodic crisis and are partially and steadily withdrawn by power and wealth in good times.

In the early to middle stages of designing democratic societies as imperial societies slowly evolved from Feudalism, the wealthy were so few and those producing their daily subsistence needs within their family unit, primarily from the land, were so many that not even the most alert could conceive of rights for all to retirement income, universal health care, home insurance, unemployment insurance, support for the incidentally or accidentally impoverished, etc. They were all social technologies (social tools) of the future made possible by the enormous efficiencies of advancing industrial, chemical, electrical, and medical technologies.

As imperial industrialized societies slowly formed, ad hoc, labor-intensive, capital-intensive, monopolized, and expensive social structures arose to fill the needs of the citizenry as they were slowly brought into the flow of money within a monopoly capitalist system. This is the process addressed two paragraphs above which prevented expansion of rights during good times.[a] Ever increasing efficiencies of technology increased rights rapidly but those same rights (living standards) would have spread many times faster if technology and wealth had been shared instead of monopolized.[b] Power and Greed caused those past centuries of poverty and war.

Historically, the masses within a subsistence economy could have been quickly brought within a money economy. A society with full and equal economic rights for all could have, and likely would have, established a banking, land, and technology commons similar to these inclusive property rights principles. But the powerful would quickly calculate that every gain in rights to an equal share of nature's riches would deny them their massive unearned accumulations of wealth and limit each to accumulating only earned wealth. Thus, **each power structure worldwide protected and expanded their power and wealth through continually refining exclusive-titles to nature's resources and technologies which rightfully belong to us all in roughly equal shares.**

Not only were unequal property rights designed to maintain wealth and power within national economies, they were designed to claim the wealth of the peripheries of empires. This alerts us to the reason for the covert destabilizations of emerging countries worldwide as they attempted to break out of the strait jacket of imposed unequal property rights so as to provide for their people. If they were permitted their freedom and full and equal economic rights, others would notice their rapid rise in living standards and would quickly opt out of the monopoly system.

Excessive rights for a few and lack of rights for the many structured into property rights law being the very heart of the monopoly system will stand exposed as we lay out further the simplicity of transposing monopoly rights and

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[a] Expansion of excessive rights is a regular occurrence within legislatures. Economic philosophers spotted the same appropriations of wealth we are addressing in special-favor laws and termed it rent seeking. Starting out as a service, secondary monopolies expanded into rent seeking. Some philosophers did make the rent seeking connection to taxi medallions and possibly technology but seem not to have made the same connection to other sectors of the economy, run a search for "rent seeking." Most those secondary monopolies can be eliminated through that service becoming a social or human right. A few, such as taxi medallions, should pay the rent values to society.

[b] Expansion of rights is not the same as an increase in income. Massive wealth within powerful nations is primarily appropriations of wealth of both weak nations and the politically weak within imperial nations.

massive blocs of wealth owned by a few monopolists into use rights relatively equally-shared and utilized by all.

Insurance, extracting wealth within the monopolization process: Whatever is a necessity should be a social right (applicable to those involved) or human right (applies to everybody). Security is a necessity and, in most developed nations, some form of Social Security (retirement insurance) is now a human right. As it is recognized as such, the powerful, though they continually try, find it difficult to reduce life-sustaining guarantees for those final years.[102] Thus Social Security, if left alone, is fully productive.

Health insurance, car insurance, and home insurance are also necessities to most, none of these are yet a social right anywhere, and they are, roughly, only 50% productive. Not having those social rights, ad hoc insurance industries sprang up to take care of those needs. Instead of a social right to insurance, similar to Social Security, being established by society, a "market" for insurance evolved and stock markets simultaneously expanded to buy and sell the capitalized values created by insurance companies' massive appropriations of wealth. Roughly half that extracted wealth was ground up in the process.

The annual net sums of that appropriated wealth, the profits on non-tangible values, are capitalized 10 to 30 times and that is the monetization process. As these were newly-created values, the banking systems created the money to buy and sell that capitalized unearned wealth in step with its appropriation.

That wealth, capitalized appropriated values (misnamed profits), came first which means that capitalization of unearned wealth requires the creation of base money (reserve deposits) and its circulation in step with the expansion of those monopoly values. A society with full and equal economic rights creates money to create wealth while current capitalist economies monopolize nature's wealth and technologies to create money. At least 60% of America's huge blocs of capital accumulated through that process produced the mirror image of those capitalized appropriated values, unearned money. That capitalization process made those unearned values transportable and transferable, meaning monetized and saleable. In short, in every monopoly, a part of the values rightfully belonging securely to each and all are appropriated, capitalized, sold, and banked, thus denying a large part of the citizenry their right to their full share

Having rights or lacking rights is the crucial difference between a highly efficient sector of an economy and a highly labor-intensive, monopolized, wasteful sector, extracting wealth from others, capitalizing the profits on those non-tangible values, and buying and selling those unearned appropriated values on the markets.

In banking, land (resources) and technology we have theoretically eliminated wasteful monopolization by apportioning the rental values on wealth produced by nature and all wealth produced by labor directly to the citizenry. The monopolized sectors of the economy addressed in this chapter are unique in that the maximum efficiency is gained by totally replacing their marketing structure with a social right such as insurance or a human right such as universal health care or retirement.

Rights can be given any time a power structure decides. But, not understanding the enormous power of a modern economy to take care of everyone's needs and, with heavily-funded think tanks pouring out perception management belief systems (spin) protecting the powerful's excess rights, rights for all are actually preached as a loss of rights (which it is for those with excess rights). Thus retirement funds, accepted as a human right today, were typically given only when a market economy broke down, people were starving, a revolution was imminent, and the leaders, those who had been continually blocking such key expansions of rights, stood to lose both wealth and power. True to our thesis, with 60 years of good times, those powerful are working furiously to roll back Social Security and other rights within today's property rights laws, all under the rhetoric of protecting your rights.[103] This is changing. As this crisis deepens (early 2009), the need for more rights for the people are spoken of even on main stream news.

Under the threat of a ballot box revolution, the citizenry were given Social Security as a human right. Annual management costs deducted from earnings, are less than 1% of premiums collected through payroll deductions. In contrast sales, management, and profits of insurances in the market economy typically cost 50% of premiums paid. Meanwhile, insurances negotiated by unions and given as a social right to those select few typically cost only 6% of premiums.

Social Security is insurance and it is much larger than any two or three insurance companies put together. Yet few people have ever seen their efficient regional Social Security office. Restructure health, auto, and home insurances to a social right and those insurance offices you see on almost every street, along with the office furnishings and those wastefully employed, are replaced by a fully productive regional office that, like the Social Security central office, you seldom see.

Your home insurance premiums would be paid when you pay your mortgage payment, just as they are now, but would cost half as much. No fault auto insurance, paid as a percent of the price of gas, would greatly lower costs as each person pays equally relative to the gas used. Universal health care, such as at least 12 states are discussing becoming law, almost 50 nations already have, and over 5,000 physicians are petitioning President Barack Obama for, can be handled under payroll deductions at half today's cost or it could be covered by socially collected resource rents and socially owned and operated bank profits at even lower cost.

If one's insurance needs fall outside those parameters, simply sign up, pay the premium, and pocket the savings. That is, if the powerful will ever permit such social rights to be allotted to the citizenry. The wasted labor and capital once operating the highly inefficient insurance sectors of the economy are now available for truly productive uses.

Law, extracting wealth within the monopolization process: In a society with full and equal economic rights, both crime and the need for legal resolutions would drop to a very small fraction of today's epidemics of lawlessness and battles over divisions of wealth. In 2006, a radio show host in Boston, incensed at the murders each week by drug dealers, blurted out, "Give me a call. I will find you a job." Within a week 10 of those battling for turf on the drug scene were enrolled in a cooking school. That violent life was not what they wanted; they simply did not have rights to a job of any kind let alone one with equal pay.

With each having full and equal rights to their share of nature's wealth, rights to a productive job through a radical reduction in working days, being paid equally for equally-productive labor, and, considering a total restructuring of society (see Conclusion) the daily struggle for survival would be replaced by an efficient, calm, inclusive economy with each having security and a quality life.

Assuming inclusive full and equal economic rights were sincerely put in place, which means each having the opportunity for a respectable identity and a secure life; the 2.4 million American prisoners now increasing 47,000 per year would shrink to infinitesimal levels. Those building and guarding prisons, the police, private guards, the personnel operating the justice system, and its brick and mortar infrastructure would shrink accordingly.

But the savings go far beyond the criminal justice system into the civil courts. We quote from Fred Rodell's classic, *Woe Unto You Lawyers:*

> It is the lawyers who run our civilization for us—our governments, our business, our private lives....We cannot buy a home or rent an apartment, we cannot get married or try to get divorced, we cannot die and leave our property to our children without calling on the lawyers to guide us. To guide us, incidentally, through a maze of confusing gestures and formalities that lawyers have created....The legal trade, in short, is nothing but a high-class racket.[104]

Rodell goes further:

> The lawyers—or at least 99 44/100 per cent of them—are not even aware that they are indulging in a racket, and would be shocked at the very mention of the idea. Once bitten by the legal bug, they lose all sense of perspective about what they are doing and how they are doing it. Like the medicine men of tribal times and the priests of the Middle Ages they actually believe in their own nonsense.[105]

Fred Rodell knew that expensive divorces were replaceable by each party agreeing to how property is to be divided, each fill out and file a prescribed form, the judge questions each party to ascertain each were fully aware, that the settlement was fair, and grant the divorce.

Some states have enacted such laws and the savings in both emotional distress and money were everything Rodell predicted. Special care is taken when children are involved but typically they too are rescued from the trauma of a messy, expensive, divorce. Most trauma and expense before those legal changes were because citizens were denied a social right, in this case the right to a simple, agreed-upon divorce.

Probating wills were, and many still are, subject to lawyers milking estates of the deceased. In contrast, living trusts and beneficiary deeds take effect with almost no cost upon his or her death when changes are no longer possible. As soon as papers of the trustee's death are filed, the heirs have full control of his or her share of the estate.

Legal forms are really a checklist of items that have to be addressed by all who wish to enter into a contract with each other or themselves. Most legal transactions are procedures requiring only the filling out of these ready-made forms. How else could it be? If most dealings between people were not based on custom, there would be chaos. This simplicity is blocked by the present legal system, which makes simple transactions complicated and tedious, thus expanding labor and time to justify large compensations. All that is wasted time, money, and resources.

Rosemary Furman, legal secretary and court reporter, estimated that, if the public were given access to standardized forms, about 70% of the legal work could be eliminated. With this access, and guidance from the clerks of court, literate adults could easily handle uncontested divorces, name changes, debt collections, tax matters, bankruptcies, real estate transactions, adoptions, patents, wills, trusts, and many other legal matters. Furman charged twenty-five to fifty dollars for these services while lawyers received three hundred to five hundred dollars. But whenever citizens use a prepared form and handle their own transactions there are no costs beyond filing fees. "Everything I do," said Furman, "is the responsibility of the clerk of court."[106]

Over half the compensations for accidents, product liability, and malpractice are claimed by lawyers. In New Zealand, the "Accident Compensation Corporation oversees the claims process. Injured people file claims whether their injury happened at home, at work or at play, and compensation is provided fully and fairly."[107] This process is equally applicable to product liability and malpractice suits. Divorce, accidents, and liability constitute at least 80% of all civil suits and in each it is possible to almost totally eliminate lawyers.

Early lawyers were paid by the word. This led to the current unnecessary legalese that few can understand:

> It has been the custom in modern Europe to regulate, on most occasions, the payment of the attorneys and clerks of court, according to the number of pages which they had occasion to write; the court, however, requiring that each page should contain so many lines, and each line so many words. To increase their payment, the attorneys and clerks have contrived to multiply words beyond all necessity, to the corruption of law language of, I believe, every court of justice in Europe. A like temptation might perhaps occasion a like corruption in the form of law proceedings.[108]

Lawyers extract more than their share by keeping secret the simplicity of everyday common agreements. Once language is simplified and the public has access to legal forms, the practice of law via obscurantism and hocus-pocus disappears.

And we can go on and on: Conflict Resolution Law, corporate mini-trials, etc, are all examples of how to eliminate the current unnecessary expense of the legal system.

Most within the criminal class only lack rights. Though most the wealth consumed in the legal industry is wasted labor, wasted office space, wasted protective forces, wasted courtroom space, etc, huge profits are still made and those appropriated values—unnecessary private prisons, law firms listed on stock markets, incorporated but unlisted law firms, etc—create unearned high capitalized values which are bought and sold.

Health Care, extracting wealth within the monopolization process: April 18, 2006, the American Medical Association released their study that, by U.S. Department of Justice guidelines, health insurers were effectively monopolies. Among the 50 most developed nations, only the United States and South Africa do not have universal health care. U.S. citizens pay out of pocket 38% more than the Canadians, 39% more than the French, 42% more than the Swedish, 53% more than Germans, 62% more than Italians, 78% more than Australians, 90% more than the Japanese, 100% more [actually 130% more] than the British and 466% more than the Cubans.[109] Universal health care for many of these countries equals or, when one considers all their citizens receive medical care, exceeds that in the United States.

Markets for health care are far from efficient. The more products sold, whether needed or not or even if they may be harmful, the more profits that can be made. Such wasted labor and resources of secondary monopolies are not the result of intent. As a distribution mechanism, these unnecessary marketing territories expand relentlessly in all the service segments of the economy. Businesses must operate at their maximum to maximize profits and people must maximize their labor time to earn a good living. Thus, without full and equal economic rights, those sectors of the economy will expand.

In their book, Frogs into Princes, psychiatrists Richard Bandler and John Grinder explained the process. One of their fellow psychiatrists treated patients in a state clinic and averaged six visits per client. "In his private practice he is apt to see a client twelve or fifteen times...and it never dawned on him what caused that....The more effective you are the less money you make because your clients get what they want and leave and don't pay you anymore."[110] All sectors of the US economy mirrors this psychiatrist's practice of in part producing wealth and in part extracting wealth.

An episode of the Sally Jesse Raphael Show featured young women who, at fourteen years of age, were unjustly institutionalized.[111] With remarkable insight, these young women figured out the fraud and outwitted the system. A patient advocate who was a member of the Minnesota Mental Health Association was instrumental in freeing many of these young ladies. He pointed out that when hospital occupancy declined they expanded into child care and "hospitals and psychiatrists were preying upon parents and children." Seventy-five hundred children per year were institutionalized in that state, "typically only those who had insurance were hospitalized, and the cures and discharges came miraculously when the insurance ran out."

The Children's Defense Fund suggests "at least 40% of these juvenile admissions are inappropriate, while a Family Therapy Network youth expert put the figure at 75%.[112] Few experiences could be more damaging to the self image of a youth than institutionalization during those crucial formative years. On balance, in the search for profits, the psychiatric industry can only have been doing far more harm than good.

A study by Rand Corporation found 40% of hospital admissions as inappropriate because they involved simple procedures that could have been handled just as well in a doctor's office. Thirty percent of operations have been deemed unnecessary. Localities with fewer doctors had lower mortality rates and during hospital strikes in the United States, Canada, Great Britain, and Israel, the death rates went down. In the Israeli and New York strikes, the hospitalization rate dropped 85%. "It was as if the population was in better health when medical care was limited to emergencies."[113]

Canada is listed among those countries with lowered mortality rates when doctors were on strike. Yet "Canadians get bypass surgery half as often as Americans."[114] When exposed, the installation of pacemakers under promotions reminiscent of staying in style was a disgrace.[115] This author listened on the evening news to Dr. David Graham, who blew the whistle on Vioxx, pointing out that, "The patients Vioxx was killing equaled the death rate of two to four airliner crashes a week and there were five more drugs he knew that were highly suspect." Running an Internet search for "drugs, whistleblower" or "trans-fats, Denmark" will alert one the problem goes far beyond drugs. In each case addressed above, gaining markets, whether there was a real need or not, even if the process or product was lethal, was the game. Unneeded sales through market creation are springing up all the time. Lowering recommended cholesterol levels, ongoing as we speak, creates millions more patients taking prescribed statin drugs. TV ads on "restless leg syndrome," also currently ongoing, is creating a whole new syndrome requiring treatment with high-priced and dangerous drugs.

We could go much further but that is enough. This message, emailed to me, was sincerely appreciated: "I am a doctor and everything you said is true." David Himmelstein and Steffie Woolhandler are doctors at Harvard Medical School. In 2001, along with Dr. Ida Hellander, wrote *Bleeding the Patient: The Consequences of Corporate Health Care.*[116] Here one will read 238 pages of unsettling facts on the American Health care system paralleling that just described.

Universal health care as a human right, paid from socially-collected resource rents and socially operated banking profits, with private doctors paid well yet all incentive for unnecessary treatment eliminated (like Britain, pay doctors bonuses for keeping patients healthy), would quickly drop health care costs by 60% even as all citizens receive quality care. A serious food and nutrition study and citizen education not dominated by food and drug corporations would drop those costs another 50%, up to the last three years of life, while increasing life spans substantially. Example: Three years after the alert caught onto the 50-year scam of trans-fats, the evening news said, "There has been a dramatic rise in life expectancy and the experts do not understand why."

Welfare disappears when the wealth extractive process disappears: In an inclusive society with full and equal economic rights, the only welfare necessary would be for those mentally or physically incapacitated.

By right, the first jobs for which they are qualified should go to the functionally impaired—answering services for the blind, accounting and secretarial work for those in wheelchairs, janitorial and assembly work for the learning disabled, etc. Surely there are jobs for most of these 14 million disadvantaged people, whose self-esteem would be greatly improved if only they could achieve self-sufficiency.[c]

The Americans with Disabilities Act (ADA) makes it illegal to discriminate against the physically or mentally disadvantaged in jobs they can handle. The severely impaired should have the opportunity but, since any evaluation would be arbitrary, not the obligation to work. It is those who have been faced with dependency who can best appreciate the need for the pride, equality, independence, and self respect achievable through productive labor.

When handicaps result in a lack of productivity, employers being compensated by society as they maintain their employment, a right already in law, would elimin-

[c] Mary Lord, ("Away With Barriers," *U.S. News & World Report* [July 20, 1992]: p. 60) says 43 million. Fourteen million is the lowest figure I have heard. This law is a good start towards the disadvantaged obtaining their full rights.

ate most of the welfare bureaucracy. Those once working in the welfare industry can now move to productive jobs.

Others would have the right to a job much as they do now—through talent, education, tests, interviews, contacts, seniority, etc. The major change would be a dramatic cut in the workweek by law which would, considering a total restructuring of society (see Conclusion) open up space for realization of that human right.

Rights to equal pay for equally-productive labor, a productive job, land, one's share of the fruits of technology, universal health care, retirement as a human right, honest insurance, the elimination of legal hocus-pocus, a public taught responsibility for its own health, and social safety nets for disastrous events that deny a person the ability to care for their family as a social right is the foundation of a truly democratic, all-inclusive, peaceful, productive society with need for welfare only in cases of mental or physical incapacitation.

Where the foundations for primary monopolies are various forms of titles to nature's wealth, secondary monopolies evolved filling a need citizens were entitled to, a social right, powerbrokers neglected (refused) to establish those rights in law. Doing so would eliminate their market monopolies which waste half our labor and resources.

Waste within those monopoly structures, as addressed above, expanded through the sale of unnecessary services. Eliminating monopolization through legislating those necessary services into a social right typically reduces service costs over half even as citizens are better served. Unnecessary infrastructure—monopoly insurance structures, excess prisons, excess law offices, excess courtrooms, etc, and currently wasted labors and resources—can now be turned to productive use.

Agriculture within the community social credit process: On July 4, 2005, *Der Speigal* pointed out:

> When there's a drought in a region of Kenya, our corrupt politicians reflexively cry out for more help. This call then reaches the United Nations World Food Program -- which is a massive agency of apparatchiks who are in the absurd situation of, on the one hand, being dedicated to the fight against hunger while, on the other hand, being faced with unemployment were hunger actually eliminated. It's only natural that they willingly accept the plea for more help. And it's not uncommon that they demand a little more money than the respective African government originally requested. They then forward that request to their headquarters, and before long, several thousands tons of corn are shipped to Africa ... Corn that predominantly comes from highly-subsidized European and American farmers ... and at some point, this corn ends up in the harbor of Mombassa. A portion of the corn often goes directly into the hands of unscrupulous politicians who then pass it on to their

> own tribe to boost their next election campaign. Another portion of the shipment ends up on the black market where the corn is dumped at extremely low prices. Local farmers may as well put down their hoes right away; no one can compete with the UN's World Food Program. And because the farmers go under in the face of this pressure, Kenya would have no reserves to draw on if there actually were a famine next year. It's a simple but fatal cycle.

Zambia had 40 small industries producing clothes for Zambians. A flood of used clothes from America undersold those producers, those industries closed down, the economic multiplier went into reverse, and the number of impoverished Zambians rose rapidly.

The wealthy world feasts on chicken breasts while boatloads of imported chicken wings and drumsticks, supported by the high price the wealthy will pay for chicken breasts, undersell and devastate the economies of weak nations. Not only are poor countries unable to compete against subsidized imported food and consumer products within their own countries, they are unable to export to the wealthy world due to both high supports and tariffs.

The imperial centers sell items for roughly half the cost of production. But the money spent producing that item circulates within that exporting economy lets say eight times. This is the economic multiplier. Each million dollars worth of exports sold at half the cost of production, in this case $500,000, still generates $7.5 million of economic activity in the wealthy country year after year even as the same multiplier, now in reverse, eliminates $7.5 million of economic activity annually in the importing country. The entire $1 million chicken business in the importing country disappears plus another $6.5 million dollars worth of business through which that money once circulated.

Let's reverse this process: If American farmers were undersold by subsidized agricultural surpluses from another society or that imported food was given to American consumers, U.S. farmers could not sell their crops. They would go broke, the tractor and machinery companies would be bankrupt, the millions of people depending on these jobs would be without work, resources and production of remaining industries would have to be sold to other societies to pay the import bill, and America would quickly become impoverished.

In a country not yet industrialized, the natural resources must be sold to pay for subsidized food and consumer products from the industrialized world and debt traps are put in place to maintain that dependency.[117] This process created a disaster in Mexico. As their food imports rose to 60% of their needs, wages fell drastically, industrial production shrunk, and debts and hunger increased dramatically. And it will get worse. Businesses that moved to Mexico for $3.50 an hour labor under that trade agreement moved to Asia for even cheaper labor and, along with those traders banking those massive profits instead of sharing, created the current 2008-09 economic crisis.

Throughout these subsidiary monopolies the pattern remains: Through licenses to provide services within a monopoly structure, the citizenry are denied full and equal economic rights and their costs double even as services are reduced. Give citizens full and equal economic rights—including insurance, universal health care, a just legal structure, etc—as social and human rights and those monopolies disappear even as the quality of services rises rapidly. Elimination of monopolization extends both social and human rights substantially further than the Universal Declaration of Human Rights. Values equal to the massive blocs of capital that once bought and sold those monopolized service industries have been transposed into relatively equally-shared use values.

Again we point out that unearned wealth extracted through unequal property rights, is capitalized by a multiple of 10 to 30 times, sold, and becomes a bloc of capital which is loaned, in one way or another, back to those from whom it was extracted. Through taxes or consumer purchases, the citizenry repay that principal plus interest over and over again in perpetuity and that impoverishing cycle continues, interrupted only by economic collapses (which appears to be happening as we speak) caused by too much finance capital in the hands of too few and too little buying power in the hands of the many.

As soon as the services of each of these secondary monopolies are declared a social right, the social structures can be put in place to care for those newly declared rights at a cost far below that of a monopolized market system even as the quality of care for those social rights rapidly rises.

The efficiencies of monopoly capitalism are fiction. Page 133 outlines the four basics the classics gloss over as they claim those efficiencies. We now turn to a modern information commons through which these rights can be realized.

5. A Modern Information Commons, Education at 5-to-15% Today's costs

Restructuring the developed world is prevented because information is monopolized by the financial power of four primary monopolies—land, finance capital, technology, communications—and the secondary monopolies, insurance, law, health care, etc.

Control of information controls people, albeit without their realization, which in turn protects these monopolies. This process ensures that the distribution of wealth will remain in the same channels going to approximately the same class of people.

Use values are produced by combining labor, capital, and resources. Through **exclusive titles to (monopolization of) nature's resources and technologies rightfully shared by all**, a substantial unearned share of those values are claimed by capital and monetized in the markets which capitalize those profits, both earned and unearned, by 10 to 30 times. These values, again both earned and unearned, circulate among monopolists as they each jockey for position in the ethereal world of high finance maximizing both their production of, and interception of, wealth.

Property rights, as it relates to nature's resources and technologies, denying others their rightful share of what nature offers to all for free, locks each into the system, there is no way to avoid the monopolist's role. Through monopolization of the communications industry, perception management keeps belief systems firmly in place and it requires no conspiracy. Each one does just what we would do, fiercely protect the source of our livelihood and opportunities to—under the legal structure of exclusive titles to nature's resources and technologies belonging to us all in roughly equal shares —lay claim to unearned wealth.

Thus the citizenry know little about past battles through which the limited rights they have today were wrenched from those laying claim to the major share of the wealth produced by nature and technology. Professor Herbert Schiller explains how America's view of the world has been distorted through labor having been "sealed off" from much of their history:

> How many movies did [corporate America] make about the labor movement? After all, America is made up of people who work. Where is the history of these people? Where's the day-in day-out history of the African American population? Where's the day-in and day-out history of women? Not just one program. Where's the whole history of the people? Where's the history of protest movements in America? Can you imagine the kind

> of material that could come from American protest movements? The entertainment people are always saying that they don't have enough dramatic material. Who are they kidding?[118]

Just like the windmill, steam engine, and electricity becoming so cheap that the powerful lost monopoly control, a communications superhighway has the potential of being so inexpensive that—within both the wealthy and developing nations—minorities, environmentalists, the peace movement, lower-paid labor, and all politically weak segments of society will be able to reach the citizenry with the histories of dispossessions, impoverishments, waste, and violence. Their equal share of the wealth produced by nature's resources and technologies rightfully belonging to us all can be reclaimed and the waste and violence can be eliminated.

Powerbrokers will use all the deceits and power at their disposal to prevent or delay the economic efficiencies that are possible and, just as they have been successful in the past, they may succeed again. Witness these four primary monopolies and many secondary monopolies which are firmly in place, yet we are told they do not exist. Those powerbrokers are, as we speak, buying up exclusive titles to the efficient low frequency communication spectrums with the intent of forever forcing the citizenry to pay monopoly prices:

> Imagine … that you're relaxing on the white sand, with a slight breeze in the air, just steps from clear blue water. The beach is open to the public, but it's never too crowded. It's a great place to surf. But then one day you show up and there's a huge brick wall blocking your path to the shore. Without telling anyone, the government sold off this seaside spot to a private developer. … If you still want to dip your toes in the water, the new management expects you to pay through the nose. You'd be pretty angry. Right? Well that's exactly what is happening right now in Congress. Only the valuable public resource being auctioned off isn't the beach—it's a prime slice of the public airwaves. …
>
> The airwaves being taken over by the broadcasters are the Malibu of the radio spectrum—fine beachfront property. Signals at these lower frequencies travel farther at lower powers and can go through obstacles like walls, trees and mountains. That means lower infrastructure costs for broadband providers, encouraging the development of local wireless networks and lowering prices. With more unlicensed spectrum, the "Community Internet" networks being setup across the country would be faster and even more reliable. Super-high-speed broadband connections for just $10 a month could be a reality. … We're headed for a world in which all communications—television, telephone, radio and the Web will be delivered over the Internet. … We can sell off our public resources … or we can invest in the future, bringing the benefits of broadband to all Americans. But first our lawmakers need to pull their heads out of the sand.[119]

Monopolists are gaining exclusive title to those priceless, powerful, low-frequency spectrums. This example of establishing exclusive title to nature's resources and technologies rightfully belonging to us all in roughly equal shares and forever claiming wealth produced by others without providing equal value in return is a beautiful example of how exclusive-title-monopolies have been structured through property rights laws for centuries. Each of those exclusive titles or licenses permits massive overcharges to the public for use of what is properly a social right and a human right, their share of those social services and nature's wealth at the lowest possible price.

Even as we are far overcharged, the gains we do receive are so huge and the even greater gains possible normally totally unknown that everybody believes what they have always been told, this is the best of all possible property rights systems. But the communications superhighway being partially operational in America, fully operational in other countries, the possibility of the entire monopoly system collapsing, and society then eliminating that waste, is what this book is based on. We will confine ourselves to how a communications superhighway could be established if planned as a maximally efficient part of **the community, social credit, process.**

Through E-learning (distance learning) many professors already have their lectures and curriculum online for their students to do their studies at home. The student saves lodging and travel time but other college/university costs are the same. Those massive costs are unnecessary. Internet1 is a hodgepodge of servers and routers reminiscent of the buggy roads of 200 years ago while Internet2, utilizing Abilene and Backbone Network Service (vBNS) designed specifically as a communications superhighway, has downloadable and uploadable speeds 10,000 times greater. White space use approval this year (2009) expands the capacity of each communication spectrum by several times.

As virtual classroom Internet speeds are modest compared to the data output of Hadron Collider in Switzerland and other research Internet2 is designed to handle. All we describe below has already been proven as possible.

Utilizing the latest technology, the developing world can install communication superhighways that, relative to brick and mortar education costs, are almost free. Those satellite digital superhighways, with universal wireless broadband receivers on board all new computers, can reach even the remotest rural areas almost for free. Cell phones already operate from any place on earth, broadband soon can be, and expensive landlines will be quaint history. When more satellites are needed, they can be launched.

Compare that modest investment with the savings of educating the entire population of the world at 5-to-15% the cost to an even higher level than with brick and mortar schools. That savings would, each year, more than repay the costs of establishing those information superhighways. That is Green Economics for sustainable world development on steroids.

Communications Superhighways Eliminating Monopolization

Assuming the world breaks out from under the many forms of monopolization being continually structured into property rights law--specifically the current privatization of those efficient low frequency spectrums—this means a 99% reduction in cost per unit of communication capacity is possible.

When those information superhighways reach each home, a population can be educated for as little as 5-to-15% of what is considered normal today. The developing world has the opportunity to make an end run around those nations whose valuable communication spectrums are monopolized and their brick and mortar schools fully operational. Massachusetts Institute of Technology, NASA, and Google, combining their expertise and money, designed an indestructible, WiFi and cell phone equipped, $200, laptop computer for developing-world governments to provide free to children so they can educate themselves. School systems within the wealthy world have taken note. As those inexpensive computers will have free linux operating systems, monopolized, expensive, operating systems will eventually be discarded to the dustbin of history.

It is possible for a nation, or the world, to establish a communications superhighway where everyone can talk to anyone in the world for the penny per minute calculated 30 years ago. With operational costs for individual service now cheaper than accounting, costs on phone calls and broadband connections can be borne by society. Already VoIP (Voice over Internet Protocol) users speak to each other across the world for free and the reception on the other side of the world is as clear as local landlines. Skype, only one of many providers, has 44 million subscribers and counting. By the community social credit process funding the communication systems—as opposed to taxes—those efficiencies can be attained.

TV and radio stations can stream their programs onto that satellite information superhighway and eliminate the need for down-stream booster stations.[a] Consumer choices will expand exponentially as TV and radio stations all over the world stream their programs onto that communications superhighway. The shakeout within the developed world will be at the same pace as those information superhighways are installed. As their brick and mortar infrastructures are not yet fully in place, the developing world bypasses most of that shakeout.

To compete, the former down-stream booster stations must provide more interesting programming. Take Oprah Winfrey for example: Her Chicago station would no longer need booster stations to reach their loyal viewers. It is not likely that any of those stations can create a program to pull an audience from her or other popular programs.

[a] Several broadband URL connections viewable on your TV, each with thousands of TV station choices and adding more every day, are already available online.

Outside those loyal listeners, the market for programming without advertising will trump the advertising stations and the now-out-of-work TV and radio stations, unable to gain a broad audience, will have to produce programming for a narrow, single-interest, audience.

Major news networks will face the full brunt of competition as alternative news from around the world becomes available to all. *Democracy Now, Link TV, Mosaic, BBC, AlJazeera, INN Report, Indymedia,* documentaries, and news from all countries in all languages would present a view of the world that many citizens within the *information-insulated wealthy world* are totally unaware of and those major news networks will have to address those various views or become irrelevant. Perception management will be severely constrained and control of the citizenry to protect the wealthy and powerful should become impossible.

As few people can handle such an overload of viewing choices, sports will gravitate to one bloc of stations, music and sitcoms will each gravitate to their blocs, and the viewers will further subdivide into regional and other subdivisions such as a bloc of channels with pay-to-play movies.

Stations forced to close will be picked up by NGOs and political groups for pennies on the dollar. Formerly forced to the margins, dedicated progressives, environmentalists, sustainable-living researchers, permaculturists, Greens, the peace movement, minority rights, labor rights, women's rights, children's rights, antipoverty, and a thousand more causes will be able to reach the citizenry with their views of the world over those same information superhighways.

Politicians must address questions brought up that were previously kept off the table. Alert viewers will have hard questions; those answers will be available, will be voiced, and will be understood. Propagandists will no longer be able to create justifications for war and full and equal economic rights with peace and prosperity for all will be possible.

Communication Superhighways Eliminates Intermediaries and Reduces Trading Costs

The difference between manufacturing cost and the consumer price measures the major cost of most products, distribution. Typically, manufacturing costs are under 20% of the final selling price.[120] With mail-order shipping charges from 2-to-5% of retail price, no one would pay intermediaries 3-to-5 times the production cost when it is feasible, in this communication superhighway age, to study the products on an Internet database, contact the producer, buy the item, and have it shipped directly at 30-50% today's cost.

A large share of the world's consumer products are imported. But, if full and equal economic rights were attained worldwide, including equally-productive labor relatively equally paid, production will be primarily regional. Shipping half way around the world what could be produced next door is economic insanity. Once the common-sense principle of equal pay for equal work worldwide is accepted and put in place, it will be much cheaper to produce and distribute regionally and those shiploads of identical consumer products meeting and passing each other on oceans and highways—consuming enormous finance capital, industrial capital, labor, resources, and energy—will be history.

Besides doing office work at home, with that same computer one can search for, and order, one's share of larger and more expensive consumer durables. Shopping requires information and middlemen are primarily in the information business. On the Internet, it is possible for producers and consumers to trade directly and cheaply again, just as face-to-face trades were finalized for thousands of years. The monopolization of distribution with its army of intermediaries would disappear. Trades over the Internet are surging 22% a year. As those marketing channels become operational, prices for middle-priced to expensive items will drop 50% or more. The savings in distribution alone should reach those savings which is on top of all the other savings we have shown as possible in other sectors of the economy.

Currently America has 10 square feet of retail floor space for each shopper while Britain has only two square feet. That surplus retail space will disappear as Internet shopping rapidly lowers costs to a fraction of current levels. A great shakeout of the retail industry is inevitable. The buildings and support infrastructure for at least 30% and possibly 60% of what the developed world today considers necessary for distribution will be available for productive uses. An efficient, productive, and sustainable economy is possible.

Bill Gates, who accumulated $60 billion because he understood communications technology better than most, said, "The information highway isn't quite right. A metaphor that comes closer to describing a lot of the activities that will take place is the ultimate market."[121] That is the market we are describing.

Big-Ticket, Infrequently-Purchased Items

Autos, appliances, furniture, farm equipment, industrial equipment, and major tools are all big-ticket, infrequently-purchased items whose buying requires accurate information but not the promotional-persuasive, titillating, advertising that hammers at us incessantly. We trust and get information from experience and we make the most important decisions by observing products in daily use. In a communications commons, customers would make purchase decisions by dialing a database containing all manufacturers and models of a product.

That database would have information required to make an informed decision, energy efficiency, noise level, hours of useful life, price, and other features. With tests by independent researchers, such as Consumer Reports, note the pressure this would put on manufacturers to make the most efficient products and stand out in this all-important master index. Buyers would, at their leisure, study engineering specifications, styling, and actual use of the product on their television or computer. Once a decision was made, they would only need to punch in the code for the desired order—such as model, color, and accessories—and a databank computer would note the closest distribution point where that item was available. Or buyers could choose delivery from the factory warehouse.

The bank account number, thumbprint, eye-scan, thermogram and/or signature of an Internet shopper would be verified by a master computer and that account instantly debited. If a credit line had been established at the local credit union or bank and recorded in an integrated computer, credit needs would be handled simultaneously. The process, not involving advertising, sales, or banking labor, would greatly reduce transportation, storage, and sales costs. Pressures on resources and the environment are correspondingly reduced.

Product guarantees, maintenance, and repairs would be taken care of by local private enterprise under standardized guarantees. Direct trades between manufacturer and consumer, elimination of distribution intermediaries, will be guaranteeing high-quality products at the lowest possible price.

Both seller and buyer would save time and labor as verbal explanations and mailing of information are eliminated. The current time-consuming exchange of information would be replaced by consumers studying at their leisure. Conserving millions of acres of trees and eliminating impact on the environment caused by manufacturing paper, producing brochures and distributing that information, including a large percent of the retail establishments themselves, would go a long ways towards sustainable world development.

Every qualified producer would enjoy the right to place his or her product or service in the databank and pay a very small percent of gross sales out of cash flow. In place of millions of dollars up front to advertise through the present openly-monopolized media, there would be only a small charge for entering the product information in a database. To eliminate clogging the databanks with useless information of producers no longer in business, regular minimum payments would be required to retain the privilege of selling through this integrated communications network.

This would break the monopolization of production and distribution by huge corporations. Starting up a truly productive industry would e quite simple. A new company's advertising would have full billing alongside major entrenched producers. With consumers having easy access to all choices, a few wealthy corporations would no longer decide, through promotional-persuasive advertising, what the public wants.

In the United States, once direct contact is established between producer and consumer via product databases, it would only require roughly 100,000 railroaders, possibly one million truckers, down from 1991's 1.3 million truck drivers, and a system of organized freight terminals to distribute the nation's production. It would be a freight postal system just as with Christmas packages today. The item would be delivered or consumers would receive notice of the arrival of their purchases and pick them up at the local freight terminal.

There are normally several trucking companies in any moderate-size city, each complete with loading docks, storage capacity, dispatching equipment, and staff. The following shipping pattern is already operational:

1 Shippers punch into a common-use database loads to be shipped;

2 truckers with computers punch in their location, freight preferences, and where he or she would like to deliver the next load;

3 the computer shows where the loads are, the type of freight, the required pickup and delivery times, the rate per mile, etc;

4 the trucker chooses a load, informs the computer, and records his or her identification number;

5 and the computer records the acceptance, removes that load from the databank, provides a contract number to the trucker, and informs the shipper.

There will be no need for duplicated dispatching services, loading docks, storage facilities, equipment, and personnel. Competitive monopolies created by the minimum capital requirements for trucking companies are eliminated, placing independent truckers on an equal footing with corporate truckers. The nation's freight will quickly settle into flow patterns and be moved as regularly as mail by the cheapest combination of rail, truck, ship, and plane.

It might take a consumer three days to receive small items and up to 10 days for large items but, at one-half the price or less which translates to pressure taken off of resources and the environment, they and society are well paid. Actual transit time between producer and consumer would be a fraction of that currently through jobbers, wholesalers and retailers. A just released barcode scanner (2009) listing the cheapest price in the area and on the Internet should lead to one regional wholesale distribution point with prices across the board marked down 60-to-70% replacing retail stores.

Manufacturers' on-time delivery of parts to the factory that greatly reduces storage and finance capital costs will have been expanded to on-time shipping to consumers. Those within the retail system who formerly bought, stored, and sold these products are available to engage in productive labor. Society will eventually attain an undreamed-of efficiency. Over 50% of these intermediaries between producer and consumer will eventually be eliminated and, assuming society was alert and restructured labor's working hours and other crucial adjustments, all would be free to share the remaining productive work with employment outside the home of only two to three days per week.

Once those productive jobs are shared, the average workweek reduced, and labor fully paid, the small amount of time necessary to labor for one's share of the nation's wealth would be the proper measure of the price of products and services. Our research concludes that an efficient economy using modern technology of production and distribution could reduce employed working hours by over 50%. That potential reduction in costs through elimination of unnecessary labor and productive labor being fully paid is the meaning of Adam Smith's little-noticed insightful statement, "If produce had remained the natural wages of labor, all things would have become cheaper, though in appearance many things might have become dearer."

Inexpensive, Small, Frequently-Traded Items

The markup on perishable groceries is about 100% while the markup on small consumer durables is several hundred percent. There is a competitive sales monopoly at work in the latter. Taking full advantage of modern communications would remove all purchases above an intermediate price range out of the wasteful, duplicated retail outlets. Simultaneously, the consumers' choices would multiply through access to these products in databanks.

Groceries, household supplies, cosmetics, knickknacks and most small, inexpensive consumer items would be most efficiently distributed through the present retail outlets. The breakeven point would be in the lower range of the intermediate-priced occasionally-purchased items.

Wholesalers would keep the quality and price of all products posted in a databank. Once trust had been established, retailers would check those bulletin boards for the best buys. This would eliminate the need for many jobbers and other salespeople.

Shopping as a Social Event Entails a Cost

Shopping is recreation for many people and a status symbol for others. Those status shoppers would have no trouble finding merchants to accommodate them. To compensate for the additional labor, showrooms, and storage, the products would cost more which is properly accounted for under socializing and recreation (Tupperware, Avon, or social status at Tiffanys). The majority would surely choose the most direct and least labor-intensive, cheapest, method of completing a trade. As direct trades would be only for intermediate to big-ticket items, this would in no way impinge on local coffeehouse-type trades where socializing is the primary activity.

Reserving TV Time for New Products

While innovations on a familiar product would be readily presented to the public through a databank, totally new products would require special access to the public. Novelty buffs comprise a large segment of the population, and there are few who do not have some interest. Complementing other methods of familiarization, demonstrations of these creations accessible in a database would be quite popular.

Once a production-distribution infrastructure is in place with society energized and accustomed to that standard of living, promotional-persuasive advertising becomes wasteful. Rather than titillate the consumer with thousands of toys to be played with and discarded, it would be much more socially efficient to abandon promotional-persuasive advertising and permit people to advance to a higher intellectual, social, and cultural level.

The maximum average living standard within the capabilities of the earth's resources and ecosystem can be calculated. Leaders could, and should, use those proven promotional-persuasive methods to educate people about the waste of the current production-distribution systems. Many in the developed world have already abandoned the "irrational conspicuous consumption" lifestyle for rational living (see p. 17).

If people are so dull that a society with a respectable living standard cannot function without promotional-persuasive advertising, which we do not believe, society could analyze advertising for essential and nonessential products for the desired standard of living. Many items—cigarettes, alcohol, and chemical-laden processed foods—lower the quality of life, spending social funds on their promotion is economic insanity. The captive public, captivated by the power of the enormous wealth extracted from them by the monopoly system, pays for the debasement of their lives.

Driving a $60,000 luxury automobile while others are driving fuel-efficient $20,000 cars may draw admiration today, but if society were taught this was at the expense of humankind's survival it would incur broad disapproval. The resources saved and pollution prevented by that refocused social mindset would be essential to the survival of thousands of species, to humankind's quality of life, and most probably to our survival.

Music, Sports, Movies, and Game Shows

Music, sports, movies, and game shows draw large audiences. Several channels should be reserved for each of these interests. Only pennies per viewer, paid painlessly through consumer purchases as per the product databases addressed above, would bring in millions per broadcast to the investors, stars, directors, managers, and support labor.

With communication channels no longer monopolized through high-priced promotion there would be many more people investing, designing, producing, and starring in many more shows. Along with more time to enjoy TV, viewer choices would rise and the truly talented artists would be well paid for their efforts. All would have a reasonable opportunity to prove their abilities. A formula of gradually reduced pay per million viewing hours as a show increased in popularity would compensate performers relative to their popularity, little different than now. With access to the public for new performers, monopoly control of entertainment industries disappear.

Investment and Job Opportunities

Along with databases, one or two channels should be reserved for direct communication between those offering investment opportunities and investors looking for them. As everyone with savings would have access to investment information stored in those databanks, money monopolists would be bypassed. Individual investors would put their risk capital in innovations that went unrecognized by regular loan institutions. If the investments were truly productive, investors would receive much higher than average returns. However, if their claims to insight were not valid, they would not be able to hide behind the protective shield of monopolization.

An entrepreneur who had obtained community approval and initial investment capital from the bank, they need both now, would deposit a prospectus in a databank. Investors would study the various investment plans, buy shares in the most promising, and have their accounts automatically debited, all without intermediaries.

Talented workers would look over prospectuses, which would include labor needs and incentives, and, if they saw where their talents would be used productively and profitably and assuming they had fulfilled their contract to train a replacement, they could transfer to that new job. Labor would be mobile and free, not dispossessed as in a reserve labor force. Their right to their share of the efficiency gains of technology is assured through restructuring property rights as applied to nature's resources and technologies offered to us all for free. That right would translate to average employed working hours of only two to three days per week.[b]

If a replacement were not immediately available, other workers at the factory could double their pay by working five days a week. Strict rules of later time off to compensate would have to be followed. Permitting doubling up on established jobs would appropriate the labor-rights of others and subvert the economy through again creating a class with superior rights (though in a much subdued form). The underemployed would be denied their share of social production while those working excessive hours would have more than their share.

For their risk, the original innovators, investors, and worker owners would receive the initial higher profits plus the increased values of a successful company. Through sharing in the profits, workers and management who bought stock through deductions of 10-20% of their wages would be well compensated. The profit potential

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[b] See the work of Charles Fourier 180 years ago and Thorstein Veblen, Bertrand Russell, Lewis Mumford, Stuart Chase, Upton Sinclair, and Ralph Borsodi in the first half of the 20th century. Late 20th century writers describing the same phenomenon are Juliet Schor, Seymour Melman, Samuel Bowles, David Gordon, and Thomas Weiskopf, Jeremy Rifkin, Andre Gorz, Hans-Peter Martin and Harold Schumann, and numerous European authors.

would increase their desire to maximize efficiency and provide incentive to look for new industries to develop."[122]

Others would quickly analyze and duplicate the innovative production or distribution process and prices would fall to just that required to compensate the innovators, labor, and capital. Through low priced products, equal pay for equally-productive labor, and rights to a productive job, each member of society would be receiving their proper share of wealth provided by nature and the efficiency gains of technologies which are gifts of nature nurtured by inventors' labors and talents.

With a communications commons functioning under inclusive property rights reducing production and distribution costs 60% and adequate compensation to the innovators being 10%, the public would, measured in hours of labor required to purchase a product, benefit by a 50% or greater reduction in the price of consumer products. Through the reduced income of a shorter workweek matching the reduction in living costs there would be no loss in living standards. Societies which decided to forego a throwaway society and opt for a fuel cell, hybrid car, bicycle economy and other efficient transportation systems would provide a quality lifestyle with even less labor.

Global warming is fast becoming the world's most serious problem. We sincerely believe that a sensible world society, designed to reduce pollution, reduce greenhouse gases, and still provide a quality life for all, can be designed with each employed outside the home two to three days per week. The human animal has tremendous energies which must then be channeled into pleasurable pursuits that do not consume precious resources or pollute the environment.

Education

Children want the approval of their parents and other members of society. They love to excel and desire equality with their peers. They are curious and, if not discouraged, love to learn. Today's educational system creates too many barriers; "half of all gifted children float through school with average or worse grades, never realizing their potential ... almost 20 percent will drop out."[123]

There are many reasons: a child may be timid and terrified of school, an inferiority complex may prevent a student from functioning or excessive pressure to do well may be daunting. The school district may have obsolete books and teaching aids and students may not get the individual attention they need. Local peer groups, gangs, etc., may replace parents and teachers as role models. Parents may not be involved enough in their child's learning. Or the curriculum may be so slow it is boring. With elimination of these and other barriers, many with low grades will blossom right along with their peers.

Schools are a commons but they need to be modernized. With a few channels reserved for K1 and K2, and every subject now taught in K1 through K20 downloadable or viewable from Internet2, every home would have every class at their fingertips free of charge. Each subject would have several lecturers, each the best in their field. The competition would be intense for those lecture positions and those best educators in the world would be well paid. Each recorded course would be edited for maximum clarity, simplicity, and comprehension. Everything in a book, or dozens of books, can be summarized in those lectures.

Reasoning is quite natural and nothing can beat a good educator whose recorded lectures anticipate, and are carefully structured to answer, most questions. With all society having access, the fictions and omissions of history, especially omissions, would be challenged, researched, and corrected.

With their lessons recorded, these high-quality educators would be spending less time teaching than any one of the tens of thousands they replaced. They would concentrate on studying all lectures for ways to improve theirs. Role modeling is the most potent teacher of all and these skilled teachers would be great role models.

The equipment required for each student would be a computer such as Nicholas Negroponte's $200 one now in production and intended for every student on earth, courtesy of their governments, as addressed earlier. The local education system would provide workbooks to match the TV lessons. These lessons would be in a databank accessible through integrated communications superhighways and downloading to a hard drive would record them for later study. Those lessons could be replayed as many times as necessary for maximum comprehension.

So long as a student maintained an adequate grade average, a share of the money society saved on maintaining the present school system should be paid to each family, preferably to the student. Allowing for each child's ability, it would be logical to pay this incentive for each subject and on an average of all subjects. This would be high motivation for families to restructure their time for home education. With spending money earned for each subject, motivated students would zip through those subjects. Developing nations do not have to deconstruct an entrenched, expensive educational system and their citizens' motivation for education is high so incentive pay would not be a necessity but paying them would establish that necessary model for when they are developed. Nations would utilize a small share of current classrooms as administrative testing stations and their citizenry would educate themselves cheaply and efficiently at home.

With the two to three day workweek possible in a developed economy, there would be adequate time for parents to monitor their children's learning. With rapport between parent and child, the brightest would cover a current year's education in as little as four months, some in two months. The most intelligent and motivated would have the knowledge of PhDs at an age when they would normally be entering universities, which, incidentally, would eliminate another monopoly.

Actually those students would have a much broader education than most PhDs. Current doctoral studies are very narrow in focus. Without breadth of education, the answers to the world's problems will not be found. Conversely, if universities emphasized graduate degrees covering a broad spectrum of disciplines instead of narrow fields, answers would be found relatively quickly. Through free studies provided on communication superhighways, students would have that broad education. This is proven by over one million American children already being successfully home schooled, doing well in universities, and their numbers are growing 15% a year, all without government support.[124]

Students would not be pressured to follow the teaching of any one professor. Others might have a different view and students could listen to all views. Judgments would be made while still young and idealistic. All this would be gained while enjoying the irreplaceable quality time between parent and child. Talented students lacking parental support would find a surrogate family by immersing themselves in education.

Private or public education centers would be operated for the few who could not function under home self-education. Those who were intellectually capable but failing would be required to attend specially structured classes. Upon doing satisfactory work, they would still receive incentive funds.

The compensations and identity received by siblings and friends for successful home schooling would be noticed by younger children and provide motivation to avoid the formal school setting.

Any child would be proud to go shopping with their own earnings and it is hard to visualize many children being irresponsible toward their education if it meant losing both their freedom of choice and their spending money. They would quickly learn responsibility when it meant both financial and emotional rewards. Society would quickly become accustomed to such a system and the need for brick and mortar schools would be very minimal.

Children can be just as easily culturally trained to quality as they can to trash. So it would be logical to eliminate the senseless violence in today's children's programs. At the least, quality programming could be assigned a bloc of channels so conscientious parents could maximize their children's intellectual and moral growth.

Incentive funds, as a social right, would in no way impinge on others' rights. Those rights could only be exercised by obtaining a set grade average and those funds go right back to the people from whom they came. Over time, such incentives would be looked upon as normal as wages.

Older students would soon learn to structure their flexible education time around a job. There need not be a sharp cutoff between school years and entering the workforce. The options for pursuing education for a career and earning one's living would be increased. Instead of a division between students and workers, the two would overlap until the young adults opted for a career.

Motivated children, youths, young adults, and adults would obtain most of their education at home and at their own pace. Children with a desire to learn, which is most, would find the field wide open. Left to their own devices, they would quickly learn it was their time and labor being conserved by dedication and attention to the subjects being taught. The alert would be developing university level leaning skills while in grade school

Many talented children's potential, now lost through boredom and diversion to socially undesirable activities, would be salvaged. The brightest would attain a 12th grade education in less than eight years, the middle level in 10, and even the slower group, which currently sets the pace of a classroom, would learn more quickly. There would be adequate resources and time to give special support to the few who are unable to cope for various reasons. This would not only conserve society's labor, it would economize students' energy and time. This potential was shown by an experiment with interactive videos reducing learning time while increasing comprehension by 30%.

Having watched great videos on *Free Speech TV, Link TV, The Learning Channel, The History Channel, The Discovery Channel*, public broadcasting channels, etc, we conclude the statement, "A picture is worth a thousand words," should be changed to; "One documentary is worth a million words." The best of those documentaries combines the wisdom of many researchers developed by many lifetimes of study. All viewers will absorb that knowledge at some level. Avid reading will seldom bring one close to the understanding gained from a well-researched documentary. The gain for the slower and less avid readers would be of much greater dimension. As opposed to being bored and discouraged, students will enjoy their education.

A central testing facility would be maintained that would issue scholastic level certificates and incentive funds. These achievement tests would be designed to educate children to compete with the best in the world. This would quickly equip all nations to be competitive.[125] Since credentials are crucial for obtaining good jobs, all would have access to their scores, the right to analyze their answers, and the right to retake tests. Tests can be sharply upgraded to match the higher competence of these motivated students.

Classes requiring hands-on learning would be held in a classroom setting along with supporting recorded programs. Millions who dreamed of additional education would find it freely available in what was previously their idle time.

As no one's knowledge is complete, every curriculum would be subject to review and correction. The Great Saint-Mihiel battle of WW I that never happened and other examples of fraudulent history addressed throughout this author's books are not exceptions.[126] Severely distorted history is the norm and such failures to tell the full truth seriously retards democratic development while correct and full knowledge is critical to understanding this world and planning one's future.

Every day we learn something new or reinforce what we already know. To waste huge amounts of resources while continually affirming nice-sounding slogans about efficiency, justice, and compassion while operating an inefficient economy and violent foreign policy seriously limits true knowledge. Redesigning society to produce and distribute efficiently and peacefully would give children a better cultural education.

It is not possible to get every student to enjoy learning for its own sake. If given a choice, most people would choose to do things that best support their need for identity and security, for many that is obtained in work, sports, and hobbies rather than intellectual pursuits. There will be those who, though unable to compete across the board scholastically, will take great interest and do well in a field of their choice.

Schools, as now structured, do perform a babysitting function. But, if that is the criterion, society should be aware that the potentials of many children are lost and that child care is what they are paying for, not education. One must also be aware that early industrialists hoped "the elementary school could be used to break the labouring classes into those habits of work discipline now necessary for factory production....Putting little children to work at school for very long hours at very dull subjects was seen as a positive virtue, for it made them 'habituated, not to say naturalized, to labour and fatigue.'"[127]

Inspired Teachers for Every Student

People feel insecure at any suggestion of fundamental change in their social structure and most are closely attached to the institutions of education. But, in the current school structure, where is that all-important role model if the student has a poor, mediocre, or burned-out teacher? Under the system proposed here there would be all great teachers, each teaching his or her deepest beliefs, and their recorded lectures would be freely available for all.

In the soft sciences, economics, political science, finance, some social studies, and, yes, history, what passes for education is, unwittingly, really perception management encasing society within beliefs protecting the monopoly system, those exclusive titles to nature's wealth we all grew up with, unaware this was the property rights structure denying others their rightful fair share.

Certainly, good hands-on teachers are wonderful, but how can they hold enthusiasm with 25 or 30 children to teach? Would not the best possible teacher, backed by professional graphics, be able to put on an enthusiastic performance, and that enthusiasm be there forever in a database available to the world? Would not slow or timid students have a better chance of not developing an inferiority complex and thus do better?

Parents Interacting Closely with Their Children's Education

With their increased free time, motivated parents would enjoy watching their children learn and answering their questions. Children would ask an interested parent many more questions than they would a teacher. A motivated parent will go into deeper detail than the teacher who has so little time to spare for individual attention. Students too timid to function freely in class would function confidently in a home setting. In the upper grades, motivated parents would share the experience and learn with their children.

Better Institutions for Socialization

Socialization is of high importance. But the elimination of this function within education would free students for concentration on their studies or it could remain a part of the education process if properly organized. Youth social clubs or learning clubs would spring up and children would sign up voluntarily as opposed to the requirement to attend school. When children join a social or learning club by choice, they would be bound by the rules of social courtesy, not classroom discipline, and would mix, relate, and learn social graces at a faster pace than in a school setting. Parents would automatically seek such groups to replace the baby-sitting function of schools. With increased free time, the arts—music, dance, sculptors, singing, painting, and other skills—would expand rapidly.

Maintaining Curiosity, Creativity, and Love of Learning

Education freely available to all in their free time would bypass that greatest of all destroyers of curiosity and creativity, the straitjacketing of children into conformity. We cannot count on a great teacher in every classroom Witness Massachusetts, a state with much higher quality schools than the average, in 1998 over half the teachers failed state qualification tests. There are over 15,000 educational experiments yearly. Some show dramatic improvements in education scores. Yet the overall average of scores does not improve. Either these better teaching methods are not spreading to other schools or those schools do not have motivated teachers. Why not combine modern technology with the students' abilities and desires and trade the constraints of current classroom and university systems for the opportunity of an inexpensive, high quality, and enjoyable education?

Certainly one can point to great teachers and the gains for their lucky students. But there would be no loss to those children in this proposed educational structure. Instead, the number of children educated to their maximum potential would increase by a factor of two, three, or more. With easy access to classes in their spare time, many adults would broaden their education. Those who have a burning desire for another profession can gain credentials for their desired career even if finances are limited. Potentially great artists would have the opportunity to discover their talents, painters, poets, writers, singers, sculptors, ad infinitum?

There are undoubtedly many latent Einsteins currently spending their lives in drudgery who would educate themselves and have their genius suddenly blossom for all the world to see and enjoy in the form of a book, a song, a new theory, an invention. A large percentage of society educating itself to a much higher level would develop an even more efficient and productive society while protecting the environment and natural resources.

Once Borderline Teachable Graduating at the Top of Their Class

Inspirational teachers and programs have proven they can parent impoverished children with damaged psyches into becoming successful citizens. One such teacher is Ms. Marva Collins in Chicago. She worked among her students, rather than from her desk. Each time one did well she would put her hand under his or her chin, lift the child's eyes to hers, and say, "You are brilliant," or give some other sincere compliment. Minority children in her class deemed borderline teachable graduated from the university at the top of their class, and went on to become professors, lawyers, and other successful professionals. Failures were almost nonexistent.

Charles Murray, in his infamous book *The Bell Curve*, cited Ms. Collins, pointing out that such programs could not possibly improve academic achievement or cognitive functioning. Having documented this teacher's successes 20 years earlier, *Sixty Minutes* went back after Murray's book came out and checked on those 33 children.[128] Those students were the roaring successes described above and thoroughly proved Murray's thesis was racist nonsense supported by corporate hard-right think-tank money as outlined in this author's primary research, *Economic Democracy: A Grand Strategy for World Peace and Prosperity*, 2009, updated 2nd edition, chapter six.

While restructuring to a just society, such programs would be used to salvage such at-risk children. Once all have equal access to a society's benefits and opportunities, most will be good parents and most children will be well educated.

Culture and Recreational Learning

Fine arts and recreational learning programs, such as are produced by public broadcasting stations, are enjoyable and add to one's knowledge. Several channels should be reserved for these high-quality shows and these too can be stored in databases. The social benefits of learning while relaxing are self-evident and popular talk shows and good recreational-educational TV commands a loyal audience.

One live commercial show can easily exceed one PBS station or alternative view station's yearly cost for all recorded shows. With their fair share of funds through restructured funding, as described below, the present financial struggles of those who broadcast quality programs would be eliminated which would lead to the production of many more great documentaries.

Among the cultural and educational programs would be one or more channels reserved for introducing and demonstrating innovations, including governing, banking concepts, and inventions. Alert, imaginative minds would relate their special expertise to other machines, production processes, distribution methods, and social policies. Along with alerting consumers to new products, society would be devising simpler, cheaper, and environmentally protective methods of manufacturing, distributing, and governing.

Minority Cultures

Several channels would be reserved for ethnic minorities. Within the American culture they are inadequately represented and participate in national culture to a very limited extent. With these new rights, they would quickly develop outstanding media and political personalities to articulate essential issues and challenge the belief systems that protect power structures and keep others in bondage. With their own communication channels, equal access to land and jobs, and the right to retain what their labors produce, minorities would share the nation's work, its wealth, and participate in national decision making. Every citizen might at last attain the full rights of equal citizenship.

Foreign Cultures

Programs created by cultures of other nations are already streaming over communications superhighway representing their views. When the vulnerable are not present to defend themselves, managers of state, seeking followers for aggressive intent, portray them as enemies. With the world in all living rooms, it would be difficult for managers of state to hide their aggressive intentions as they create enemies to justify their wars.

By mutual agreement there should be reciprocal presentations of cultural programs between countries to provide cross-cultural information. Redrawn broadcast standards would limit propaganda (perception management). Beamed to every home, programs would show people throughout the world at work and at play. People would begin to appreciate and respect both what we have in common and what is distinctly different. Full rights globally will evolve if ever a federation of nations restructures their economies to full and equal economic rights for all.

Local Television

With all TV stations able to stream over the communications superhighway, the meaning of a local station would change. Those with superior production teams could gain a national or even an international audience. As a source of community information and culture, citizens will share ideas and experiences. Local sports, concerts, plays, and community information forums on a broad range of issues will be hosted. Meetings of governing bodies, normally open to the public by law, would be beamed over local TV.

Elections

With politicians having access to the public through communications superhighways, there would be no need to spend private funds for elections. Politicians want to be just as honest as anyone else. With each of them having equal access to the voters, campaign funds could, and should, be made illegal. All understand they are bribes. With free access to the citizenry over the communications superhighway assured by law, campaign contributions will be a liability and disappear into history.

Those reserved TV channels would be for serious leaders to present their views. Minorities, the poor, conservationists, peace groups, and all others will have equal standing with the currently overrepresented corporations, business people, and farmers.

Politicians must be in the spotlight. Those not attending in-depth background discussions would be relinquishing their claim to leadership. With knowledgeable people invited to these forums, it would be difficult to duck the issues. There would just be too many questions.

With knowledgeable people invited to these forums, it would be difficult for politicians to duck the issues. Only when all have the opportunity to present their views, making perception management by a power structure counterproductive, can there be true democracy. Those who presented a consistent and accurate view of reality and promoted a policy for the maximum good would gather a loyal following. People would make value judgments on the history leading to the present problems, study the different solutions, and analyze the intelligence and integrity of the leaders.

These opinion makers—intellectuals, leaders, and the news media—would watch the information forums to inform themselves and, in turn, inform the public. To do less would leave one uninformed and lose one's followers. With elections structured for candidates to prove their mettle, like the famous Lincoln-Douglas debates, the now-informed citizens would be enabled to make responsible voting decisions.

It must be emphasized monopolists will use every power at their command to prevent cheap communications between all people and all elements of society. However it will happen, either quickly or slowly, and when it does today's monopolies will, just like aristocracy, be history.

A Socially-Owned Banking System within the Community Process Paying for Communication Superhighways

As the cost of education and many other aspects of communication will drop 85%, there would be no shortage of funds for operating a communications superhighway. Access to that commons would be cheaper than highways, sidewalks, and parks. The current monopoly system stands exposed as the system of theft it was designed to be throughout the past 700-plus years as power brokers wrote unequal property rights laws to protect, and further expand, their wealth and power. The privatizations ongoing worldwide today are those same protections and expansions of wealth and power.

The above outline of efficiently educating both children and adults only puts a framework on Nicholas Negroponte's vision of a free computer for every child in the world so they can educate themselves. He learned this watching Cambodian school children teaching themselves on a computer faster than other children were learning in the classroom. Several major hardware and software companies are trying to undermine that visionary computer and lock the world into their expensive operating systems and software. They will succeed in some parts of the world, most likely by paying off corrupt leaders. They will delay the world's drift to communication superhighways but, unless current powerbrokers choose war to prevent their loss of wealth and power, the pressure taken off resources and the environment and other gains are so massive that an almost costless (per person) education and communication system will relatively soon, two generations maximum, be a reality across the world.

6. The Mighty Economic Engine of Full and Equal Economic Rights

To build a base to understand the forthcoming struggles we will summarize our primary research, *Economic Democracy: A Grand Strategy for World Peace and Prosperity*, 2009, updated 2nd edition, the 800 year history of plunder by trade. All wealth is produced from resources provided by nature. There are no natural resources in cities even though they are the heart of every society and every economy. Throughout the Middle Ages the city states of Europe, also known as the walled cities of Europe, fought to control the resources of the countryside. Processing those resources into consumer products was the source of both their living and their wealth. Those city states became nations. The resources required for wealth and power still lay outside their borders. This produced more wars. Reaching for more wealth and power, seven nations of Europe rushed across the world to, with minor exceptions, claim every square mile. Those early battles between city states and the countryside, and those between individual city states, were then replayed by battles between countries and later by struggles between empires.

The fundamental rule, never transfer technical knowledge to other nations, was broken when Kaiser Wilhelm of Germany bought technology wholesale from his grandmother, England's Queen Victoria, and cousin, King George V.[129] The result was German technology taking over the markets of British industries leading to WW I. China and other low-paid nations taking over world markets in this century is recognized by many as a replay of that early 20th century crisis.

But 50% of the world industrialized, armed with nuclear weapons, and battling over access to resources and markets in the 21st century is different than 15% of the world industrialized, armed with conventional weapons, and battling over access to resources and markets in the early 20th century. There are too many nuclear weapons pointed at too many huge cities. Any nation which chooses nuclear war over sharing technology and resources may also be destroyed. Short of destruction by imperial nations, they're committing national suicide in the process, China, India, East Asia, South Africa, Turkey, large parts of South America, and many other countries should successfully industrialize by 2035. The monopolization of technology, the basic structure of both domestic and world economies and a primary cause of both wars and poverty, will be history if war can be avoided this time around.

Developing and eliminating poverty were the goals of supposedly-free nations on the periphery of empires after WW II. Africa was planning on a United States of Africa.[130] Think of the threat that continent as a unified nation would have been to those countries depending upon those resources to rebuild from that war. Knowing that is understanding the financial, economic, diplomatic, covert, and overt wars suppressing the colonial world's post WW II breaks for freedom, preventing the emergence of that super federation and, with the exception of Cuba and Asia—which were both accidents of history—preventing any nation gaining their economic freedom.

As all these wars were waged under the flags of peace, freedom, justice, rights, and majority rule, not even the countries being destabilized realized what was happening. They knew America had broken free, believed those slogans, and looked up to them as saviors and supporters of their freedom.

But now they know that America joined forces with their European cousins to deny emerging nations their rights and freedom. The alliances forming and the surges for equality and freedom today are identical to the hopes and dreams of the developing world 40 to 60 years ago and they now understand the tricks of the trade. As there are at least six centers of capital, with three being in Asia, again each an accident of history, and more centers forming, competition for resources will be fierce. This is the undeveloped world's moment to demand freedom and equality and they know it. After all, industries are relatively cheap to build and the resources to build them are primarily within their borders. One of the primary purposes of this book is to document that, once a regional labor force is trained and their own workers are used to process their resources and build and operate their industry, the finance capital cost of developing a federated region is not much more than the cost of printing money; all else is a region's internal processing of resources into infrastructure, industries, and consumer products.

The entire region surrounding the three Asian centers of capital, with over half the world's population, is rapidly industrializing. It is understood that an alliance of the developed world in a war against the fast-developing world also armed with nuclear weapons, is likely to destroy both. The quagmire in Iraq proves both covert and overt destabilizations to install puppet governments are no longer options. Those acts of empire have cost America the moral high ground and provided both the motivation and the opening for the world's poorest regions to start allying together. The European Union is a possible model for unifications within Africa and South America or, like Europe, of each continent. Alliances between resource-wealthy developing regions and rising centers of capital increase the economic and political power of both. The massive resources inside the borders of those forming alliances, combined with the world's six centers of capital competing for resources, should give those periphery federating regions equal negotiating power.

Think on the various monopolies in chapters one through five exposed by applying inclusive and equal property rights laws. Currently each are laying claim to massive amounts of wealth; those unearned extracted values (mixed with honest profits) are capitalized by 10 to 30 times; and those "earnings" (thefts) are invested in treasury, water, sewer, other bonds, etc. Those from whom that wealth was extracted pay both the ongoing monopoly overcharges and payments on those bonds; and this goes on and on, into perpetuity, until it gets so out of balance the economy collapses. Considering fully 60% of America's huge blocs of accumulated capital is extracted wealth, that half its production potential is then wasted appropriating more wealth, and that an equal amount is wasted destabilizing other societies, the monopoly capitalist system is a value harvesting----labor and resource wasting—machine, not an efficient producer of wealth.

Each of the six times the American financial institutions were in trouble the past 25 years, due to too much wealth in the hands of a few and too little in the hands of the many, money was created and poured into the markets. Today, early 2009, massive more funds are being poured into the breach. The finance monopolists understand how to prevent a financial crash, just create money, pour it at those markets or ratchet up some part of the economy, the 2002-06 housing bubble pumping up the stock market for example. The economy then rises to a higher imbalance and this one may be unfolding into a worldwide financial collapse as we speak.

This value-harvesting, resource-wasting, labor-wasting, machine has been sucking up and wasting the world's wealth, and the suppressed and oppressed nations now understand how their wealth has been distributed amongst the citizenry of the wealthy world as their earned wealth. Like all pyramid schemes, money is extracted from the masses, great promises are made, but when it ends, as all do, the first few into the game have all the money.

Finance capital powering capitalism's mighty engine depends on continuously appropriating the wealth of true producers. Continually invested principal and interest from those unearned blocs of capital are being paid for over and over by those from whom it was first extracted on into perpetuity. Those huge profits reach out to buy up other societies' wealth, in economic terms exporting capital, and this expansion continues until so much wealth is in so few hands, and so little buying power is in the hands of the citizenry, that monopoly capitalism goes into one of its periodic collapses.

In contrast, the super-efficient, much-smaller, economic engine of full and equal economic rights—money created by, and circulating within, a socially-owned banking system (in tandem with socially-collected resource rents) funding the real economy—eliminates the ethereal world of high finance, maximizes the utilization of increasingly-efficient technologies, shares full and equal economic rights world wide, eliminates war, expands across the earth with productive capacity and buying power in balance, has the power to eliminate poverty in 10 years and can provide a quality life for all world citizens in 50 years.

That potential is not realized because the large increases in technological efficiencies are eulogized while the even greater potentials are unspoken. To restructure to such an efficient economy within any country would be revolutionary. There is no middle ground, so we have chosen to address it as a velvet revolution. These final pages establish the framework for those peaceful revolutionary changes.

In *Mercantilism as a Rent-Seeking Society*, Robert B. Eklund, R Tollison and about 70 authors referenced on the subject—including Adam Smith and many other classics—address mercantilism, rent seeking, monopolization, and privatization (both in internal trade and world trade) as being the same things. Those supposedly well-understood aspects of economics began as a struggle between the bourgeoisie and the king over who would decide the rules of monopolization.

The waste within the monopoly system, the unearned wealth of the monopolists, and the shortchanging of the masses is clearly addressed. Just as firmly they point out that this process has been very inadequately studied and that a consistent connection can be made from the divine right of kings assigning monopoly rights, the bourgeoisie battling to have those rights decided by legislatures and courts, and it all ending with the current monopoly system structured founded within the unequal property rights laws of today.

Even though many spotted the potential gains as applied to land, mainstream historians and economists did not carry their research to its logical conclusions. Peer pressure and the inability to be published by mainstream publishers within a society fiercely attacking any threatening philosophy was likely a limiting factor.

All monopolizations give superior rights to one over another. The only gains made under modern monopolies is a greater number moving from the rent paying underclass to the rent collecting upper class

Missing in those thousands of studies, all written within the above parameters, are these four basics: 1) A measurement and study of the waste within each stage of the monopoly system, 2) A full study and measurement of the economic efficiency gains through elimination of monopolization in all its forms, 3) a study and measurement of the required full and equal economic rights of each citizen emplaced in constitutions and laws so as to eliminate monopolization, and 4) an outline of how a socially-owned and operated banking system, along with socially collected resource rents replaces the enormous complications and costs of operating a privatized, rent seeking, mercantile, monopoly system. [131]

7. Summary

Power brokers have spread the unequal property rights system, aristocratic **exclusive title to nature's resources and technologies, denying others their rightful share of what nature offers to all for free**, far and wide. Recognizing the power and wealth this system accrues to them, regional puppets worldwide, owning the greater share of their nation's wealth, will be hard to displace, and the imperial centers' mighty militaries are in place to protect it all. So the odds are greatest the world will continue battling over the world's resources rather than choose the path of peace and prosperity. But this short reality list demonstrates that the ongoing populist revolution may this time be successful:

1 Full fledged ballot-box revolutions after both WW I and WW II, that would have eliminated the Western unequal property rights put in place the past 700-plus years, were far closer than our history books acknowledge. Each time all of Europe was almost lost.[132] With the loss of its core, the monopoly systems (there are other methods of monopolization), the primary causes of both poverty and wars, would have been weakened worldwide.

2 Above and beyond the supporting rationales, the primary purpose of those two world wars were, as addressed above, to prevent Germany from taking over England's markets. If that were to happen, Britain's empire would have quickly collapsed and that would have either collapsed the monopoly system or placed Germany at the helm.

3 A further hidden reason, and the real purpose of WW II, was to take out the Soviet Union whose economic successes, starting from one of the poorest and most inhospitable regions on earth, also spelled doom for the monopoly system. Forget the massive perception management imposed belief systems (propaganda), keeping their successes from the consciousness of the world. The world could not be kept under control so long as that successful example was there for the world to see.

The Rudolf Hess saga assures us a secret agreement had been reached to take out that threat. Knowing France and England would enter the fray and dictate the peace as they were defeating the Soviet Union, Germany, through conquering all nations between her and the Atlantic Ocean, took care of her back door first. Germany then flew their second in command, Rudolf Hess, to Britain to get the original agreement back on track, only this time it would be on their terms.[a] She then attacked the Soviet Union.

Britain could not shift the beliefs of her people from Germany as an enemy to an ally in so short a time and the historic three-way struggle for control of Europe by competing capital (German, British and the emerging Soviet federation representing labor worldwide) became intense. The struggles between imperial centers of capital are well understood while the struggles of labor for freedom and full and equal economic rights is buried history. Specifically, labor had the vote and they could not be controlled anywhere in the world once the Soviet system provided a better living standard to workers.

America's embargo of Japan's oil and steel, planned to shut that economy down in 60 days, led to Pearl Harbor. America joined the battle on both fronts and the rest is history. A part of that scenario is not what is recorded in history, but realistically, that is what happened. Hess finished his life out in Spandau prison permitted only to see his family and, under guard, only family matters could be discussed.

4 Though few realize it, the 45 years of the Cold War was specifically intended to suppress both post WW II ballot box revolutions within Europe and full fledged revolutions around the world. The struggles to prevent labor from taking over governments of Europe (totally unreported in the corporate media) were only continuations of the almost successful post WW I ballot box revolutions throughout Europe addressed above; a part of those struggles of labor worldwide in which the real reasons were conveniently left out of history books.[133]

5 Oil producing nations knew America's current invasion of Iraq was only the first step in controlling oil throughout the Middle East and Central Asia so as to control the rest of the world through control of their oil supplies. Those oil-supplying nations are contracting (lightly allying) with Russia, China, and India to offset that threat. The U.S. planned to establish AFRICOM with 24 military bases on that continent to offset China's 50 cooperation agreements and their 800 firms doing business there. The cover story is to help with education, health, economic growth, and democracy but, now knowing their real purpose, no African country would accept those covert forces on their soil.

The undeveloped world has figured out that the slogans of peace, freedom, justice, rights, and majority rule were covers for suppressing their freedom and rights. So the option of developing a few nations under the above slogans as allies against the remaining periphery nations is no longer viable. The cover story, bringing

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[a] Undoubtedly the terms would have been that England, France, other nations in Europe, and Germany would all be free. But Germany's control of the enormous resources of the former Soviet Union would mean that Germany would be far the stronger nation and may even have equaled America in productive capacity.

democracy to the world, is believed by no one except those with an emotional commitment to old beliefs. That true democracies have been subverted and overthrown for the past 60 years and violent, dictatorial puppet governments installed is well understood. Imperialists are trapped as certified-free elections replace those governments with honest ones. Imperialist control is so well understood that even countries where external control of elections were once blatant—Brazil, Venezuela, Haiti, Bolivia, Nicaragua, Ecuador, and Chile for example—have thrown aside those puppets by the ballot. As the War on Terror worldwide is against them and they are fully aware of the above deceptions,[b] the Muslim world interprets that war as being against their religion. Thus, for each Muslim killed in the "war on terror" several took their place. As this unfolded, more of the citizenry within the imperial nations realized America and their allies were operating an empire and more home support was lost.

6 Fully 60% of the industrial capacity of the world is now outside the borders of Europe and America. This is the same trade and political structure which led to WWs I and II and this current crisis for the imperial centers is many times greater.

If China buys up current leading, but bankrupt, brand name auto companies, they will quickly take over the world's auto markets. All emerging nations are busy developing brand names for all products. With hollowed out industrial economies, the profit structure within wealthy nations will collapse as those brands, one by one, hit Western markets and the wealth is retained by China's and other overseas traders, not those of America, Europe, and Japan.[c] The current, 2008-09, crisis in world markets and the threatened bankruptcies of former leading brand name cars may herald that moment.

As the huge profits currently earned by American traders are taken over by foreign traders, historic brand name manufacturers are having serious problems and it will get worse. Through their own brand names, China and other alert lower-paid nations where those products are produced will be banking the profits of capital, the wages of labor, and those huge trader profits. The current account deficits of the historic imperial nations will increase in step with foreign traders replacing domestic traders.

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[b] The alert throughout the world will be aware of General Wesley Clark's interview on Democracy Now. There he explained that, while America was attacking Afghanistan immediately after the 9/11/2001 terrorist attack on the World Trade Center, the order came down through the Pentagon that, in this order, they were going to take out the governments of Iraq, Syria, Lebanon, Libya, Somalia, Sudan, and Iran. Taking out governments, of course, means replacing them with puppets. Read Naomi Klein's *The Shock Doctrine: The Rise of Disaster Capitalism* to understand those plans.

[c] As all nations will be able to purchase those products at that low price, anti-dumping laws will not apply.

7 Fast developing Asia may settle for equality but, whether America and Europe like it or not, and even though they do not want a confrontation with the developed world or to see imperial economies collapse (such social crises cause wars), they will not settle for second place.

8 As their enormous wealth and military might is based upon theft of the wealth of weak nations—and assuming America does not use its nuclear weapons to maintain its current fascist control of resources throughout the world—long before Asia reaches 50% equality, the economies of America and Europe—dependent upon inequalities in trade—will collapse.

9 All the world's major banking systems know that day of reckoning will come. Various countries are getting out of the dollar and into other currencies. Girding to fight that battle, America's Federal Reserve quietly noted they would no longer release statistics on how much money they are printing (M3).[134] The citizenry will not be alerted that massive money is being created to buy their own treasuries and that the battle of the titans has begun. Seeing the writing on the wall, half the presidents of America's regional Federal Reserve banks resigned. Markets are in chaos as we speak. Base money was doubled ($826 billion March 2008 to $1.64 trillion March 2009), but the money destroyed by bankruptcies and the seizing up of credit markets within the shadow banking world was still reducing the circulating money supply.

10 The imperial rulers are totally out of sync with their peripheries who are demanding their reasonable share of the world's wealth. The populist uprising is picking up momentum, the communication superhighways are being put in place to sustain that revolt, and, sooner or later if the world's leaders do not wake up and run this world responsibly, the imperial nations will not be able to contain that revolution. Under the tutelage of President Hugo Chavez of Venezuela, South America is following the lead of the European Union, tying their nations closer together, and moving towards a regional currency. There is a difference between aristocracy denying the common people rights for centuries leading to the French Revolution (taken back by aristocracy only 26 years later) and financial aristocracy today denying the citizenry worldwide their reasonable share of the world's wealth. Modern communications outside the control of the imperial centers will permit a large share of the world to revolt simultaneously.

11 And, as there is enough on this earth for all if it were shared equally instead of fought over and wasting over 50% of those resources and labor in the process, these battles over control of the wealth producing process are unnecessary.

So, although the struggle may go on for years, there are only two choices:

1 Powerful nations giving up their selfish ways, governing responsibly, and sharing the wealth of the world relatively equally.

2 Or this world is shattered and made largely uninhabitable by a 3rd World War.

Another two possibilities may avoid a world war but they and option 2 are so morally repugnant we will not even consider them:

3 The current fast developing nations will come to an agreement with the old imperial nations that together they will militarily control the world and share the wealth. Africa, South America, parts of Asia, and the Muslim world, targeted to be outside that circle of wealthy nations, will never accept that. Laying down their tools, sabotaging resource extraction and infrastructure, roadside bombs, and suicide bombers will grind the world economy to a halt. Already there are signs China and others are starting to decouple from the American and European economies and couple with Africa and South America.

4 Fascist-control of periphery nations and their resources by imperial nations through puppet governments is how periphery nations have been controlled ever since WW II. That colonial system hiding under false cover is falling apart as we speak and, though habituated powerbrokers will surely try to perpetuate it, we do not believe that approach is worth considering.

If the current alliance of America, Europe and Israel use nuclear weapons on recalcitrant nations, that could be a preview of WW III. Other nations are being asked to agree to a far lower share of the wealth than that consumed by Europe and America and we do not believe other nuclear armed nations will accept that. It would also mean Africa, South America, and the Muslim world will have to accept their resources providing a large share of that wealth as they receive the smaller share. We do not believe that will be accepted either.

The world's corrupt and selfish rulers must be replaced by others with vision and responsibility. As the crisis in Iraq winds down (we hope) and that in Afghanistan rises (2009), President Barack Obama will be studying his choices closely.[d] His plan to meet soon with Muslim leaders, hopefully to wind down world terrorism, is highly encouraging.

The list and comments above are conservative. In *Nemesis: The Last Days of the American Republic* Chalmers Johnson addresses the same problems in much more detail. He says Americans are so dependent upon the military as a Keynesian infusion into the economy that they can never reduce it let alone get rid of it. But he goes far beyond that and, for all the reasons laid out above and more, he sees no way America can survive. There we disagree. Once the collapse occurs, and since half the

[d] Imperialist power is massive. Many governments stay in power only at the behest of those imperial leaders. Under threat of not having access to American banks or markets (sales or purchase), banks all over the world must not do business with any nation America decides to embargo. Those who turn to the Euro will eventually discover those nations have never given up the prerogatives of empire. Corporations of any nation who break that embargo can do no business in the United States. And if all that fails covert specialists or the military is called out.

world's potential is currently wasted, America and all other nations can restructure to full and equal economic rights for all and survive superbly well with a quality life for all the world's citizens.

We feel if we are in error it will only be one of timing. There is the possibility fascist control of impoverished nations could go on for another generation. There is the possibility that battles over the world's resources will go on forever. We think both those scenarios are unlikely. It will be either peace with sharing of the world's resources or it will be nuclear WW III and we choose to assume the first of those possibilities, the world restructuring to permanent peace with a quality life for all.

If peace does come to this world it will be because historic powerbrokers are faced by equal power, the current leaders are pushed aside by democratic forces, and new leaders agree to equitably share the wealth. Ever since WW II, only the alliance of developed nations, the ones imposing those unequal trades, has had that choice. The unallied impoverished world has had no choices. If they are ever to rise out of poverty they must ally together and force the imperial nations and fast developing nations to include them equally in the wealth-producing, wealth-sharing, process. Once allied, their power—control of most the world's resources—will equal the nuclear armed imperial world. No combination of military power can offset half the world laying down their tools and fighting back with industrial sabotage, suicide bombs, car bombs, and roadside bombs.

Having been extracting the wealth of periphery nations under various cover stories for centuries—they are not really people, they have no souls, they are not capable, and new rationales keep being created—the West refuses to bite the bullet and restructure to honest, truly productive, societies. But they may have to. There are signs that the resource-wealthy poor nations are allying for their protection. All the ASEAN countries, Indonesia, Thailand, Malaysia, Singapore, Philippines, Brunei, Vietnam, Laos, Myanmar and Cambodia, plus Japan, China, India, South Korea, Australia, and New Zealand, representing half (three billion) of the world's people, met in Malaysia, December 2005, for the inaugural of the East Asian Summit (EAS). That America was not invited is significant. Interest quickened at the April 10, 2006 meeting of the South Asian Association for Regional Cooperation (SAARC) and Russia, China, and the Central Asian nations forming the Shanghai Cooperation Organization (SCO) to offset US-NATO moves to control the oil of Central Asia further weakened imperial nations. Look for these groups to decouple to a safe distance from the imperial economies.

With Evo Morales's election as president of Bolivia, 80% of the population of South America has governments fully aware that American foreign policies are designed to maintain access to their resources below fair value and that this and a refusal to share technology and markets is the cause of their poverty. On *Democracy Now TV*, John Perkins, author of *Confessions of an Economic Hit Man,* discussed an "EHM" (Economic Hit Man) walking into President Morales's office and failing to entrap Bolivia into their system of unpayable debts.[e] Rumors are flying that America is backing the one country still in their camp, Columbia, to overthrow Hugo Chavez's government.

Chavez having just declared Venezuela as fully literate and his forming trading alliances promises to free many more countries in a shorter span of time than Simon Bolivar almost freed in his lifetime. He has nationalized Venezuela's banks and is speaking of a single currency for South America. Both are prerequisites for attaining freedom. His offer of cheaper oil to key members of South America's Mercosur alliance—Brazil, Argentina, Uruguay, Paraguay and Associate Members Chile, Ecuador, Columbia, and Peru—his funding of satellite TV, radio, phone, and broadband coverage for Latin America—plus the elections of more populist governments is turning that long-standing free trade alliance into an affiliation for economic freedom comparable to the East Asian Summit.

Those alliances have the tools to thwart imperialist ambitions. Within weeks of its November 2005 startup, the vision of the Telesur satellite was expanded. Named after Simon Bolivar and, engineered by China, it has brought the Arabic station Al Jazeera and others on board to expand to the entire world in various languages, and is on track to be operational by the time this edition is in print (May 2009).

That breathtaking advance towards full freedom is as catching as a cold. Other stations will not only be broadcasting on the Bolivar satellite, many will be broadcasting worldwide in English. Other nations and cultures will follow suit. The three billion people represented in that East Asian Summit, those in Central and Western Asia, and others in Africa will broadcast their views of current and past history to the world. Russia, currently limited to Europe and North America, will also be speaking to the world. With the views of the world's dispossessed broadly disseminated, corporate media within the West must address the world more broadly and accurately or be irrelevant.

What can greater relevance to reality accomplish? President Chavez is so popular that the opposition, backed by America, dropped so low in the polls they withdrew from the 2005 elections and all South America and beyond is poised for a Bolivarian Revolution overthrowing unequal trade agreements. Africa will notice and this gives insight into how fast a movement for freedom and rights can spread when unique world events provide that opening. The international havoc of America's disastrous

[e] Michael Hudson explains that balance of payments financial economists at major banks (his job) was to calculate how much wealth can be extracted from any and all developing countries through unproductive debt. This is the massive unearned wealth described throughout this book, extracted through the monopoly system, claiming massive more unearned wealth.

foreign policies, an extension of European colonialism, totally discrediting the U.S. in the eyes of the world and costing them the moral high ground is just such an opening, and the developing world now has the communication facilities to inform their citizenry of the wealthy world's many methods of denying impoverished nations their share of the world's wealth. All people want to be free and understanding how their impoverishment has been imposed by imperial nations destroys that control.

Only by coming together in firm alliances and federations, and educating their citizenry on the importance of coalition and cooperation, can freedom with full and equal economic rights be attained. Japan, China, and India are already signing mutually-protective, trade deals with forming alliances across the undeveloped world. That, and Russia, China, and other nations requesting a totally new world trading currency, just as we have suggested for years, has imperial managers of state in a panic. Still trying to maintain control, the imperial powers are thinking in terms of three world currencies, the dollar, the Euro, and china's Yuan each being the trading currency for their 1/3 of the world.

And they should be concerned: President Chavez has moved Venezuela's reserves to Europe and is establishing a "Bank of the South." A new currency, called the "sucre" (standing for Unitary System of Regional Compensation) is being planned. Iran and Syria have moved their reserves to safer havens and all Muslim countries are considering that move. China announced it is diversifying its reserves of $2 trillion. Iran's oil bourse, bypassing oil traders (currently accounting for 1/3 the cost of oil by selling directly to the final buyers) was delayed in becoming operational by the cutting of five undersea cables.[f] With the Chinese signing trade agreements with the East African Community (Kenya, Tanzania, and Uganda [CEDEAO]), the Economic Community of West African States, and the African Union, that continent is stirring. With the examples of the European Union, the East Asia Summit, and South American alliances, they too will be forming trading alliances.

Those alliances, the early stage of federation, creating their own trading currencies and signing trade-development agreements with rising centers of capital, will effectively offset the IMF-World Bank-GATT- NAFTA- WTO- MAI-GATS-FTAA-CAFTA-Military colossus designed by America to retain control of the world's resources and the wealth producing process.

Europe, North America, Australia, Japan, China, India, Russia, Taiwan, South Korea, Indonesia, Malaysia, Brazil, Argentina, Venezuela, Turkey, etc, over half the population on earth, will soon be modernized and the other half of the world, those

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[f] That oil bourse trading directly between oil producing nations and the final processors of that oil would have increased the returns to oil exporting nations, or saved the final consumers, possibly 50%.

with the resources necessary to keep the world's industries running, will be catching up fast.

Let's face that reality: Under what strategy will a technologically developed China, India, Japan, Russia, or any other developing nation, be more prosperous—with America and Europe as their primary trading partners or by sharing technology with Africa, South America, and Central Eurasia in trade for resources? Under that first option their massive accumulations of dollar reserves would become valueless in either an inflationary spiral, an economic crash, or war. America would cite security needs and quickly pass laws to prevent others' reserves from buying up their properties or they would issue a new currency spendable only within their borders. Under the second option, those nations—plus Malaysia, Indonesia, and the substantial industry already in Brazil, Argentina, etc—have enough technology to rapidly develop the remaining poor nations even as they increase the products and services provided their citizens. This is happening as we speak and we must remember that the calculations that the world will be relatively developed by 2050 have been updated to 2035, only 26 years away.

Formerly, nations or regions could industrialize only with the support of an already developed country or region. Japan's success in the late 19th and early 20th centuries based on empire ended with their defeat by more powerful empires (WW II). The struggle between the British and German empires over control of world trade led to WW I and the fear of the Soviet Union and ballot box revolutions was the direct cause of WW II. Those holocausts taught Western empires that they had nothing to gain by fighting each other, and NATO and the European Union evolved out of that realization. Occasional surface disagreements notwithstanding, the historic empires of Europe and America have been an allied empire ever since.

One hundred and twelve years ago, we had an example for what may happen. Propaganda notwithstanding, the Soviet Union was not an empire. Those fifteen individual nations quickly and peacefully federated after WW I. Openly declaring they would live off their own resources, they released title to all natural wealth outside their federation and took title to all within their borders.

Another legal structure prohibiting the extraction of wealth of either internal labor or that of other nations was a serious threat to empires whose property rights were designed to appropriate the wealth of both internal labor and the periphery of empire. The expenditure of 85% of Germany's firepower against the Soviets, and they still winning, was the primary reason for post WW II Cold War alliances such as NATO. Not only was it crucial to contain Soviet cooperative and sharing property rights laws, the colonial world's breaks for freedom also had to be suppressed. Though the cost in lives and treasure, both within the imperial centers and on that periphery, were enormous, those suppressions were, until these latest worldwide populist revolutions, successful.

That expensive success, it cost trillions of dollars plus 16 to 20 million lives and impoverished billions, was only temporary. As shown by periphery nations refusing for seven years to sign the unequal trade agreements presented at the Doha round of the WTO, by the forming of trading alliances throughout the periphery as addressed above, by the old Soviet alliances partially reforming, and by the East Asian Summit—together representing fully 70% of the world's people—the periphery's breaks for freedom again threatens imperial unequal property rights. As already addressed—unless imperial powerbrokers are delusional—financial, economic, covert, and overt warfare will have continual diminishing returns. Though the full transformation may take many years, our analysis will proceed on the assumption that the world will break free and the imperial centers of capital will negotiate a sharing of technology and resources.

Utilizing financial and economic power (threat of sanctions) the imperial world is trying to sign unequal trade contracts with individual nations within the developing world with success in some places and failures in many. But, if challenged, those contracts signed under duress will not stand. Unequal contracts imposed by deceit or force are not recognized in any Western court. Those unequal agreements imposed by financial, economic, diplomatic, covert, and overt warfare can be quickly set aside and, as various countries of South America and around the world are renegotiating their resource extraction contracts as we speak, that process is already in motion.

That motion will turn into a biblical flood once the impoverished world realizes they can effectively reclaim control of their resources through collecting the rental values on nature's resources and using that huge flow of money to build infrastructure and industry.

International law prevents reclaiming title to resources without compensation. But applying the foundation principle of collecting the rental values on nature's resources and technologies reclaims that stolen wealth without the need to compensate the thieves. Corporations retain title to that natural wealth but all they can earn is fair compensation for their labor and capital. The unearned wealth, rental income from nature's resources, goes to the proper owners of the land, the citizenry of that nation.

The latest WTO Doha round has totally collapsed. Recognizing that the 30 OECD (Organization for Economic Cooperation & Development) nations' $350 billion per year agriculture subsidies permitted imports to undersell India's farmers, Trade Minister Kamal Nath—before leaving for the December 2005 WTO negotiations—said, "importing food is as good as importing unemployment" and he could sign a trade agreement on the terms offered only if the U.S. is "willing to provide a visa to every farmer displaced as a consequence of the import of cheaper and highly subsidized food." Minister Nath kept that promise.

When first developing, periphery nations need both money and industry. Assuming those alliances included one of, or all of, the three Asian centers of capital, they would have adequate capacity for rapidly developing the 50% of the world that has little industry. Normally it would take many years for a fully allied, federated, South America and a federation of Africa to form. But these are not normal times. Industrialized nations need the resources of the developing world just as badly as those poor nations need technology and an efficient economic infrastructure. The only way those poorer nations will be fully paid for their resources is by allying together and demanding that price.

After earning massive profits from those destabilizations for over half a century, they are insisting that other nations be transparent and not use their massive wealth ($3 trillion in sovereign wealth funds in 2008, $8.5 trillion total in foreign exchange reserves) for political purposes. On balance, the only way those foreign dollar reserves can be lowered safely is through purchase of real properties (not paper symbols of wealth) in America which means stagflation as America tries to print their way out of that trap. These fast moving events again points to the resource-wealthy suppressed world breaking free or powerbrokers again protecting their massive appropriated wealth and power through a third world war.

The flow of money is a super efficient accounting system and that flow is a mirror image of a modern economy. We just looked into that mirror and saw that over 50% of the current flows of money were wasted efforts both within internal economies and in world trade.

The heart of the monopoly system is exclusive title to nature's resources and technologies she offers to us all for free and this includes social technologies. Proof that this is monopoly capitalism rather than honest (cooperative) capitalism is provided by economic efficiency doubling when those exclusive titles are restructured to conditional titles as we did theoretically in the above chapters and the conclusion.

All are morally entitled to their share of nature's wealth, and that can be attained only through eliminating those monopolies we are taught do not exist. Once eliminated, the costs of government (national, state, and local) are paid from resource rents and profits from a socially-owned banking system. Any necessary increase in the money supply is covered by building infrastructure with socially-created money (up to the point of monetary balance). Once that monetary balance is reached, additional essential services—education, water systems, sewers, roads, railroads, communications superhighways, universal health care, and retirement, will also be covered by socially-collected resource rents and banking profits.

Monopolies claim a large share of the wealth produced—waste enormous amounts of resources, capital, and labor—restrict the efficiencies of an economy, and claim unearned wealth. All this doubles the cost of production. The social efficiency gains reclaimed (over 50%) are so enormous that we will be challenged. But the truth is, if technology had been shared—both internally and in world trade—rather than monopolized, the entire world would have developed in step with those efficiency gains and there would have been little poverty and few wars. With all societies utilizing the latest technologies, the pace of inventions would have quickened. War and poverty would have been the exception rather than the rule over the past 300 years.

Imperial societies evolved from aristocracy. Exclusive titles to nature's resources and technologies, denying others their rightful share of what nature offers to all for free, are little more than aristocratic property rights. Aristocracy fought for centuries to protect those exclusive rights and today's battles, both worldwide and within internal economies, are a continuation of those struggles. Full and equal economic rights for any great numbers have never been attained and we outline herein how—through utilizing the mighty economic and financial engine of inclusive property rights applied across the full economic spectrum—they can be attained for all.

Add up the waste within America's internal economy as herein addressed, add in that wasted and destroyed worldwide by war the past 60 years, add in the GDP for a respected living standard for roughly five billion impoverished people who could be enjoying a quality life today except for imperial capitalism's last fifty years of covert and overt warfare—a struggle led by America for the purpose of controlling resources and the wealth producing process, and the imposition of their system of property rights (exclusive title to nature's resources and technologies) on the world (preventing their economies from developing)—and you arrive at how much more wealth has been effectively destroyed or production forgone as opposed to how much wealth America produces. That honest look highlights America as a negative producer, consuming, wasting and destroying far more wealth than she produces.

Full and equal economic rights through restructuring exclusive titles to nature's resources and technologies to conditional titles is applicable across the full economic spectrum. That simple change in property rights eliminates both the unacknowledged primary monopolies—land, technology, money, and communication—and the secondary monopolies that are so proliferative in the American economy. Through conditional titles, the unearned values of monopolies are transposed into relatively equally-shared use values.

All trained in classical and neoliberal economics will say, "Those appropriated blocs of capital owned by individuals were, and are, necessary to finance an economy." They will claim that "governments are inefficient allocators of financial and industrial capital." Both claims are unequivocally untrue. Financing is not needed to build land, nature built it. A large amount of financing is not needed to start up a bank. The only labor-created value there, beyond a small amount in brick, mortar, and computers is its license. Yes a private bank requires a minimum level of startup funds but a socially-owned banking system simply creates that money. Private banks essentially own nothing but ideas that are thousands of years old and use their exclusive titles to banks to extract more wealth from others. This has to be one of the greatest frauds ever imposed upon mankind.

Inventions are produced by labor. But currently the greatest shares of their values are pieces of paper (monopoly patents). Communications need financing but that finance capital is primarily buying and selling the enormous capitalized values of monopolized spectrums and patents which are a part of nature. Financing is needed for roads, railroads, water systems, sewer systems, post offices, electric systems, and communication superhighways. But in the early stages of federated regional development those can be built with socially-created money. In the very early stages and up to a balance point for an adequate money supply, even industry can be built with created money. In a crisis, as demonstrated below, such money can be pointed directly to any distressed sector of the economy, natural or manmade. For example: If America owned and operated its banking system, socially-created money could be pointed towards alleviating any natural disaster and shattered lives could be quickly made whole. Nothing could be fairer then created money quickly replacing values destroyed in natural disasters such as Hurricane Katrina which destroyed New Orleans.

Instead current capitalism **monopolizes all resources and technologies, denying others their rightful share of what nature offers to all for free and loans those extracted values back to those from whom it was unjustly taken.** Those annual privately-collected rents, improperly called earnings, are appropriated values which are then capitalized 10 to 30 times. Though most finance capital has been in existence for a long time, on balance a measured percent of base money must be created to finance sales of newly-created monopoly values. Stage one of money creation under monopoly capitalism: 1) Capitalized values are created first, then 10% that money is created to buy and sell those values (those added reserves (base money) circulating funds the rest). That is investing in monopolization instead of production. Stage 2) To finance purchases, those monetized monopoly values are loaned back to those from whom it was previously extracted, claiming even more of their wealth in the process.

The reason finance capital is so hard to obtain under the errors of monopoly capitalism is that those monopoly values and the 60% of America's finance capital that funds those unearned values reverses the proper order of money and wealth creation. Inclusive and equal property rights correct that. In the early stages of development, stage one: 1) Money is socially created to fund infrastructure (debt free) and industry (privately owned through bonds, some of which can be financed with created money) and the circulation of that money creates buying power which starts up more private businesses. Stage two: 2) As development progresses, money is socially-created to fund (debt free) only that infrastructure not fundable by incoming resource rents. Savings within the circulation of money funds private industrial development along with housing and other consumer needs. The developed stage: 3) Infrastructure is now funded through socially-collected rental values of nature's resources and banking profits. Money is now created only when it is needed to expand the economy or rebuild from a natural disaster. This eliminates the need for disaster insurance for hurricanes, earthquakes, floods, and large area fires.

In an efficient economy, with full and equal economic rights for all, there are no unearned values. Instead of financing unearned monopoly-created values, touchable and useable use values are financed, created, and bought and sold. Both planning and financial control are now primarily regional and local.

Private industries and services serving consumer needs are properly financed out of savings (reserve deposits). We are proposing a constitutional right to finance capital for federated regions of the world, countries, regions within countries, states, local communities and entrepreneurs. Individual financing is much simpler under full and equal economic rights than loans backed by monopoly capitalism's unearned values. Needs can be calculated and allotted relatively easily and loans would be more on merit and less on equity.

The infrastructure operating monopoly systems and collecting those rental values are today's pyramids. They waste resources, capital, and labor and lower economic efficiency by over 50%. The efficiency gains of technology are so enormous that, even though massive wealth is produced, under monopoly capitalism much more is wasted plus an even greater amount of wealth that would have been produced under an efficient economic structure is not even realized. This waste is unknown due to the centuries of justifications by the economic classics claiming these systems of theft were efficient economies.

Walk into the heart of any city, look up at those huge skyscrapers, walk in, look at the plaques on the doors, and—when one understands monopolies intercepting, as opposed to producing, wealth—one realizes this is the superstructure of a wealth extraction system. The entire building—and the next ones--are unnecessary, as are a share of the companies which built them, those that built the furnishings, and those who service and clean them. (http://www.storyofstuff.com/ -- http://www .naturalnews .com/021872.html and http://www.ied.info/articles/nuggets supports this statement as conservative.)

The unnecessary offices and staff (the superstructures) extracting wealth through banking, technology, and other monopolies (except land, that superstructure is minimal) waste enormous amounts of wealth. Those labors and resources are no longer wasted under the full and equal rights of a modern commons (Green Economics) replacing exclusive titles to nature's resources and technologies, which deny others their rightful share, with conditional titles guaranteeing all their share of what nature offers to all for free, through necessities such as universal health care and retirement addressed in law as a human right, and other necessities such as insurance, addressed in law as a social right.

If citizens had equality and opportunity, full and equal economic rights through conditional title to nature's resources and technologies, instead of daily battles for survival feeding on the fringes of these massive monopolies, family trauma would decline rapidly, fewer children would be abused and neglected, and crime would shrink to almost non-existence. Universal health care as a human right will shrink those costs 60% even as those needs are better cared for—proper eating (permaculture) and exercise, along with nurse practitioners can take care of 80-to-90% of all medical conditions. Eliminating patent monopolies eliminates 85% of the gambling casinos called stock markets, reduces product costs by over 50%, and the savings in distribution costs (communication superhighways) will reduce that still more.. Under full and equal rights provided by the inclusive bonding principles of full and inclusive property rights, the police, legal structure, and prisons would shrink to a very small fraction of an individualized economy's expense.

The quality of life rises rapidly even as the hours of employed labor are reduced over half. The precipitous drop in GDP measures the previously wasted labor, capital, and resources of a monopolized economy. The GDP then rises as people utilize their new free time to develop their many artistic talents or to simply socialize with friends and family.

By analyzing the forthcoming struggle of those in the educational system to retain their current highly respected—but now obsolete—positions and identities, one understands why and how, as the efficiencies of technology advanced, full and equal economic rights were withheld from the masses. The efficiencies of technology continually eliminate jobs through which identity, respect, power, wealth, and the needs for every day living are distributed. Those in positions of respect and power destined for elimination quite naturally used, and still use, their power and wealth to protect their power and wealth. With their living tied to those wasteful arteries of commerce, the citizenry unwittingly defend the system denying their right to a quality life while employed outside the home only two to three days per week.

When discussing this thesis of the enormous wasted labor, capital, and resources with others, they easily understood the waste in all segments of the economy except theirs: "Oh no! Not my job! Our work is necessary" and a litany of reasons why pour forth.

What takes place is the instinctive protection of territory within the economy from which one obtains respect, identity, and their living. I have watched teachers and professors bristle at the thought of their replacement by video lectures and documentaries presented by the world's best teachers to the entire world. Unless, and until, the current system totally collapses, which it will, monopolies always do—and just as those whose identities and livings are tied to the arteries of commerce in other sectors of the economy destined for shrinkage to a fraction of current capital, labor, and resource needs—neither politicians nor the educational industry will make any serious effort to modernize that economic sector.

If you have a slave society, banks must finance buying and selling the capitalized value of slaves but would never finance a slave for any personally conceived endeavor. If you have a monopolized economy, banks will finance the buying and selling of the capitalized values of monopoly profits. In both cases they are financing the theft of wealth produced by others.

When primary and secondary monopolies are eliminated, use value (labor costs plus resource rent costs [capital is stored labor]) will determine market value. Under full and equal economic rights, all are reasonably well paid, none receive compensation beyond the value of their mental and physical labors, use values match market values, there would be no inflations or deflations, there is no space for an ethereal world of high finance, and thus there would be no economic collapses. The price of gold will remain forever stable as a commodity for manufacturing jewelry.

An individualized society with 80% of their waking hours free and each searching for identity would become chaos. A cooperative, communitarian society utilizing the efficiencies of honest precepts of capitalism—providing camaraderie, a sense of belonging, and an active life interacting with family and friends as home production and education expanded, yet retaining the efficiencies of money and competition (honest capitalism)—would thrive. Those who study gangs filling those primal emotional needs in an individualized society and those experienced in communitarian societies understand this well; we will leave that to be sorted out by these newly-free societies.

As different societies sort this out within the dynamics of their own culture, there are four basics to full and equal economic rights: 1) Society must collect the rental values of nature's resources and technologies and use those social credits to build and maintain economic infrastructure and provide essential social services. 2) The banking system must be socially-owned and operated and those funds also used to fund essential social services. 3) Productive jobs must be shared, reducing employed labor time to two to three days per week, leaving four to five days per week for family care, socializing, and pursuing personal goals. 4) And each must be paid equally for equally-productive labor with possibly no greater than a two times wage differential (key management a somewhat greater spread).

There will always be talented people who earn far above that wage differential. But it will be earned compensation (Oprah Winfrey, artists, presidents, etc.), not monopoly extractions of what are properly others' wealth. Virtually any highly talented person would have several days a week to produce art or display their talents. There would be so many of them that the price of their art or talents would be paid only modestly above normal labor costs. Talented carpenters, repairpersons of all kinds, etc, free lancing would earn money to purchase other's free lancing talents and art which further reduces what is thought of as "one's job."

With efficient and moral centers of capital supporting them, a federated region, even entire continents, can develop and provide a quality life to all its citizens within two generations. Compare that with the monopolized economies of America and Europe which have been industrialized for 150 years and they still have large impoverished populations.

If the principles of full and equal economic rights had been in use instead of the current monopoly system, production would have immediately doubled, doubled again in a few years, doubled again the next few years, etc, on up to the level of a fully sustainably developed world and all without poverty or war.

Instead of the simplicity of that cooperative system, the original designers of unequal property rights (the monopoly system) did not even consider the possibility that a large share of their citizenry could one day be well off let alone should be or would be.

The substantial development of wealth in Asia was an accident of history, a need for allies to stop fast expanding socialism. Not only did monopolists need allies to maintain control of the world, they needed the allegiance of their own citizenry. That, and the enormous efficiency gains of technology, provided a quality life to many more people than ever anticipated. Those enormous gains were under unequal property rights designed for an elite to have the greater share of that wealth.

Originally designed for their protection, that shared technology cannot be taken back and is rapidly destroying the world monopoly structure. Those who keep track calculate the entire world will be relatively well developed by 2035, and that is only 26 years away.[g]

That plunder by trade is the cause of poverty in the developing world is now understood and alliances within the developing world are forming to take control of their destiny. Venezuela and Bolivia are leading the way through renegotiating their unequal

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[g] Many see a fully developed world as destructive to the environment. With care in planning and elimination of the over 50% of today's economic and military activity that is wasted, the ecosystem can be well protected. Tiny Tikopia Island, addressed above, has successfully practiced three-dimensional orchard farming for 3,000 years. That permaculture mixing of annual and perennial tubers, berries, vegetables, fruits and nuts is enormously productive and, due to that closely-planted mixture building its own defenses, essentially free of disease and destructive insects. Under such advanced permaculture, one's yard could produce a large share of a family's food needs and sharing between neighbors will provide variety. If the world replaced monoculture farming and shipping from thousands of miles away with three dimensional orchard permacultures in back yards and surrounding communities, society could be living in a Garden of Eden continually improving soils as opposed to its rapid depletion under monoculture farming.

carbon fuel extraction contracts. Russia has renegotiated their contracts and oil companies now retain only six cents of every dollar above $27 a barrel.[135] Through a modern communications superhighway being put in place as we speak —the many national and international news programs on Free *Speech TV, Link TV*, and emerging TV networks controlled by the world's previously dispossessed spanning the world—the developing world will be watching these dramas unfold and strengthening their alliances to attain more negotiating power.

We assume the imperial centers' mighty military and financial power will eventually be checkmated and a substantial reduction in their extraction of wealth from the periphery of empire will be reflected in a further collapse of their stock and financial markets. Since the alternative news and new world-wide communications systems will be telling that story, corporate owned media within those imperial centers will have to address the reality that imperial foreign policies have created a disaster.

Once allied and hopefully federated, each unified economic region should, and we assume will, establish a central bank, create their own currency, and sign contracts with the newly evolved Asian centers of capital to trade resources for access to technology and training for industrial development. Though such economic development takes time, Asia's and the developing world's need for trade with Europe and America will become less and less. If Europe and America collapse rapidly, Asia will turn to trading with the developing world to keep their economies going. At that point the historic imperial powers will be in crisis.

That potential for eliminating the West's 500-year-control of the world's resources and the wealth producing process explains why America embarked on regime change in Iraq. A success there would assure worldwide control of other resources far into the future. If that colonial adventure successfully installs a puppet government or splits Iraq into two or three isolated political units with the oil regions controlled by historic imperial centers of capital, if that control is expanded to the oil wealth of Central Asia, and if control is retained in Saudi Arabia, the old empires could offset the power of those forming alliances and retain access to resources worldwide on the same unequal terms. Other nations and alliances will have to abide by trade rules laid down by imperial nations or they would get no oil. But the Iraq occupation became a quagmire. The world understands America's plan; every abuse of power engenders a countervailing power, and the opposing alliances described above are forming fast.

The developing world understands well that the United Nations is not democratic. Given that title as a cover for dictates of a few powerful nations, it was specifically designed to protect the superior rights of the already wealthy. Planned and established by the winners of WW II, with other nations essentially voiceless, that body as an extension of colonialism is a fait-accompli.

That intended "irreversible accomplishment" is centered in the Security Council. Each member has one vote and decisions are made by an affirmative vote of at least nine of the 15 members, five permanent and the other 10 slots rotating every two years among the remaining 182 UN members. A 'yes vote' of all five permanent members—the United States, Britain, France, Russia, and China—is required before any action can be taken. A 'no vote' by any one of the five is a veto. Thus nothing of importance happens without the unanimous approval of those five permanent members.

While other departments of the UN can make recommendations and many good things are proposed and accomplished, the Security Council alone has the power to make decisions on all matters of importance and that charter obligates all member nations to carry out those decisions. In short, on important issues, there is no United Nations; there is only a Security Council comprised of five of the seven most powerful nations in the world. The two other major powers, Germany and Japan, lost WW II.

As the UN, fronting as a quasi world government, has been used as cover for control of nations worldwide, most the 10 rotating members of the Security Council and likely two of those permanent members, Russia and China, want a truly democratic institution.

The other three permanent UNSC members—the U.S., Britain, and France—are allies.[h] Russia knows well how the former Soviet Union was destabilized by that alliance and China knows just as well that there are powerful financial interests behind political factions within both American political parties and throughout Europe who want to do the same to her.

Those same movers and shakers in the former administration, that of President George W. Bush, openly stated they are not going to tolerate any nation, or group of nations, to militarily challenge America. Translated that means maintaining worldwide control of resources and the wealth producing process through military force.

As addressed above, a major move towards assured control of resources by the historic imperial powers was the occupation of Iraq which turned into a disaster. Not only does America have most Iraqis against them, the entire Muslim world is aware that, with possibly 70% of the world's known reserves of easily-accessible oil within their borders, they are the primary target.

[h] France would not agree with U.S. President George W Bush on attacking Iraq. But that was because, with centuries of colonial experience, they knew better than to openly occupy a country to install a puppet government. The 2003-08 quagmire in Iraq proved them right. But, until another world order emerges, the entire European Union and America should be considered as an allied imperial center of capital.

The world is aghast at the destruction, torture, and oppression of American foreign policy.[136] Once the moral high ground is lost, a nation's power is greatly diminished and this has America's mighty military essentially immobilized. Cover stories will be ignored, attempts at regime change anywhere in the world would be recognized for the imperialism it is, and, at some level, sanctions against aggressor nations posing as moral societies would be invoked worldwide.

That Iraqi suppression alerted the former provinces of the old Soviet Union, oil and mineral rich Central Asia, to further protect themselves by trade and development agreements with Russia, China, and India. The immobilization of America's mighty military, due to loss of the moral high ground creates an opening for the formerly voiceless to insist that their votes will count.

The key factors are the immense resources within the yet undeveloped world, the roughly 60% of the world's industrial capacity and the many trillions of dollars in reserves outside the imperial nation's borders, and the current immobilization of imperialism's mighty military due to America's loss of the moral high ground. Understanding those realities provides the opportunity for developing nations to take control of their destiny through insisting on an equal voice in the UN, and they are attempting to do so as we speak.

Attempting to retain control by the imperial centers, former U.S. Ambassador to the UN, John Bolton, threatened to defund the United Nations if they do not accept U.S. dictates on world trade. Instead of capitulating, the Doha round of world trade talks collapsed with China, India, and other countries refusing to open their borders to cheap imports because it would destroy their economies.

The once powerless are getting stronger and they recognize that the imperial centers are getting weaker. Their many alliances and federations will be difficult to challenge and they can serve notice to the historic imperial nations that the UN be restructured into a democratic and moral forum or they will form their own world governing body, effectively a federation of 80% of the world.

That ultimatum would be rejected by imperial powers. On the chance that the previous creators of history—those same major imperial powers—will change their minds, the new world governing body should retain ambassadors and skeleton staff at the UN and reconvene under a new name in a major city within those alliances. The world will have moved closer to being openly and officially what it has been ever since the end of WW II, a wealthy and heavily armed imperial world in open struggle with the undeveloped, previously unarmed, world over control of resources and the wealth producing process. All nations should be invited to that new world-governing body.

World federalist organizations have been working to have a constitution ready for that momentous day. The World Constitution and Parliament Association (WCPA), as does others, has one ready for revision and acceptance by just such an alliance of nations.

This forming federation can choose the best features of each constitution, add what they feel is necessary, and accept it as their foundation law. The inequalities and injustices within the United Nations Charter compared against the equality and justice within the new world-governing body will highlight the efforts of the old power structure to dictate and the new power structure to rule democratically.

With a name picked and a constitution for that governing body in place, the first order of business should be how best to move forward on world development, alleviation of poverty, and global warming. Even though they would retain their staff at the UN, the developed and well armed China and India will surely join. Japan and Russia will also see the advantage in developing the poorer parts of the world in trade for access to resources. The presence of those four in that new governing body would be counter-weights to those well-armed nations that historically denied freedom to impoverished nations on the periphery of their empires. Russia's and China's veto power in the UN Security Council eliminates the option of a military assault under cover of the United Nations. The loss of the moral high ground and the insanity of attacking the now-allied 70% of the world's population seeking the same freedoms America attained in their revolution should keep the imperial nations' mighty militaries immobilized.

The first discussions between the fast-developing nations and the undeveloped regions should be on access to resources for these rising centers of capital in Asia in trade for industrial technology and training for the undeveloped world. As they are busy signing such agreements as we write, we believe China, India, and Japan, would see the greater security to each of a fully developed world and agree. With technology, arms, and resources, Russia would join. The ironclad rule to never share technology except when allies were needed will have been replaced by equal access to (a sharing of) technology and equal access to (again a sharing of) resources. An economy requires modern industrial capital, resources, skilled labor, finance capital, markets, and, up to this point in history, a military to protect it all. Though nothing can protect against madmen, those powerful fast-developing nations—China, Russia, and Europe—give this forming alliance substantial security. Both developed and fast developing nations who do not join put their access to resources and markets at risk. At that point, financial and military monopolization should be checkmated.

We addressed earlier how, once the Iranian oil bourse has been activated and contracts are directly between oil exporting nations and refiners and either profits of oil exporting nations will increase 50% or the costs to buyers would drop 30%. Those oil trader profits (33% of the price of oil) will disappear, and stock markets (having lost far more than $1 trillion of capitalized value due to those lost trader monopoly profits) will collapse in step with that ten-year process.[i]

Economic alliances of a large share of the world's population with the greater share of the world's industrial capacity within their borders would spread shock through the markets of the old imperial centers of capital. The purpose, of course, would be maximizing their capital, labor, and resources for their own people as every democratic government must do. That principle applied to all nations requires equality in access to resources, technology and trade.

That is the trap the imperial nations find themselves in after centuries of appropriating the wealth of others and becoming enormously wealthy, with no concern of others' rights or that it may all have to end some day. As they want to avoid war, current rapidly developing and undeveloped nations will want to help those old empires restructure but they will not want to do so at the expense of their own development. Such a seismic shift in relationships between societies take more time than allotted in this theoretical analysis which condensed the time frame to make the process understandable.

In a reasonable time frame, the unequal aspects of property rights monopolists have created over the past 700-plus years must be replaced by a fully federated world with **honest property rights providing each citizen of this world their share of the world's wealth that nature offers to all for free.** We are using a theoretical restructuring of the American economy as an example. Such restructuring needs to be applied throughout the world and—as addressed in our *Economic Democracy: A Grand Strategy for World Peace and Prosperity*, 2009 updated 2nd edition—imperial centers of capital's financial, economic, and military power's suppression of every such attempt the past 65 years is collapsing.

We assume the certainty of the aggressor and aggressed both being destroyed eliminates nuclear war as an option. The power of monopolized capital and their mighty military will be checkmated. At this historic moment, an equal share of the levers of power will be in the hands of the undeveloped world and their allied centers of capital decoupling from the collapsing imperial centers. This new balance of power will permit the now-allied resource powers to bargain with the former imperial powers for continued access to their resources. We also assume America's loss of the moral high ground will advance that natural flow of events towards a fully federated earth by many years.

Capital fleeing to cheap labor has de-industrialized the United States. Just as early America ignored Britain's patent laws and copied British industry, China and

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[i] Which is why five undersea cables were cut just days before that bourse was to open. Not even a telephone call could get through to the island on which that bourse was located.

other countries are ignoring monopoly patent laws and producing copies of almost every manufactured product in world trade. Those knock-offs and the education of over 400,000 PhDs per year in the hard sciences are to bring Chinese technology abreast that of the wealthy world. As allied developing nations rapidly industrialize, the de-industrialized American economy will be in grave danger. The monopoly system will be collapsing due to the developing world ignoring patent monopolization laws just as America and most other nations did when they were developing.

To replace the simplicity of theft through plunder by trade with the complexities of sharing and cooperating will require deep soul searching. As the only other choice is nuclear war, we will assume leveler heads, backed by a now-conscious population, will be humbled and negotiate as equals not as the powerful centers of empire they once were.

Key to those agreements between the fast federating developing world and the undeveloped world will be moving patents into the public domain. The first such steps have been taken. In the contract to launch satellites for emerging nations' communications superhighways, China has agreed "there are to be no technological secrets kept from those South American nations." Establishing industries to build machinery for building both communications and transportation superhighways throughout the forming alliances with no royalties charged is a big move towards breaking patent monopolies.

Communications highways to keep all citizens abreast of plans to provide a quality life for all citizens of this world are becoming a reality. With many times the population of the wealthy world, with an equal per capita percent—but a far greater total—of geniuses, educating many times the engineers and scientists, with those four centers of capital sharing their technological knowledge with the developing world, and if WW III is avoided through the world federating, within two generations the once-impoverished world's citizens could be living a quality life.

As opposed to ad-hoc development, the alert and moral will recognize that security for all requires poorer nations reaching such a planned sustainable development level. As the world's resources are primarily within the undeveloped world, the developed portions of this federated world should provide technology, training, and the first industries in trade for access to their reasonable share of those resources. If those supports are honest, the labor, capital, and resources of the developing world will be producing for most of their own citizens within one generation and they should attain engineering, infrastructure and production equality within two generations.

Towards that goal, all resources should be mapped and banks, roads, railroads, alternative energy power systems, industries, water and sewer systems, and all other infrastructure for an efficient, sustainable, regional economy should be planned. This takes care. Large industrial capacities—for tractors, construction equipment, etc—

are required to capitalize a federated region but, once a region is developed, only small production capacities are adequate to produce parts for that machinery.

Japan has more industry than necessary to produce for her 120 million citizens. That exports are necessary to pay for imports is valid under monopoly rules but much less valid within a properly-planned, sustainably-developed, region. For example, in a peaceful world Japan's defense needs disappear, three dimensional orchard farming (permaculture) on its own land can provide their food,[j] and they can provide technology, development, and manufactured products to Africa and South America in trade for resources.[k]

Cultures within this emerging federation are not locked into the **imperial system of exclusive titles to nature's resources and technologies denying others their rightful share of what nature offers to all for free (the monopolization, wealth extraction, process).** They were forced into that system of unequal property rights and, when the opportunity arises, they will replace it with an efficient economic structure.

The choices are only three: retain the Western system of exclusive title to nature's resources and technologies, denying others their share; revert to some form of command economy, communal or socialist; or turn to the mighty cooperative, yet capitalist, economic and financial engine of full and equal economic rights for all through conditional title to nature's bounty tempered by communitarian principles.[l] Those who chose options one or two would soon change their mind as the higher productivity and lower labor and resource costs of those who chose the inclusive, efficient, intensely competitive principles of full and equal inclusive property rights were proven.

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[j] See Tikopia Island in Jared Diamond's *Collapse: How Societies Choose to Fail or Succeed,* 2005.

[k] Many see a fully developed world as destructive to the environment. Tiny Tikopia Island, addressed above, has successfully practiced three-dimensional orchard farming for 3,000 years. That permaculture mixing of annual and perennial tubers, berries, vegetables, fruits and nuts is enormously productive and, due to that closely-planted mixture building its own defenses, essentially free of disease and destructive insects. Under such advanced permaculture, one's yard could produce a large share of a family's food needs and sharing between neighbors will provide variety. If the world replaced monoculture farming and shipping from hundreds or thousands of miles away with three dimensional orchard permacultures in back yards and farming communities, society could be living in a Garden of Eden continually improving soils as opposed to its rapid depletion under monoculture farming.

[l] This is a synthesis of capitalist, socialist, and communitarian property rights. The dynamism of capitalism and the justice and equality sought in other philosophies are each retained.

8. President Barack Obama's Economic Transition Team's Stabilization policies

It was not unexpected that President George W. Bush's Emergency Economic Stabilization Act of 2008 was designed to bail out the major banks and financial institutions which caused the current financial and economic crisis.

President Barack Obama's Economic Transition Team seems to have been able to provide more protection for the public's money than was first assumed. But that story is just released and only time will tell how that plays out.

Those financial institutions receiving trillions of dollars in bailout money had copied Enron's off the books accounting, leveraged their investments 30:1 or higher, produced nothing, pocketed massive sums of money, and it was that process practiced throughout the banking system which brought on the current financial crash.

As values collapsed, those 30:1 leverages (debt to equity ratios) doubled, tripled, and kept on climbing. Citibank's leverage rose to 280:1 and required massive infusions of government money to prevent the nation's collapse. Others, Goldman Sachs, JP Morgan, Wells Fargo, Bank of America, and HSBC, the largest in the nation, and the world were caught in the same sand trap.

The rescue of those major banks, that of American International Group (AIG), and other financial institutions, has required $2 trillion in bailout funds as of today, April 2009. The additional $11 trillion pledged as the U.S. and world economy worsens measures the huge vacuum building beneath them as those massive, leverage created, profits were banked over the six year period leading up to this crisis.

President Obama spotted the error of pouring money at Chrysler and General Motors whose policies of large, low mileage, cars was the cause of their 45%

drop in auto sales. He fired Rick Wagner, the CEO of General Motors, and told GM and Chrysler to produce viable plans for profitable companies before they received any more bailout money.

The larger share of the nation was upset over many trillions of dollars going to the very people who had dropped the value of their 401K pensions by 45% (some of those pensioners were totally wiped out), destroyed millions of jobs, and this crisis has the potential of becoming much worse.

There is also a high possibility of the economy being stabilized by those trillions of dollars in bailout money. Massive funds are parked in treasuries and other safe havens that will pour into the markets if the economy stabilizes.

However, a deeper look tells us even that may not restart the economy. Much of the rest of the world's economies are dropping faster than the U.S. and their central banks do not have the strength to bail them out.

Added to that ongoing worldwide collapse is the world's break for freedom picking up speed. They will attempt to avoid collapse by decoupling from the imperial world and couple with the emerging centers of capital. If they succeed, that will deny the imperial centers massive sums of extracted wealth from both the undeveloped world and the emerging centers of capital. .

If those bailouts fail and/or if the world starts decoupling from the American economy, the president's only choice is call in the loans to those banks, nationalize them, and turn the money creation powers of those now nonbankruptable banks towards the real economy.

We now turn to the Conclusion where we demonstrate that simplicity, stopping this financial and economic collapse in its tracks, support the world's struggle for freedom, restructure to full and equal economic rights for every citizen of this earth, reduce the employed hours of Americans by half even as poverty disappears and all citizens enjoying a quality secure life, and all this while taking pressure off resources and alleviating global warming.

President Barack Obama's ultimatum to the automobile industry, his start towards normalizing relations with Cuba, his sincere move to reduce and possibly even eliminate nuclear weapons, America not pushing for NAFTA and other unequal trade agreements at the Organization of American States Summit ongoing as we speak, and his alert to Israel that America will be backing a viable Palestinian state tells us he has the intention to living up to his pledge for honest change.

The world may yet go peaceful with full and equal economic rights and a quality life for every citizen of this earth. If it does, this president will be recorded in history as the greatest leader of all time.

9. Conclusion: An Open Message to President Barack Obama's Economic Recovery Team

In every extreme crisis, such as the aftermaths of WW I and WW II or the Great Depression of the 1930s with its 89% collapse in values, the unequal system of property rights came close to being overthrown by ballot box revolutions.[137] It is not reasonable to think that the citizenry of America and Europe will patiently watch the developing centers of *capital*—China, India, and Russia, along with Japan, successfully ally with the emerging world while the West's economies, historically dependent upon those cheap resources and labor, become moribund and their children cold and hungry. As war against 70% of the world will be unacceptable to the developed world's own citizenry, we trust that President Barack Obama will live up to his announced dedication to change.

Only a powerful president with exceptional vision and integrity, such as Franklin Roosevelt in the Great Depression of the 1930s enacting revolutionary legislation within 100 days, can guide this nation and the world to its salvation through applying these simple principles for efficient economies (see the 170 word thesis on pp. 15-16 and repeated on p. 185).

In this crisis, like all others in history, families will be cold and hungry as values collapse all around them. This president and his advisors will know those collapsed values are pledged to loan institutions. All know that monopolists (those with the unearned money to loan) firmly enforce the rule that the final mortgage holder will own all property backing defaulted loans. Those privately-owned loan institutions going broke right along with their customers will be, by the same custom and law, owned by the Federal Reserve, the socially-owned lender of last resort that has been loaning, possibly giving, trillions of dollars ($2 trillion distributed and 11 trillion more pledged) to the nation's largest banks and other financial institutions to keep them afloat.

Three times—after WW I, in the depth of the Great Depression of the 1930s, and after WW II—the monopoly system avoided its overthrow by ballot box revolutions only by the major share of those countries turning to fascism. This time, with half the world industrialized, but divided into various centers of capital, and the yet-unindustrialized fully aware, there should be no way to save the centuries-old property rights system designed to protect wealth and power at the expense of the powerless.

This president will realize America's socially-owned Federal Reserve, with its money creation powers, taking over management of those bankrupt banks is the only option.

The president's advisors understand the process very well. They were using these principles to prevent financial collapses and protect the ethereal world of high finance for 27 years. The 1982 Savings and Loan scandal; the one-day stock market collapse of 22.6% in 1987, the 1990 Citibank bailout, the 1994 Mexico financial crisis, the Asian currency crisis in 1997-98, Long-Term Capital Management's bankruptcy crisis in 1998, and the dotcom crash of 2000-2001 were only different in that the U.S. economy was not collapsing and the money necessary to turn it back up was modest.

To keep those banks afloat, base money was being increased (created) by the Federal Reserve (4th quarter of 2008 to April 2009) at an annual rate of 300%. The $2 trillion spent, $11 trillion more pledged, and the economy still headed down testifies to the sharp slowing in the circulation of money (the money supply) which is why massive base money can be created and the money supply continue to fall.

As an economy can balance anywhere for periods of time, the possibility is still high that the economy can be stabilized, witness how unbalanced this one has been for the past eight years. However, massive productive capacity in the rest of the world going idle tells us it may not rebalance. And the world economy has yet to face the hurricane of the world breaking free as that drama continues to unfold.

If it does not stabilize, President Obama should organize a new recovery team with no ties to the ethereal world of high finance, call in those "loans" to distressed banks, nationalize then, start pouring that created money at the real economy rather than to those who created this crisis, and guide this world to a quality life for every citizen of this earth. If he knew that could be done, I have faith that is what he would do. These last 24 pages explain utilizing socially-owned banks to stop a severe financial crash in its tracks and rebuild the world economy.

With higher interest to depositors and lower interest to borrowers due to lower operating costs, and backed by the Fed's money creation powers, both depositors and borrowers will flock to those high-paying, secure, socially-owned banks with their low charges. Already in trouble, the rest of the private banks will turn in their keys as fast as their customers transfer to those secure banks. The entire banking system will quickly be, as it should be, socially-owned, socially operated, and more powerful than an army.

The goals must be the greatest good for the greatest numbers—food, fiber and shelter for everybody and protecting the savings, equities, and livelihoods of the maximum number of people. This requires financing both consumers and the real economy as opposed to the current financing of the ethereal world of high finance, the ones who created this crisis.[a]

The president and his new advisors will analyze this socially-owned banking system's creation of money powers for stopping the financial collapse in its tracks, quickly restructure the economy, and reestablish prosperity. A decree is issued for every head of household—husbands, wives, or singles—without a job and without other income or resources to apply to their bank/credit union for a monthly subsistence based on single households receiving 75% that of married couples and an allowance for each dependent.

The loan institutions will put the applicant's electronic transfer number on that application. That form will include testimony, under oath, that they have no income or resources. Upon signing, and on the 1st of each month thereafter until receiving their first full paycheck, subsistence funds will be computer-deposited into those accounts.

Heads of family will walk out with funds in that secure bank to cover food, fiber, and shelter for that month and each month thereafter until employed. Those who would be against a non-bankruptable bank and subsistence funds for those with no equity and no income would be so out of sync with events they will be few and irrelevant. Though only modest amounts of cash can be withdrawn, all trades will be quickly consummated through checks, credit cards, or debit cards which are the real money in a modern economy.

With this latest break from unequal property rights laws as applied to nature's resources and technologies, all Americans are now fed, clothed, and housed and the worst aspect of the crisis, a cold and hungry citizenry, is under control. Spending of those subsistence funds will increase demand and quickly stabilize the economy. With money flows across national borders controlled through countries and regions issuing new currencies spendable only within their borders, any shortage of circulating money for subsistence payments and continued funding or repairing of economic infrastructure can, up to the level of a balanced money supply, be created.

These are the **dual currency** systems handling world trade within a cooperative, federated, world system we address periodically. The early stages of such a currency, not yet addressing the rights of the undeveloped world, are now under discussion. Inflation threats due to too much circulating money are easily handled when a currency is spendable only within a nation's borders. Mandated reserves, thoroughly discussed above, may

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[a] A banking system can be balanced anywhere from highly efficient to its current extremely corrupt monopolized inefficiency. The world economy is just as unbalanced as national economies. Debts between, and within, all nations will have to be renegotiated along the lines of renegotiating debts within America as we are addressing. Each nation or region will have to operate their economies with a new currency as they renegotiate contracts and debts with all other nations and regions denominated in a world currency (a **dual currency** structure). Sacrifices will be required by all.

at first be necessary but a socially owned bank automatically has 100% reserves and fractional reserve banking should not be necessary once an economy of full and equal economic rights is established and in balance. Once the currencies of developing world regions and nations are protected, they can trade access to resources for technology.

Destruction of confidence due to this economic collapse has slowed the velocity of money to a crawl. Increasing those required reserves and outright destruction of surplus money will be only after an economy has returned to normal and threatens to inflate.

An efficient economy with full and equal economic rights balances through resource rents and banking charges maintained at levels covering the costs of infrastructure construction and maintenance, operations of government, education, privately provided universal health care, retirements, etc.

The initial distribution of socially-created money and destruction of any surplus through increased mandated reserves, along with careful loaning choices, are tools to point money to the owners, operators, and workers within the real economy.

Keeping intermediately developed and undeveloped regions of the world going requires currencies that cannot be spent outside economically viable borders and a world currency handling trades between those viable regions or nations as they decouple from imperial economies. Under that **dual currency** system, each viable region can create base money to build infrastructure or, early on, even loaned to build industries. With the understanding that matching higher mandated reserves and slowing of the velocity of circulating money permits money creation at an appropriate level, it is possible to operate an economy at very high levels of created money spent on essential needs either in a crisis or for development of emerging economies. Once a nation is developed, money creation will be only when natural disasters, such as hurricanes, tornadoes, floods, and earthquakes, destroy value or when an economy is expanding. Again note the savings when major natural disasters are insured by the ability to create money instead of through insurance policies. Fires are unique and houses have to be so insured. Conditions such as the owner having to shoulder some loss will protect against fraud. Blocks of homes burning would be, of course, a natural disaster.

Forced to start decoupling from the American economy before that full federation, other nations and the developing world will restructure their banking systems under their own regional currencies. With banking systems protected against cross-border flows of money, with development planning carried on through regional alliances, each region can develop sensibly and steadily at the maximum pace allowed by construction equipment, trained labor, and resources available.

With the dollar the world's current reserve currency, the U.S. has had the power to create money (value) that properly belongs to other nations. While costing nothing to create, that money has a firm claim against real wealth. Though they do not put it in these words, China, Russia, and other countries are demanding a world currency that protects their right to their share of created money and protects their money's value. America and Europe responded by offering IMF Special Drawing rights, backed by a basket of four currencies, as that world currency. The struggle for equal rights to the protective power and efficiency of a world currency, key to every region's success, has just begun. Currency rights and war are the final arbiters in which nations or regions successfully develop and this process has yet to play out.

This president initiating negotiations for **dual currency** systems protecting each currency from rapid money flows across borders (full and equal currency rights placed on the table for the first time in history) could lead to a true international currency for a peaceful federated earth. A world currency is, of course, what we have always had, except America was in charge the past 60 years, there were no cross border controls, and leaving an imperial power in control of the world's trading currency is an open invitation for financial destabilizations within the alliances we are addressing as crucial for the world's final break for freedom.

America's counter offer for IMF Special Drawing Rights backed by four currencies can only be that world currency if all other currencies have equality and protection. The structure should be a democratic "Bank for International Settlements," **an honest World Central Bank (the one in Basel Switzerland only if totally reformed), overseeing that dual currency system**. That honest world currency would handle trades between economically viable nations and regions. As the money of a properly-structured world bank will be only numeric values stored within computers, there will be no world paper currency and this will eliminate counterfeiting and most black market exchanges. The "flickering beginnings" of a world federation with a world central bank will have become a steady glow.

Having addressed control of the flow of money across borders so economically viable federated regions can create money and rapidly develop, we return to the collapsing American economy which has just been theoretically stabilized by creating money for subsistence payments to the unemployed, for restarting the economy, and for economic restructuring we have yet to address. Once monopolization is eliminated, only 40% the former level of finance capital will run the American economy efficiently. Ownership of that capital will be very broadly diffused, and it will be democratically and equally shared with all transactions visible, touchable, and understandable. The ethereal world of high finance, which is nothing more than massive sums extracted through unequal property rights laws being placed on a gambling table, will be history.

With the old powerbrokers keeping a low profile and an appreciative citizenry paying close attention, this alert president realizes lobbyists can no longer block universal health care being legislated as a human right. Faced with the logic of privately provided single-payer health care at half the price, with over 500 physicians petitioning President Barack Obama to put it into law, with almost 50 nations having already established it, and with Britain a stark example of 100% coverage at 43% America's cost,[138] universal health care will quickly be legislated into law.[b] The once cold and hungry citizenry are now warm, well fed, and their health care costs are covered by the social credits (profits) of the socially-owned banking system. With food, fiber, shelter, health care, and retirement for each citizen secure, crime will drop rapidly and the prison population and legal system will eventually shrink to a shadow of its current self.

The genie will be out of the bottle and it cannot be put back. The advantages and efficiencies of a socially-owned banking system and universal health care and retirement as social and human rights would be so obvious that the citizenry will be looking forward to a continued restructuring to full and equal economic rights. A dialog on abandoning the monopoly system structured within property rights laws for the past 700-plus years will be on-going world-wide as the world awakens to the efficiencies of a federated world with efficient economies. Once the insurance industry is analyzed and that segment of the economy restructured along the lines of Social Security, the now empty insurance offices would be turned to productive use, even as all citizens are fully insured at half the cost. The subsistence-pay-protected displaced insurance workers will be assured of a respectable job when this economic restructuring is finalized.

By this time monopolists will know their secret was out and they will not be investing in monopolies that they know will soon no longer exist. Citizenry worldwide will be watching closely the on-going drama and by now will understand the key concepts for an efficient economy: "Human labor did not produce land (resources), nature offers it to all for free, and a rightful share for each can be had through socially-collected resource rents funding essential services. The citizenry will watch taxes disappear as those funds (bank profits, created money, and resource rents) are returned to them as social credits running governments, building and maintaining economic infrastructure (water and sewer systems, roads, railroads, electricity, communications super-

[b] This will take a full restudy of nutrition and drugs without input or interference by food or drug companies and providing the citizenry with the knowledge to take control of their own health. Remember deaths go down when doctors go on strike. Both deaths and food costs will drop rapidly when the processed food craze is understood as a primary cause of diabetes and heart disease (transfats) and avoided.

highways, and all other natural monopolies), privately provided universal health care, retirement, and, in an emergency, any social need.

In short, all money once paid to monopolists now provides a community with social credits, eliminates taxes, and that double savings is realized by employed working hours dropping by half or more and still providing a quality life for all.

With that explained, the citizenry will understand those quintuple plus gains and society collecting all resource rents and expending it as social credits funding infrastructure and social services will pass by law or referendum. The mother of all monopolies (land [resources]) will have been eliminated,[c] all would be receiving their share of the wealth produced by nature, and, for the first time in history, an honest capitalist society will have been established. This funding of the real economy, stopping the financial collapse in its tracks, is many times cheaper than the current pouring of tens of trillions of dollars at the ethereal world of high finance which caused this crisis in the first place. In fact this social credit plan will cost nothing when it is fully in place. A restructured world economy that provides a quality life for all its citizens has to have a real value many times greater than today's monopoly values.

As opposed to the excluding social structures designed by monopolists the past 700-plus years, under the principles of full and equal inclusive property rights, taxes will be quaint history. The equal sharing of jobs, a reasonable pay ratio between higher skilled and lower skilled labor, and an ongoing analysis of an economy requires an accounting system. Retirement insurance through payroll and self-employed deductions, along with business required to annually file profits and production figures, can provide that accounting data just as it does now.

Each person is responsible for most the amenities of their lives and these are paid for from wages and profits. Universal health care and other social and human rights are efficiently funded through socially-collected profits from society's banking system and resource rents. As proven by the savings possible under an economy fully restructured to inclusive property rights, investment funds from socially-collected resource rents and bank profits replacing extracted values capitalized into huge blocs of privately owned capital are so enormous that money to fund this peaceful society will be in plentiful supply. Shortage of investment capital is fiction. Currently only 40% of finance capital, at best, is operating the real economy. The rest is only extracting wealth.

While all the above is taking place, accountants experienced in real estate will be assessing the value of all property before and after the financial collapse. The price

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[c] Land as the mother of all monopolies is obsolete. This treatise proves that monopolization of both banking and technologies are equally as powerful and damaging to an economy. Patent monopolies have adverse effects equal to either land or banking monopolies.

mechanisms of capitalism had measured those values but those monopoly-created values and the 60% of the current blocs of capital created to buy and sell them were not legitimate then and are not legitimate now. Protection of honestly-earned savings mixed with those monopoly values requires reduction in debts at the same ratio as the rationalization of property values. Monopoly values will have disappeared and only labor-created use-values remain.

With reassessment ongoing, this alert president proceeds to clear up titles to all property and, with the greatest good for the greatest number in mind, restore the financial health of the citizenry and the nation. The land under all homes, all farms, all mines, and all industries will remain under the name of the current owners (previous owners if property has been foreclosed upon) but they now **must pay monthly resource rents to society (themselves)**. Considering taxes disappearing and those funds come right back as social credits operating governments, building infrastructure, education, universal health care, retirement, etc, paying resource rents to oneself (socially collected) is the most profitable investment that can be made.

As land has no monopoly value under these restructured property rights, it will incur minimal purchase costs. The property owners have all rights to that land as before except the right to collect a private tax, the land rent. Wages should be recalculated to be adequate and low-paid retirements must be recalculated upward to that necessary for a quality life.

As it has no monopoly value, loans against land must be erased from the records and that against structures built upon it reappraised to current labor created values. If 50% of loan values were backed by the land before the crisis, that 50% loan value is erased and the remaining 50% revalued. If homes and structures, separate from the land, were half paid for before the collapse, the remaining loan would be discounted to 50% those structures' current value. Autos, boats, and other loans would be similarly restructured. Paid-for real-estate would not be affected except that landowners monthly rent paid to society would, when all efficiencies were factored in, be quintuply compensated as addressed above.

Those with more than one home, or other resources, will not be receiving subsistence payments until those luxury resources have been consumed. That rule would not apply to an owned business in which that person is directly employed and which is temporarily idle due to the crisis. Such productive resources would be entitled to protection and support from the socially-owned banking system in the same manner as these suggestions for protection of titles to homes.

Under the financial crisis, most second homes or investment properties carrying debt will have been repossessed by the loan institutions. Those renting would be first in line to purchase and financing would be available. This socially-owned banking system, being not-for-profit and not bankruptable, has replaced trillions of dollars in uncollectable debts on homes with collectable debts at the same debt-equity level as before the collapse.

A private bank can write off only a modest amount of loans before they are bankrupt while a socially-owned bank can erase all debt that is necessary. The process is simple and the rights of all can be protected while stabilization of a severe crisis is not viable under private banking. Restructuring an economy is impossible without that **cornerstone community process, the banking system,** under public ownership. Such protection for borrowers would be in direct conflict with current property rights and private banks' maximization of profits.

With the citizenry understanding **the monopoly, wealth extraction, process** they previously were unaware existed, and with property rights of all secure, this is the time to tackle the doubling of consumer costs due to patent monopolies. Explanations to the now alert citizenry on how consumer product prices are at least twice that necessary will make those legal changes imperative. By Congressional action or referendum, those patent laws will change to paying inventors well and placing patents in the public domain. When that law is fully in place, 85% of the activity of casinos known as stock markets where those unearned profits were collected will disappear. The resources and talented labor previously battling within equity markets over who shall claim the enormous wealth produced by technology will be available for truly productive use.

Current patents will be in force for up to 20 years. Transferring technology to undeveloped regions in trade for access to resources while letting those monopoly rights run out within the developed world, will give corporations those 20 years to unwind from their monopoly positions. When unwound, their production-distribution capacities will be intact but they will no longer be extracting wealth through monopolization. As the gains and protections of society as a whole are obvious, developing countries will adopt that patent structure as fast as they can negotiate access to resources in trade for use of the latest technologies.

The wealthiest nations have greater dependence upon developing world resources. Rising centers of capital are transferring technology and building infrastructure in trade for access to those resources as we speak. This federating world will recognize those unequal property rights (monopolization patterned after aristocratic law) had effectively collapsed and they will adjust their property rights accordingly.

Monopoly values of corporations are primarily capitalized values of wealth extracted through **exclusive title to nature's resources and technologies, denying others their rightful share of what nature offers to all for free (the monopolization process)**. These are all big boys fully believing in the system they had created and which had now crashed. As most those values had been extracted from productive labor over the years and those property rights — now proven as a system of theft—

have been abandoned, nothing is owed there.[d] The economic collapse plus the loss of monopoly values will drop the value of most corporations below their debt values (values collapsed 89% in the Great Depression). As the original private banks will have been holders of 1st mortgages, the now socially-owned banks will own most of those corporations and the looming elimination of patent monopolization, along with the economic crisis, will, as in all great crashes, collapse stock values to that of wallpaper. As private property and free enterprise should be maintained, shares should be distributed to labor and management within those corporations as loans at market-value. Those loans repaid along the principles of the subchapter "Investment and Job Opportunities" would resolve that equitably. With its own workers the new owners, those industries would be operated efficiently.

By the same debt revaluation formulas, the modest market values acknowledged in those payments would be distributed to the few creditors still standing. As in all economic collapses, those values will be low to nonexistent. It will be the responsibility of the new manager-owners to operate a productive-profitable company and rebuild values. For that purpose and for new entrepreneurs, a department within the socially-owned banking system would fund major industries and businesses. That financing worker-owned businesses and cooperatives would be the economic ideal of labor employing capital. Since this banking system has the power to direct both primary created money (base money) and savings to areas in need while simultaneously holding required reserves high enough to destroy surplus buying power and maintain a steady money supply, funding would not be a problem. Loans to cover expansions and new enterprises would be available at interest rates high enough to cover risk. And we reaffirm that, once this efficient economy is in balance and the banks socially-owned, there will be little need, and possibly no need, for mandated reserves.

The many subdivisions of financial empires within the ethereal world above the real economy will have collapsed when the economy crashed. The socially-owned banking system will keep the real economy operating. The many methods of intercepting wealth within the vapory ethereal world of high finance that are reducing economic efficiency by fully 50% can wither on the vine. As most are financial empires built capitalizing extracted values, at least 60% of America's current huge blocs of capital are unneeded. Except that they were unearned, a share is invested in honest pro-

[d] The simplicity of inflation and deflation control proves that inflations are conscious decisions. An example is the 2002-06, housing bubble. Money had to be created to buy and sell those doubled values. It is well understood that borrowing against the values created by the housing bubble was the buying power that rescued the stock market which had collapsed 40%. Thus that housing bubble was a planned event utilizing created money to rescue the stock market which only creates another imbalance that has to be weathered. All such maneuvers protecting power and wealth disappear when an honest banking system fully funds the real economy and the many games in the ethereal world of high finance extracting massive wealth are history.

duction. But a larger share circles within the ethereal world of high finance looking for more ways to lay claim to wealth produced by others. Except for bonds not revalued through bankruptcy, most those intangible ethereal values will have disappeared in the economic collapse. With their disappearance, GDP now measures only economic activity in the real economy.

A great hue and cry will go up that these blocks of capital are necessary to operate an efficient economy. That warning will be muffled as the mighty engine of full and equal economic rights doubles the efficiency of the economy. Once full and equal economic rights are established a slim, trim, "real" economy will replace the inefficient ethereal economy which had evolved into a crazy quilt of methods to intercept the wealth produced by productive labor busy transposing resources that nature offers to us all for free into industrial capital and consumer products. Each of those best and brightest who once owned and operated those niches within a monopolized economy will be guaranteed a "productive" job. There will be no need to carve out an inefficient financial empire. Those who see new opportunities will have access to investment capital through loan officers trained and experienced in financing promising new ventures. Socially-owned risk capital charging higher than normal interest would be paid from cash flow and those entrepreneurs, no longer monopolists, would retain the honestly earned capitalized values of their successes.

Due to a socially-owned banking system being more powerful than armies, what we have addressed philosophically can be done. That power is denied a private banking system because their property rights are designed for maximum rights to monopolists and minimum rights for all others. In each financial crisis, the relative wealth of deeply entrenched monopolists increase as the entire nation, including non entrenched monopolists, goes broke. If your property is half paid for, the creditor owns half and you own half. But, when a financial crisis hits, values drop, the creditor owns it all, and you own nothing. Instead of claiming what is properly your equity, a socially-owned banking system can rebalance debts to match value collapses and protect everyone's honestly-earned equity. However, it has no responsibility for protecting unearned wealth extracted under unequal property rights laws. A large share of the unearned wealth will have disappeared in the above collapse and revaluations. Once all monopolies are eliminated through the restructured economy we lay out there will be no deflations. Inflations from shortages caused by the weather will be regional and temporary.

The goal is to restructure the unequal property rights laws established by imperial power brokers over the past 700-plus years—which caused this, and all past, economic crises—to inclusive property rights with a quality life for all while employed only two to three days a week and all with no risk of poverty or economic collapses.

Though it can also be done under socialist or communitarian principles,[e] this philosophy eliminates monopolies while retaining a capitalist economy.

Recognizing the security of titles to land with an initial purchase price of zero due to paying all resource rents to society; noting the efficiencies and equality of a socially-owned banking system providing substantial social credits; with the properties and equities of the maximum number protected; with insurance, privately provided universal health care, and retirement as social and human rights; and all this now part of the social dialog; a mandated reduction of the workweek to create a highly-efficient economy with a quality life for all will not only be an imperative; it will be an easy sell.

Among the large numbers of unemployed will be people well qualified to calculate the number of productive jobs in a fully rationalized, efficient, economy. We will assume their calculations will match ours, two to three days work per week for each employable citizen. From that calculation, Congress would pass and the President would sign, or a voter referendum would mandate, a reduction of the work week to that level. A productive, well-paid job for each citizen is now guaranteed.

Subsistence payments continuing as wages during the first one to two months, or more, of an employment-learning period will readjust the workforce smoothly. Highly skilled jobs, pilots, railroad engineers, etc, will take substantially longer. A few skills, such as scientists, may take years to rebalance the workforce but that and a stable money supply can be seamlessly accomplished. The workweek will be lowered and subsistence payments withdrawn as fast as labor is trained. All this can be done much faster, much cheaper, and create a far more efficient economy than pouring those massive sums of created money at the same ethereal world of high finance that extracted their wealth from others and created this crisis.

Some people are much more productive than others but not so productive as to justify the current wide disparity in pay. There will be exceptions—an Einstein, an Oprah Winfrey, a president, and a few others—but serious researchers have concluded that most should be paid equally with a differential in pay no greater than two to one is reasonable. Through raising the wages of the lower paid, this badly needed social adjustment should be put into effect simultaneously with sharing those productive jobs. Both poverty and subsistence payments are now history. Cost of products and services would drop roughly the same as hours worked and, as all are employed and adequately paid, living standards will average higher than before the collapse.

While the economy is being restructured, primary-created money (base money) should be spent for building and maintaining basic infrastructure. That money, as did the subsistence money, circulates and returns as reserve deposits (savings) available for spending or for loans within the real economy. This crisis will quickly subside as all

[e] In either case it is possible to create money for both infrastructure and industry and control the money supply through higher mandated reserves.

checks or credit card/debit card charges against adequate bank balances within this socially-owned banking system are honored. With debts restructured, property titles secure, with honoring of all adequate bank balances proving a socially-owned banking system automatically has 100% reserves, and with money in consumer's pockets, the economy, America's or the world's, has nowhere to go but forward.

There will be other problems to resolve but, once the banking system is under social ownership and monopolies are eliminated, those are all solvable. Most will have lost everything as the economy collapsed and everyone comes out of the economic crisis with secure title to homes and businesses, secure jobs, and equal and adequate pay. Those full and equal economic rights create an economy that, so long as monopolies and ethereal worlds of high finance are avoided, will maintain stable and secure values for millenniums. After historic past economic collapses, citizenry distrusted banks and were afraid to go into debt. In contrast, this, potentially the worst of all collapses in history, would be so short, and security restored worldwide so quick, the citizenry will soon spend and save normally.

Communication superhighways are so efficient they have the potential, possibly the certainty, of destabilizing the entire world monopoly system. It was studying that possibility that led to this analysis of the least traumatic way to restructure to a peaceful and prosperous world. So we allow the communications industry as quickly restructuring to those superhighways along the lines of chapter five. Monopolization of phone, cable, TV, and radio, as well as 85% of the brick, mortar, and labor of the developed world's education system and possibly 60% of the infrastructure of retail industry, are replaced by communication superhighways.

With the old power structure totally discredited and thus without a political voice, alert and moral managers of state and an equally moral, but more likely frightened, American Congress[f] or voter referendums would pass the necessary restructure laws as described above. With a citizenry enjoying the security and higher quality of life of these restructurings, constitutional and other legal challenges can be quickly set aside by national referendums.[g]

Only under a socially-owned banking system can you quickly provide subsistence payments to a cold and hungry citizenry and simultaneously restructure debts and an entire economy. It is that quick alleviation of the crisis and rapid restructuring which

[f] In the Great Depression of the 1930s, the legislators were just that frightened which is what permitted the passage of many laws giving Americans rights taken for granted today (Social Security, Unemployment Insurance).

[g] The powerful have established many blocks to changes, constitutional and legal, into their property rights laws. But a if an alert leader can quickly provide security to a cold, hungry, and panicky citizenry with promises of total security for the foreseeable future few legislators or judges would dare stand against it and national referendums will override those hold outs.

alerts a citizenry to the full and equal economic rights possible by abandoning the monopoly system so carefully structured the past 700-plus years and which economic classics have told us is the best of all possible systems in which monopolization does not exist. Until an alternative example has been put in place, most will be unaware they had been living under a monopoly structure. Besides the classics, that misguided belief system is due to monopolists funding justifying philosophers, primarily through the spin of philosophically hard right think tanks in step with establishing,, and as a part of maintaining,, the monopoly system. That explains suppression of the developing world's breaks for freedom the past 60 years. If any example of full and equal economic rights for all ever successfully established itself, the now-exposed monopoly system would have collapsed.

An efficient, federated, world economy requires each region producing most of their consumer needs. Part of restructuring the American economy to keep everything local will be rebuilding regional industries that were sent overseas in the race for unearned profits that created this crisis. A nation or economic region can only be secure when they are producing the essentials of a quality life for their citizens. Bananas, coconuts, minerals, and many other commodities have to be paid for either by surplus commodities or manufactures. Such resource and production balances require planning and cooperation, not winner take all laissez-faire.

Undeveloped nations require regional currencies acceptable only within the borders of an economically viable region. With a regional currency, money to build both industry and infrastructure can be created and that, plus resources and skilled labor, are the fundamentals for wealth production. That foundation of an industrial economy, plus the wealth produced, backs the socially-created money, each unit of money is equal to the use value being bought or sold, and its circulation operates only the "real economy." The ethereal economy no longer exists.

Necessary adjustments will be made after an analysis of how these monopoly laws evolved over the centuries. The conclusion can only be that they were unequal property rights put in place undemocratically to lay claim to wealth produced by others and those huge blocs of capital invested in bonds are, beyond that which is part of the roughly 40% which were honest earnings and savings, appropriated wealth.[h]

Thurow's explanation that "patient savings and reinvestment has little or nothing" to do with generating large fortunes is worth repeating:[139]

> {A]t any moment in time, the highly skewed distribution of wealth is the product of two approximately equal factors—instant fortunes and inherited wealth. Inherited fortunes, however, were themselves created in a process of instant wealth in an earlier generation. These instant fortunes occur because new long-term disequilibriums (sic) in the real capital

[h] Bonds and treasuries held by financial institutions of other countries will require negotiation. A just settlement will require sacrifices from all parties.

> market are capitalized in the financial markets.... Those who are lucky and end up owning the stocks that are capitalized at high multiples win large fortunes in the random walk. Once fortunes are created, they are husbanded, augmented, and passed on, not because of "homo economicus" [economic man] desires to store up future consumption but because of desires for power within the family, economy, or society.[140]

Government and infrastructure bonds are the final sanctuary for appropriated wealth. While all other values are collapsing, interest rates fall and the values of earlier-issued bonds with higher interest rates rise. A doubling of bond values as real property values crash can be a quadrupling in relative values. Thus bankers currently control inflations and deflations by increasing and decreasing interest rates instead of adjusting mandated reserves. By moving into bonds as interest rates peak and into stocks as interest rates bottom, a managed rhythm, massive more wealth is extracted from its proper owners.

Just as aristocracy's titles to land was for centuries the proverbial elephant in the living room denying all others the right to enjoy full and equal economic rights, that elephant's children, the share of those huge blocs of capital (60%) once buying and selling capitalized appropriated values (misnamed profits) within the ethereal world of high finance that have moved to other investments, primarily government and infrastructure bonds are still preventing full realization of rights.

As we addressed the simplicity of eliminating monopolization within each sector of an economy through restructuring to inclusive property rights, we pointed out that unearned extracted values had been transformed into equally-shared use values. But for centuries the money realized from selling those capitalized appropriated values had been moving into other investments, some into productive industries—addressed above in which those extracted values had now disappeared through bankruptcy—and some were invested in government bonds in which those values, both honestly earned and extracted, have, assuming bankruptcy had not lowered their value, possibly doubled or tripled in value.

We will break through the complexities of millions of transactions through a simple example: If John Jacob Astor had given 100-year-leases on Manhattan Island, instead of selling it off piecemeal; those hundreds of billions, even trillions, of dollars in today's value would belong to his descendants. If those descendants still held title to that land as the economy was restructured to society collecting the land rent, values tied to land will vanish. But if they had sold that property before that restructuring, the new owners and the banks holding the mortgages would take that loss while Astor family money will be safely invested somewhere else. As it most likely would be, we will assume they invested in government infrastructure bonds.

Instead of those hundreds of billions of dollars going to Astor's descendants, those monopoly profits were shared among the tens of thousands of people who bought and sold property on Manhattan Island the past 150 years. A large share was reinvested, a large share went for extravagant living, and another large share provided a comfortable life without the expenditure of labor.

That spent for high living or living without productive labor have largely been wasted. That spent for entrepreneurial investment is a relatively efficient aspect of monopoly capitalism. Most loaned out at interest is also properly invested. But both the profits and the interest on that unearned wealth have to be paid for by the very people from whom that unearned finance capital was first extracted. And it will be paid for again and again, on into perpetuity.

Within property rights, as currently unequally structured, those monopoly profits are properly invested. But current titles to nature's resources and technologies, denying others their rightful share of what nature offers to all for free, derived directly from aristocratic property rights and fine-tuned for the past 700-plus years as Western (imperial) property rights law, are unequal, inefficient, and unethical. That marks a substantial share of properly-invested funds as unearned wealth including all "earnings" such as those who rode up the values of land or bonds as addressed above. So we have moral investors functioning within an unethical system. Those unearned blocs of capital create problems for a final restructuring to an efficient, productive economy with full and equal economic rights for all. Even though the economy has been theoretically restructured, a large share of those huge blocs of capital that were created only to buy and sell capitalized values of extracted wealth are now invested in government and infrastructure bonds. Those unethically earned yet morally invested funds are both perpetuating the cycle of unearned wealth and blocking honest investment of honest savings and socially-created money.

We addressed above how the need for safe investments for these blocs of extracted wealth led bankers to ignore the efficiencies of resource rents and bank profits providing social credits for education, highways, railroads, water systems, sewers, communication superhighways, libraries, parks, universal health care, retirement, running governments, etc. Such simple financial efficiency was ignored to provide a safe place (government and infrastructure bonds) to invest the massive sums extracted through unequal property rights.

Until those huge blocs of appropriated capital are addressed, that residue of the same problem still exists in a restructured economy. Unearned money invested in government and infrastructure bonds would both deny society the right to create debt free money to build infrastructure and penalize honestly earned savings. So it is impossible to restructure to an efficient economy without directly addressing those huge blocs of wealth which were unethically earned but ethically invested.

Having no choice, those invested directly in those monopolies have taken their loss, still have a secure life, and can philosophize on their experience. That unearned money which has been spirited away to the safety of bonds has yet to be dealt with.

Like the proverbial elephant in the living room, others cannot exercise their rights so long as that beast, extracted wealth invested in government and infrastructure bonds or which weathered the crisis in another safe niche, is still there.

In a complete revolution heads roll, property is confiscated, and new property rights laws are put in place. Considering the French Revolution lasted only 26 years before aristocracy once more ruled, revolutionary changes within imperial civilizations has been, as addressed in various chapters of *Economic Democracy: A Grand Strategy for Global Peace and Prosperity*, 2009, updated 2nd edition, more from five accidents of history than serous overthrows of governing systems.

Those five accidents were: 1) the vast expanses of land within America did not permit establishing openly-obvious aristocratic law, 2) those gained rights blowing back onto Europe, 3) those same gains in democratic rights forcing power brokers to give more rights (usually during economic or political crisis), 4) the Cold War suppression of the world's breaks for freedom forced massive sharing of wealth both with internal citizenry as supporters and with the soldiers, sailors, and airmen necessary to stop fast expanding socialism, 5) and the rapid spread of technology across the world as capital fled to low-priced labor to earn those massive profits. .

Within those five political frameworks there were massive numbers of high quality people working to expand rights to all people and many rights were gained. But those gains are illusory. Shut off the wealth appropriated from the rest of the world through plunder by trade; retain current residual feudal, monopolistic property rights; and imperial economies would—in the form of a few financial aristocrats and an impoverished citizenry—shrink to the aristocratic structure from which it never really successfully evolved. That, of course, is the potential economic collapse we are describing in this thesis, and we are outlining a path to a productive and prosperous world economy as opposed to the aristocratic monopoly system powerbrokers will be fighting to preserve.

Throughout those several centuries of struggles the citizenry were told—through the classics we now realize were only justifying a system of theft—that they had full and equal rights and that current property rights laws were structured for maximum economic efficiency. We have thoroughly documented that the monopoly system in place for centuries is inefficient to the extreme and the rights we thought we had attained were only the enormous efficiency gains of technology—of which less than half its potential reached the people—and from the massive wealth extracted from the periphery of empire.

Monopolists knew what they were doing when they created those laws; short of bankruptcy, entrenched wealth invested in government and infrastructure bonds cannot be legally displaced within current law. The conundrum of honest investing of unearned wealth within the rules of a corrupt system can be resolved through negotiation. Either those bondholders accept rational payments for their bonds that acknowledge those unearned values or they will be revalued through bankruptcy of the pledged properties.

The problem is rather straightforward: 1) Those huge blocs of capital created through capitalizing annually appropriated values (misnamed profits) are mixed in with honestly earned wealth. 2) As unearned wealth is continually reinvested, the citizenry from which that wealth was first extracted must pay off those bonds and other investments over and over in perpetuity. 3) Those massive blocs of unearned wealth, needing secure havens for investment, deny society the right to create debt-free money and limit the investment options of honestly earned money.[i] 4) The entire process reduces the efficiency of an economy and places it at a disadvantage in trades with fully restructured efficient economies.[j]

Entrenched unearned wealth is today's remnant of the aristocratic system sitting there preventing change just as predecessor unearned wealth has done for centuries. Truly free and democratic societies can resolve that problem. Societies that tried were all overthrown or contained—the Soviet Union, Yugoslavia, Cuba (only contained), Indonesia, Chile, and many more—and their leaders branded as dictators and worse. It is enough to point out that, even though under attack and embargoed for decades, Cuba has high-quality universal health care, education equal to the best in the world, their citizenry discuss and vote directly on laws and their constitution, they will—without charge—return sight to 4.5 million blind Latin Americans by 2015, and they have 40% of their 70,000 doctors working and teaching in many impoverished countries. That is only a snapshot of what can be done through policies of full and equal economic rights we are laying out as opposed to policies of monopolization.

A large share of the finance capital originated as extracted wealth; those who own it feel it is earned, but even the earnings of honestly invested unearned wealth is still unearned. After all one cannot rob a bank, invest it honestly, and claim the earnings are honest when they are finally caught.

There will be derivatives and hedge funds that will, after the shakeout and like bonds, place title to much of the nation's wealth into the hands of very few people. Most these funds in the ethereal world of high finance—$526 trillion worth in October 2008, nine times world GDP—are schemes for extraction of wealth through

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[i] Money can still be created but that excess money supply will unbalance investment markets just as is happening today. The massive levels of created money today would appear to discredit this position. But that money is being created for the wrong reason, protection of the monopoly system.

[j] Those disadvantages being resolved for centuries through worldwide control of resources and the wealth producing process are addressed in this author's *Economic Democracy: A Global Strategy for World Peace and Prosperity,* updated 2nd edition.

complex forms of short term titles (claims on wealth). Under full and equal economic rights, money earned, and thus money spent, matches values created and there are no needs for those shenanigans. Along the same lines as **changing the rules** when the Hunt brothers had the silver market cornered, which saved the market and came close to bankrupting the Hunts, these unearned wealth accumulations can be, and must be, set aside. The only difference between the Hunt brother's almost successful cornering of the silver market and entrenched wealth in government bonds is that the silver crisis was current and something could be done about that, while wealth extracted for decades or centuries through **exclusive titles to nature's resources and technologies, denying others their rightful share of what nature offers to all for free**, is firmly in the name of current owners and there is no way to challenge that under current law except through bankruptcy. The derivatives-hedge fund problem however, like the Hunt brothers cornering of the silver market, is current and that can be resolved along the guidelines of that previous crisis. Just as the Hunt brothers relinquished their claims to enormous unearned wealth, so should those final holders of the winnings of derivative-hedge fund bets.

Once the principles of full and equal property rights as related to nature's resources and technologies are in place, operation of an economy will be simplicity itself. There need be no taxes unless society decided to fund retirements through payroll deductions so as to have an accounting, and those would be insurance premiums, not taxes. With oil, minerals, and timber included, resource rents and banking profits will provide the social credits to operate governments, build and maintain infrastructure, and provide all essential social services.

Keeping the value of one's currency in line with the currency of other nations of these forming federations requires an international currency, an honest World Bank for International Settlements that is mandated to protect honestly earned values of all nations and regions (the one in Basel Switzerland needs restructured to protect all nations' rights). Blips on computers at this honest World Bank will replace current international trading currencies. While exports and imports are sold and purchased in this international currency, each nation or federated, economically viable, region will have full control of money within their economies. With those currencies having no value outside their borders, their banking systems can create money to build infrastructure and industries, rapidly develop their economies, and those are the values that the new World Bank must protect.

As shown by the current American economy, which wasted over 50% of its capital, labor and resources for decades, an economy can balance anywhere (witness the centuries this enormously inefficient monopoly system has operated). We have structured our theoretical economies with full and equal economic rights which will stay in balance forever. Once regional economies are developed and efficient, currency values between regions will balance. Until that time, trade between regions must be managed; that is what trading resources for technology and establishing regional and international currencies were, in this example, all about.

Once each region of this fully formed federation is sustainably developed, its labor equally as productive and equally paid, those relatively equal currencies could be made interchangeable. But controlling cross-border flows of drugs, illegal harvesting of resources, criminal activities, keeping a finger on the pulse of the world, resolving problems before they get out of hand, elimination of currency speculations distorting and sabotaging an economy, and the right to experiment with potentially more efficient social structures require **dual currency** world trading systems.

Primary-created money (base money) can, to the level of a balanced money supply, install communication superhighways, build bridges, highways, city streets, water systems, sewers, parks, libraries, etc, and, in newly developing regions, can even be initially loaned to build industry. The circulation of that primary-created (base) money, balanced through higher or lower mandated reserves, will operate the economy. As economies develop, infrastructure costs will soon be covered by resource rents and banking profits transposed into social credits rather than from socially-created (base) money. To stay within the earth's capacity, a fully developed world economy with a quality life for all will create only the money destroyed through natural disasters (replacing the base money destroyed).

For the world to become peaceful, for poverty to be eliminated, and for protection of resources and the environment, something similar to what we lay out has to happen in a relatively seamless web worldwide. With modern communications informing the world as it breaks out from under its centuries of monopolization, that can happen.

As the resource rich, but financially poorer, world is developing, a part of the surplus labor and resources within the wealthy world is released by the rationalization of their monopolized economies—the over 50% of labor and resources which are currently wasted—should be turned to installing communication superhighways throughout the developing world and providing those first industries and training.

Investment in human capital is the most productive of all investments. But there are simple and cheap ways to do this. Labor for intermediate technologies can be trained, should work as apprentices and, when fully trained, take over those jobs. When trained and employed, they will train more apprentices. Under such policies, practiced by guilds for centuries—but they, again for the purpose of monopolization, purposely avoided the exponential expansion of skills that we suggest—and remembering that in an efficient developed economy employed labor hours do not need to exceed two to three days per week, a skilled labor force can rapidly expand.

As communication superhighways are being installed, students will be trained to operate their personally-owned, school-system-provided, laptop computers (see pp. 120-28). Recorded classes on all subjects will be prepared in whatever is chosen as a universal language for a region. Those recorded lectures and documentaries can be translated into local languages. If the world community is serious, the communications superhighway, recordings in databases on all subjects for all classes, and local scholastic testing stations will be operational within a developing region within five years of a decision to install an efficient education system. Education would be available as fast as communication superhighways are installed and laptop computers distributed.

As motivated students breeze through these classes at two to three times the speed of brick and mortar schools, first beneficiaries will be ready for college courses before communications superhighways are fully in place across a federated region. Within 15 years all will be literate, within 20 years a population will be fully educated, and within 40 years their education level will be relatively equal to the best in the world. With tests showing one of the world's highest scholastic levels, Cuba has already proven this even with brick and mortar schools. Venezuela and Bolivia will prove it shortly and other nations will follow.

Simultaneous with establishing a modern educational system, resources will be mapped and power systems, industries, railroads, ports, airports, roads, etc, planned. As energy is the resource in shortest supply, special attention must be given to solar and other non-polluting renewable energies. Permaculture and three dimensional orchard farming will create a secure food base while protecting, actually rebuilding, the soil and the environment.

A federated world will have no wars and such wasted monies can be turned to fulfilling the agreement to trade technology and training for equal access to resources. Crucial factories can be built with socially-created (base) money and others built with savings as that money circulates and as the population becomes educated and trained. Appendix II outlines how master home builders and permaculturists can be quickly trained, quality homes cheaply built, production of a region's own food, and industries built to provide windows, trim, furnishings, etc.

Those factories, homes, and industries that emerge to provide services, consumer products, and wages will be the productive wealth that backs the newly-created money.

Care must be exercised to create high values. Comfortable rammed earth homes with ceramic interiors that will last for centuries can be built for little more than, and in some regions cheaper than, the cost of mobile homes that have a lifespan of 30 years.

Four passenger diesel cars now getting 65 mpg, five passenger gas electric hybrids getting 150 mpg, and the all electric, 7 passenger, 300 miles per 45 minute charge, Tesla sedan again tells us that technology was not what was keeping efficient cars off the road. A three wheeled, 300 miles per gallon, gas-electric runabout

(Aptera: http://www.popularmechanics.com/automotive/new_cars/4237853.html) about 20% the weight of today's automobiles will be for sale as we go to press. Beyond the computer everything in that car was on the shelf for sale 40 years ago. So commuting without environmental damage can be at a reasonable price.

The entire process will require management and oversight by a fully democratized United Nations. Alliances for efficient economic regions are the embryonic formations of a peaceful federated earth. That world legislative body will eventually replace negotiations overseeing the equal sharing of the world's resources. As opposed to the federation of the United States, the European Union, and China centuries ago, all of which became powerful but internally unequal, a federation of the earth with full and equal economic rights will maintain peace, tranquility, equality, and a quality life for all its citizens for millenniums.[k]

A very quick summary: Aristocracy's theft of the land used in common was recognized as such and fought against. But the unorganized common people were overwhelmed and they became serfs forced to hand over half or more of what they produced to the aristocratic lords of the land. When sheep produced more money than serfs, the enclosure acts gave exclusive title to that later lord of the land and denied the common people even those meager rights. Over half of labor's production within today's aristocratically structured (monopolized) economies is still appropriated.

Compliant philosophers, we know them today as the classics, justified that theft.[l] The principle of amassing unearned wealth through exclusive titles to nature's resources and technologies, denying a rightful share for others to what nature offers to all for free, was applied to every sector of the economy. As fast as a technology came on stream, exclusive titles were—primarily through the patent system and stock markets but also by license—bestowed on those in position to take advantage of the opportunity. Over time, rental values going to those holding title to natures resources and technologies (denying others their rightful share) or a license *t*o practice within that monopolized system—banking, insurance, medical care, law, etc—were accepted as normal.

That those exclusive titles were designed to lay claim to unearned wealth was forgotten and those monopolized systems were accepted as proper. The enormous rewards—your name in history, promotions within the system, very well paid, etc—for

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[k] Note how the elimination of monopolization of technology permits the rapid and low-cost development of poor regions of the world even as the environment and resources are protected. It is time to eliminate all forms of monopolization and share this world in peace.

[l] Herbert Spencer, a leading thinker of the late 19th century believed fully in society collecting land rent. He simply was not let back into polite society until he recanted those views. That peer pressure has successfully kept the system protected for several hundred years. Most professors and intellectuals know in advance they will be ostracized if they seriously challenge the fundamentals of the system. Those who do challenge are marginalized to the fringes. It seems only revolutions break through firmly entrenched belief systems.

writing and teaching a philosophy that protected the system were so great and the penalties—beheadings in those early centuries, today extreme difficulties in finding employment, ostracized to the fringes, and pay almost non-existent—so damaging that few stood up and the pure theft of exclusive titles to nature's resources and technology, severely compromising economic efficiency, became accepted as highly efficient and any who would suggest different were easily ignored and marginalized.

If a challenging philosophy gained credence within a culture, it would be suppressed by massive financial and economic power, embargoes, or covert and overt warfare. Those massive inflictions of violence were carried out under barrages of propaganda as to those under assault being dictators and genocidal murderers.

The truth was that, until successfully suppressed, living standards rose rapidly in each nation that broke free and gained control of their resources and destiny. A power structure based upon the theft of others' wealth did not dare let other nations, or their own citizens, see the potential gains of economies based upon rights of people to their share of resources and technologies through social distribution of those values produced by nature or to they gaining rights to the production of their own labor. Thus the suppressions of those breaks for freedom form the major part of our history.

Perception management has been so intense that few realize they could be living a life beyond their fondest dreams while working less than half their current hours and all while radically lowering the pressure on resources and the environment. Under a system of full and equal economic rights, all would have rights to a piece of land (a home). That home could, through a communications superhighway, communicate with any other home in the world and all could be educated to whatever level they wished at very little cost to the community and no cost to themselves. Three-dimensional orchard permaculture would permit neighbors sharing fresh vegetables and fruits from the garden each day and delivered from warmer climes during the winter. The local mall would carry groceries and small consumer items. At half today's monopoly prices, moderately-priced to expensive items would be ordered over the Internet. Laws and constitutions discussed and voted on over that same communication superhighways would be participatory-direct democracy. Each person would be electronically identified, eye and thumbprint scans, etc, so there can be no cheating. A society with full and equal economic rights would have almost no crime and big brother would have been done away with. Many jobs, recording, accounting, and communicating, can be handled from home and, if we share instead of monopolize, those employed hours will drop by more than half

.As monopolies structured within property rights law as related to nature's resources and technologies, denying others their rightful share of what nature offers to all for free, are eliminated, everybody has a human right to land for a home, to that home, health care, a secure retirement, a social right to educate oneself as far as one wanted to go, the social right to know of and discuss laws to be passed, the social right to vote on those laws, and on and on. Keeping economic activity as local as possible, each federated region of the world, each country, each region of a country, each community, and each entrepreneur must have rights to finance capital. Just as inequality has been structured into past constitutions and law, virtually everything required for an efficient, equal, and honest community can be put into constitutions or law as a social right or a human right. The right to believe, balanced by a right not to believe, requires a constitutional separation of church and state. All true costs are labor costs (industrial and finance capital are stored labor) plus the rental value paid for nature's resources which went into producing that product or service. This is Green Economics with impressive reduced pressures on resources and the environment.

How was the opportunity for a secure quality life for all forsaken for the monopoly system we have today? We paraphrase from page 14: "Visualize a fertile valley 5,000 years ago with fruits, nuts, vegetables grains, and thatch for homes in abundance. If the meaner members of society laid claim to that land as theirs, and if they made a deal with toughies to become guards, they will have established exclusive title to nature's resources and proceeded to live well by charging all others a share of what they harvested from "their" land. That was the establishment of **aristocratic law which is our law today, as applied to nature's resources and technologies, denying others their rightful share of what nature offers to all for free**

We and other unequal societies have lived within inequality structured in custom and law for so many centuries, and because each are always taught that theirs is the best of all possible social structures, we think it is normal. This book documents that such customs and laws are unequal, unjust, and inefficient to the extreme.

That inequality structured in law siphons away so much money that those fortunate few can neither consume nor safely invest it all and soon the surplus has to be exported. But those unearned profits pull in more unearned profits. Earnings on unearned wealth is still unearned wealth and, through plunder by trade, world trade is even more unequal than internal trade.

When these "investors" have virtually no where else to go with their money, they expand the casino aspect of stock and commodity markets and essentially just gamble between themselves (the hedge fund-derivatives markets). Because that is how maximum profits are made, virtually all of this is done with high leverage.

Those high leverages (the debt structure) collapse when those monopoly bubble values collapse. And that is where we are today. Instead of pouring that freshly printed money at the real economy and restructuring to an honest economy as these final pages demonstrate can be done successfully with far less money, the very people who created this house of cards have taken control of the Fed-Treasury and are pouring trillions of newly created dollars at themselves.

The monopoly system established centuries ago, **exclusive title to nature's resources and technologies, denying others their rightful share of what nature offers to all for free**, is—hopefully—coming to an end.

Professor Michael Hudson's *Super Imperialism: The Origins and Fundamentals of U.S. World Domination*[141] has been on the best seller list in China, is going into its 5th printing, all his many books are being translated by the Chinese Government Printing Office, and he will be lecturing at the new Marxist School in Beijing this fall (2009). The Chinese already understand "plunder by trade" and, as shown by the popularity of Hudson's books, are studying on how to defend against financial and economic warfare.

China already owns 90% of its banks and will own the rest if the world economy collapses. Perhaps they will study the economic efficiencies of a citizenry **paying bank profits and resource rents to themselves** to provide **social credits** to fund governments, infrastructure, education, health care, retirement, etc. If they do restructure under those principles and still retain a communitarian social structure, they will have the combined efficiencies of socialist, communitarian, and capitalist economies.

They will understand how to educate their population to a high level over information superhighways at 5-to-15% the cost of brick and mortar schools. The efficiency of those same communication superhighways to reduce sales and distribution costs 60-to-70% will be self evident. They will understand the need for permaculture so as to maintain soil fertility and will quickly realize its importance in the employment of local labor to maintain the economic multiplier year after year. The potential of an efficient economy reducing labor by half will alert them to the need for lowering the workweek in step with those efficiency gains.

They understand the need to decouple from America and Europe; provide technology, industry, and training for South America and Africa in trade for access to resources, and the need to produce and distribute their own consumer products. Their engineers will calculate the resource savings when abandoning monopolized market economies. China may be the new hope for the world.

Since most sincerely want peace, we have addressed the possibilities and outlined a peaceful velvet revolution. We are aware of the difficulties of fully breaking free from the strangle hold of monopoly capitalism's unequal property rights laws. Other societies have other methods of monopolizing power, wealth and rights, many lacking the economic engine effect of monopoly capitalism. Those systems will be just as difficult to reform as those of the West. However, the stand President Barack Obama has taken indicates is a high possibility the spearhead for those reforms will come from his Presidency.

If this scenario gets started it will rapidly pick up speed and be unstoppable including within the internal economies of the old imperial centers of capital. It matters little whether these societies call themselves socialist, communitarian, or honest capitalism, these principles are valid under each of those titles.

By applying the monetary and economic principles we have laid out, each citizen of this world can have a quality life within 50 years. Once such a revolution in economic thought has become universal law, the world will have the tools to address global warming, resource depletion, the massive waste of resources and labor, and other problems related to the limitations of our small planet.

This is not a prediction of what will happen or even of what can be easily established. We even acknowledge the high possibility that President Barack Obama's massive throwing of money at the ethereal world of high finance, the people who caused this crash, may rebalance this highly unequal and unjust economy.

This is only a guideline pointing out this financial crash can be stopped in its tracks and the economy quickly restructured to full and equal economic rights for all if the world's powerbrokers would set aside their quest for personal wealth and power and develop visions of a fully developed humanity. Our survival depends upon it.

Perception management within imperial capitalism creates a mental prison within which prisoners (the impoverished, including those on the periphery of empire), guards (all true believers, which include many of the dispossessed), maintenance workers (labor), managers (monopolizers, corporate media, and the unwitting), etc, are, to some extent, continually trading places.

Because belief systems imposed upon all societies protect power and wealth, they will not—until the system collapses and they and their children are cold and hungry—join together to gain their freedom and full rights. The failings of all those belief systems are their laws not being structured to efficiently and equally distribute the wealth processed from natural resources. Social credits provided by profits from banking and resource rents will fund education, universal health care, retirement, social infrastructure, and operate governments, all while reducing employment outside the home by half.

The cheapest and quickest route to full and equal economic rights, elimination of poverty, and restructuring to a quality life for all is the current collapse being total. Only then will the monopoly structure be rejected and hopefully replaced by such an efficient, easily understood, fully federated, community social credit process.

We repeat that 170 word economic-property rights law thesis:

By paying land (resource) rents to ourselves (socially collected), a citizenry is quintuply repaid through those continually circulating social credits building roads, railroads, water systems, sewer systems, and electric grids (any natural monopoly) as well as fund governments, provide education, health care and retirement. Infrastructure and the population, not capitalists, establish the use-value of land and resources and their rental values provide the social credits to fund infrastructure as well as essential social services (the community social credit process). Restructure to the just-described honest capitalism and taxes disappear as your employed working hours drop by half and all enjoy a quality,

secure, life. This requires sharing the "productive" remaining jobs and equal pay for equally productive labor. Each region of the world, each nation, each region of a nation, each state, each county, each community, and each entrepreneur must have equal rights to their share of both created and saved finance capital (created money and savings). With those rights, entrepreneurs (private industry), will fill every niche within the production-distribution process.

Most social problems are alleviated or completely resolved under this economic structure. Funds are available for Universal Health care, retirement, infrastructure, education, and funding governments, all social needs currently starved for funds. **Poverty and famines disappear and free time for family interactions are doubled**.

Just as many in the developed world have already abandoned "irrational conspicuous consumption," a rational lifestyle will quickly be established.

Computer modeling will prove this thesis. It is all possible, let's do it.

Appendix I: Myths in Monetary Theory

The error of paying off debts destroys money: Logic proves that paying off debts does not destroy money as stated by both MMM and some monetary theorists. If you take in cash to pay off a $10,000 loan, the bank is not going to burn that money. They are going to put it in their vault right alongside their other cash. If you pay by check, those digital funds are debited from one reserve account and credited to that bank's reserves. Digital money is destroyed when debts are unpayable and then only to the extent not recoverable through bankruptcy sales of pledged assets.

What is currently called a destruction of money is only a slowing of the circulation of base money. Only the original creators or bankruptcies can destroy digital money. Only the Federal Reserve can take digital money out of the system and thus intentionally destroy it.

By keeping her banks running, even when they were technically bankrupt, Japan demonstrated how to avoid the destruction of base money as just described. Simply do not enforce bankruptcy laws. A minimum level of Japan's primary-created money had been destroyed and those bankrupt banks did not enforce bankruptcy on bankrupt businesses. Their economy slowed, the circulation of money slowed to the same pace, which did effectively reduce the money available and thus reduced the money supply, but very little base money was destroyed. When opportunity and consumer confidence returned 12 years later, those massive savings, much of which had been loaned to America, were again put to work for Japan. Japan's current collapse (2009) is worse because it is caused by a collapse in exports.

The misunderstandings of 100% reserves: Early 100% reserve theorists suggested that the government print currency and use it to buy up treasuries and other debt instruments of banks. That money was to be stored in their vaults and each dollar on deposit was then guaranteed by a matching dollar in those vaults. Later variations had the banks borrowing enough currency from the Treasury to match all deposits.

These are severe contradictions. 1) A government earning interest on those debt instruments instead of the banks would be a massive loss to banks which would have to be replaced by higher interest rates, effectively a tax paid by every citizen. 2) Paying interest on sterile money, no matter at how low a rate, would be economic nonsense.

Eliminate those monopolies, have society own and operate those banks, pay equally for equally-productive labor, share the remaining productive jobs, and each dollar earned and-or deposited will represent true value (use value) within the economy. There will be no inflations due to too much money chasing too few goods nor deflations due to too little money, there will be no runs on banks, and there will be no need for reserves beyond that mandated by the Federal Reserve as they controlled the velocity of base money (reserve deposits) circulating which is the money supply.

One hundred percent reserves would be already in place and use values would match the value of money paid if monopolization were eliminated. Even if there was a run on a socially-owned bank, which there would not be, all checks or debit-credit card usage against deposits would be honored and the citizenry would soon learn their money was safe. As their responsibility is to keep the money supply in balance and they can do so by speeding up or slowing down the circulation of money through decreasing or increasing mandated reserves, a socially-owned banking system automatically has 100% reserves because they have the authority to create money. Private banks do not have those automatic reserves because they cannot create money.

The myth of debt money: Note the massive wealth extracted via **current property rights law as applied to resources and technologies, denying to others their rightful share of what nature offers to all for free.** Because that wealth was essentially taken from us, it has to be loaned back so we can live and that form of debt money is what these theorists are really looking at. Those appropriated blocks of capital are so massive they are beyond the capacity of monopolists (they unaware that most their wealth is unearned) to consume or invest it all. Those blocks of unearned wealth, mixed in with earned wealth, keep getting larger and larger, the ethereal world of high finances must expand to provide a place to invest (actually to gamble with) it, the percent claimed by the top few percent rises from 30% of GDP to 70% (rough approximation), and it all comes crashing down just as is happening as we speak (2008-09).

Though we have outlined an efficient economy that would operate on roughly 60%, possibly 70%, less borrowed money, debt is still an essential feature of a modern economy. Mandated reserves, managed by a Federal Reserve to maintain the right monetary balance between honest savings and the necessary borrowing we all incur, known as the money supply, is pure gold to an economy.

Unless it is a gift or inheritance, nobody starts life with adequate finance capital; it must either be earned or borrowed. Earning takes a long time whereas borrowing takes minutes. As soon as that finance capital is borrowed gifted people can put their talents to work producing with the efficiency addressed throughout this book. This is why rights to finance capital—for federated regions of the world, for countries, for regions within countries, for states, for communities, and for individual entrepreneurs—are so important. Yes, an efficient economy requires debts to keep products and services flowing but those debts are not money per se (meaning it is not debt money). They are just what we think they are, loaned money. That loaned money can be either created money or savings (stored labor) but, in an efficient economy, none will have been appropriated.

Let's assume private banks-create-money monetary reformists carry the day. The Federal Reserve calls in those rotating loans, takes over the banking system, and Congress legislates that created money will be spent into existence through building infrastructure (a fundamental of our thesis also) and through paying for health care, retirement, and other social necessities—all of which are advocated by these monetary theorists who are (theoretically) now in charge. Also, by their theory, exclusive titles to nature's resources and technologies, meaning all monopolies, remain.

But what will that hybrid banking system, creating money for all essential services and a still monopolized economy, be in practice? The economy will be rolling once again, those unearned huge blocs of capital will stay in place or rebuild, but they will have nowhere to invest possibly 80% of their appropriated wealth. As this is many times more money than can possibly be spent on high living and all avenues of safe investment are blocked, those appropriated funds can only be turned to buying up property in the rest of the world. If it ever got off the ground, which it couldn't, the finest plunder machine imaginable will have been established.

This very structure is, in part, being put in place in Eastern Europe. With their living standards well below that before their socialist governments were voted out, East Europeans realize their error and are returning to a managed economy. But Western capital has bought up all their valuable productive property, there is no way to get it back, and they do not have the money to build new industry or the markets in which to sell what they would produce.

Western capital pays East Europeans $2 an hour to work in modern factories. The managed economies they are returning to can provide enough food, fiber, and shelter for basic necessities but no luxuries. Capitalist blood is flowing through socialist arteries, sucking all surpluses out of East Europe, and banking those profits in the West. We said above this couldn't get off the ground. It did for a while but those massive sums extracted from European economies are being destroyed as Eastern European debts prove unpayable.

This again measures the enormous waste of the monopoly system the past centuries as we have been exposing. It is that waste we spoke of when we kept repeating that "If sharing property rights had been established instead of unequal property rights, economic efficiency would have doubled. Assuming technologies were continually shared with others, production would have doubled again in a few years, and again, and again, up to the level of a sustainably developed world."

That is the efficient and peaceful world we have philosophically laid out. It cannot happen until this corrupt economy collapses. When it does, let's be ready.

Appendix II: A Practical Approach for Developing Nations & Regions

Trying to provide an answer to capitalism, socialism, and communism the past 50 years, the Progressive Utilization Theory, Prout, www.prout.org, "integrating economic democracy and spiritual values," is speaking to full and equal economic rights for each and every person, very similar to our approach. Those reading both philosophies may want to add a spiritual approach to our strictly economic approach and perhaps add a full understanding of this philosophy applied across the full economic spectrum to Prout's cooperative philosophy.

While waiting for the world to throw off the current beliefs which maintain their poverty, let's design an emerging-nation development plan utilizing cheap, broadly-available resources that can be accomplished within the current monopoly structure. Almost all countries have traditional, fireproof, earthen homes hundreds of years old. Most developing nations have large numbers of unemployed labor quite capable of building in the traditional ways and who can build high-quality earthen homes cheaply. Firing the inside of earth homes creating ceramic walls and floors opens an unlimited potential of beautiful, clean, easily maintained, yet cheap, housing. Some regions traditionally use other building materials such as stone, straw-bale, timber, bamboo, etc.

Local master-craftsmen can train the apprentice home builders, and these newly-trained practitioners can teach others on the job. The teachers would be paid but the workers' pay would be their training as master home builders. For example, assuming five workers to a crew on an adobe or rammed earth home, every three or four houses built will result in five more master builders who can return to their home regions, sign up apprentice home builders, and rapidly expand the home building project. Different building materials will require differing periods of training to produce master craftsmen, but the principle is the same. (See Hassan Fathy's book, "Architecture for the Poor," for an inspiring account of the method that was used to create a total-process system of adobe construction in Egypt. Having designed and built sustainable housing and major architectural projects in many countries, Phil Hawes, philbhawes@gmail.com, is an internationally known expert as is Richard Register, ecocitybuilders.org.

Additional industries are necessary to produce doors, windows, plumbing and electrical systems, flooring, roofs, and furniture. These industries will expand in step with the expansion of home building.

Though these homes will be built cheaply, they have full, actually superior, use value. As some projects mature, the labor will be paid, while in others the master-builder will train volunteer workers to build more homes for themselves, family, and friends, and are thus paid indirectly, but paid well.

Since real value is being produced utilizing local and regional resources, base money can be created by any nation, or region, up to the value of those homes, businesses and inventory. That created money is the proper financial source to utilize a nation's own resources to build infrastructure, industries, businesses, and inventory necessary to service a developing community. The circulation of that base money will build and operate distribution systems and repair systems and provide wages which becomes the buying power to purchase the production of those industries.

Simultaneous with building homes, a country or region must develop a prosperous agriculture. Permaculture fruits, nuts, berries, tubers, and vegetables work well with eco-village housing. Master permaculturists can be trained and returned to their regions to train more just as described above with master builders. Farms, equipment, and the food produced have value and, as it is locally produced, money can be created for that development as well. All resources should be processed locally into high value-added products both for regional consumption and export. As economic activity and production increases, buying power increases to purchase the new production, and community values rise.

So long as countries or regions are utilizing local resources, money can be created to build industries and infrastructure. When loaned money to build or borrowed against after built, that is the monetization process. Correctly guided, this can even include high-tech industries for manufacturing such energy producing equipment as wind generators, small hydro generation units, and photovoltaic cells. These can convert the naturally occurring, non-fossil fuel forces of wind, waterpower, and sunlight into electrical energy. It is possible to train ambitious local inhabitants to assemble electronic equipment, such as TVs and computers, which can provide a free education via information superhighways. At all times wealth (use value) is being produced.

However, a developing country or region will soon need technology and industries that, unless the revolution we addressed throughout this book has taken place, most the world is firmly under the control of the imperial centers. It is at this point, local production of wealth, that regions must federate (ally together) to negotiate with the imperial centers to trade access to resources for access to technology. To not ally together would result in the locally created wealth being eventually transferred to those imperial centers via unequal pay for equally-productive labor. Local resources will be purchased far below their full value, resulting in the familiar inevitable debt traps for the developing regions sucking up any money that has been created and taking title to that locally produced wealth in the process.

The key is cheap, quality, local production of social infrastructure. But the money created must be protected against claims by international creditors. Collecting the rental values of nature's wealth as per the inclusive property rights laws, chapters 20 through 25, eliminates capitalized monopoly values of what nature offers to all for free, provides development funds, and protects the entire nation from having those values attached to repay debts. The principle of society collecting socially-created rental values is essential for economic efficiency and protection against creditor nations laying claim to a weak nation's wealth. The use value is still there but society collecting resource rents and profits of banking prevents those nature-produced values from being capitalized, keeps them out of the hands of creditors, and thus nature's wealth and socially-produced values can be utilized to fund essential social programs.

By classes being available via satellite and studied on a home TV, it is possible for the developing world to educate their citizens for 5-15% the cost of conventional brick and mortar schools. Not only would the youth become well educated, so would many older citizens. Communication superhighways within those emerging nations would give the talented access to computer related jobs and markets in the highly developed world. Apprentice labor working side by side with skilled labor will soon build a highly skilled labor force.

Currency values can only remain stable if a country's productive capacity is efficient and stable. So a country needs to develop infrastructure cheaply and efficiently and the above building of quality homes and support industries cheaply is an example but only a start.

With technology and markets monopolized, high technology industrializing is more problematic. The key is maximum production of high-value-added products rather than selling raw resources. Example: an oil producing nation has the option of refining its oil, producing plastics, etc. The monopolies of wealthy nations are so powerful that such industries will require trading alliances or full federations between weak nations, a step toward the full federation of all nations.

Stevia is 30 times sweeter than sugar, is cheap to produce, cheap to process, and it does not have the health damaging effects of sugar. William Hayward (haywardwj@execs.com) has containers filled with Stevia plants, processing equipment, and instructions ready to ship anywhere in the world. Africa also has a couple indigenous sweet plants that may replace sugar. The gains to a society both financially and in health care substituting any one of these sweeteners for sugar is huge.

Most important is sharing with other developing nations the various ways to protect their wealth from being claimed by speculators of wealthy nations.

Hopefully these nations can ally together (federate) to build their infrastructures and protect themselves from monopoly capital. As this simple development plan is put together, other areas of utilization of local labor and resources will become visible.

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About the Author

With a PhD. in political economics from Union Institute and University, J.W. Smith has presented these concepts in nine countries. This is his 7^{6h} book on the causes and cures of world poverty and elimination of wars.

The Indonesian University System appears to have named their "Centre for Economic Democracy Studies" after his *Economic Democracy: The Political Struggle of the Twenty-First Century*. That book has been translated and is in use in Indonesian classrooms.

A contact on official business has been passing out copies of *Economic Democracy: A Grand Strategy for Global Peace and Prosperity* to officials in various countries of Africa. One thought enough of it we have a picture of him presenting a copy to an official of the Nigerian government.

Three of this author's books are in print in India: WHY? A deeper History of the September 11th Terrorist Attack on America was accepted by a Book of the Month Club there.

University research libraries have been a primary market for this author's work and all have seen use in the university classroom.

Until he wrote this book, Smith felt his moving Henry George's philosophy across the full economic spectrum was almost certainly his most important contribution to economic theory.

He now thinks his melding of Henry George philosophy with the exposure of Western economic classics as justifications for unjust and unequal **property rights laws as applied to nature's resources and technologies, denying others their rightful share of what nature offers to all for free,** rather than philosophies for economic efficiencies is even more important.

We think many will agree: The restructuring of exclusive title to nature's wealth to conditional title eliminating those huge blocs of monopolized capital, the reforming of those appropriated values into relatively equally-shared use-values, and the doubling of economic efficiency is quite persuasive.

His 170 word full economic treatise for full and equal economic rights can be visualized by all who read it, testifies to an even greater contribution to economic theory.

Smith not only takes a different view from most economists on how economies are currently structured and how they should be structured, his views on money firmly challenges some theories on monetary theory.

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