

## **Contents of Conclusion A (in brief)**

1. **Harold Pinter's full lecture at the Nobel awards. (web link) Page 9/10**
2. **Trams, Hospitals & Houses and "do not have a never ending pot of money"  
Page 11/12**
3. **Mad Hatters Tea Party & Gold. Pages 15.**
4. **Distribution and Exchange Pages 22- 28**
5. **Having no interest on money actually increases savings. Pages 35/37**
6. **Wage Differentials and the "secret" for men and woman Pages 41/43**
7. **Falling Rate of Profit Pages 47& 55**
8. **Surplus Labour Pages 42/51-53**
9. **Labour Power Page 50/3**
10. **Purchasing Power Page 51/4**
11. **Douglas A + B Theorem Page 51/4 (see also 28/30)**
12. **Gesells Equalisation distribution of economic value Page 56/58**
13. **Dictatorship of the Proletariat and/or Bourgeoisie Page 58/59**
14. **Bolsheviks Page 58 - 66**
15. **Larry Elliot of the Guardian says "Burn the textbooks. Forget the fuddy duddy  
stuff about demand and supply" Page 79/80**
16. **Inflations and pensions (etc) Page 80/85**
17. **Castro's speech 1961 Page 86/87**
18. **Cuba is sabotaged Page 86 - 89**
19. **IMF says it wrecked Argentina's economy Page 89/90**
20. **Bibliography Page 96**



Ford Madox Brown *Work*

Manchester City Art Galleries

## **Distribution, Exchange, Wage differentials, Labour, Surplus Labour, Purchasing Power and Debt.**

A conclusion in three parts is lengthy (this is part A) but the reasoning, not to redistribute wealth (all of which are illogical) are also lengthy. Unfortunately for many, economics is dull; or rather it is made dull and a difficult read, in order to dissuade any serious enquiry, it is also never presented from peoples pockets upwards. “Crime” as a result of poverty amongst plenty in the “class” system is a huge factor in its occurrence.

Karl Marx said the worker does not reckon his Labour as part of his life, but a sacrifice in his life. This compounded with the orthodox theory of economics, and the fault in banking system, certainly leaves the worker (of any class who does not employ others) feeling alienated, and indeed their management/employer also.

The Holy Grail for the working class all over the world is for them, to keep control of their wealth, whilst not giving it away when pursuing their aspirations. Employers often state they are paying your wages, yet the reality is you are paying theirs.

In other words all classes above those that labour with their hands (work), have only attained that status by exploiting the labour of those “below”, (exploitation is of course slavery, or it is the subtler unpaid surplus labour, the employer relies upon to pay his own wages)

Those who have worked and accumulated themselves into a middle class, small to large businesses etc are still working class, and it is without doubt that, roads, cars, food, ships and planes, clothes, housing, toys, schools, hospitals, services, computers, computer chips, machines (which make machines) in fact anything and everything, exists, not because the employer made it exist, but because the workers made it

exist. Business may fund employment, beginning a business, but that funding could be made available directly to anyone (and interest free).

The employer owns a business, but workers and employers, work within the debt system which robs the wealth away. (although many may prefer employment, but with “surplus labour” off debate, conditions and pay are not making up for it.)

In chapter 2 and others, it was shown that the incalculable national debts (in every country worldwide regulating people in all aspects of life) are false and unnecessary, they provide the pressure and lever onto which we (worldwide) are forced into slavery.

If they (any debts) are simply “**a debt we owe ourselves**”, it’s a certainty that **you** will say to yourself in a similar, but smaller personal debt situation...hmm you know what, I think ill cancel that debt, after all I owe it to myself...ill just get the pencil and cross it out,... nobody is looking !!

And if anyone doubts the seriousness of debt and its pressures, see the terrible stories of Lisa Taylor and Geraint Banks who hanged themselves because of student debt of £14,000 and an overdraft of £1000, their families blame the banks for “giant debt collection”,

**Sunday Mirror January 29<sup>th</sup> 2006.**

In fact they (the banks) also make sure that the economy is in total shortfall of credit, (more debt than credit lent out, all at interest, see chapter 2) making life impossible and inevitable when the entire economy is missing the extra credit it needs to meet its outgoings, (low wages, mortgages, personal debt) not only for individuals, but for countries, continents and the whole world.

By ridding interest on money it becomes free, or rather free to move and was this concept was favoured or inquired upon by Rosa Luxemborg and Silvanio Gesell (also free land) before the secessionist Marxist movement was crushed in 1919. However the “free money” idea was always also embraced by Germany and others on the right, for different reasons and certainly not for socialist ideals, throughout the 20th century.

If money was free would it succumb to hoarding, (I personally do not think so) if it did, the idea of pay now, do not save later would be lost, stifling the movement of exchange.

However as we have seen in chapter 6b (Fishers stamp scrip) if people hoarded money, there was an attached “fee” or tax to the government which increased the longer you kept hold of it. Gesell proposed similar in his ideas. (not positive interest, which only slows money down, but a negative interest,.. a fee) Today administering the “fee” or tax either results in a bureaucracy or a plutocracy gaining ownership, hence methods of totally free money being the ideal. The problem of ownership of the money supply with the attached fee and its administration (like the tax system) means today we merely rent money off a private corporation, hence our government is defunct.

In chapter 2 what is being proposed is not just a large LETS scheme, (local exchange trading scheme) but a freeing up of exchange to enable all 6 Billion people to live full lives in health, happiness and prosperity.

Chapter 2 also shows that supply and demand is a nonsense, and its theories rely only on the fact that (in this case) people need housing so there is demand, houses are scarce (despite thousands of council houses not being released by the government... a political,.. not supply and demand decision) but in actuality land and money is not scarce, it is perceived as scarce (land) but it is not, this pushes up demand, profit is artificially driven up by financial fraud and clever accounting in the money supply, this dictates how the

supply of housing is artificially offered to those that pay for it. From inception supply and demand is artificially created, but as when a baby demands milk, it is supplied and is free, housing and land and money are not “supplied” and are not scarce, yet people pay as if it were.

No system including the 1st worlds can work in the debt system, as eventually like the effect of hoarding it disappears in ever decreasing circles so that today the sophisticated and wealthy first worlds are actually lending out credit beyond the levels of their own debt, in effect over 100 % in debt !.(see chapter 2 and 9)

Since the early 1970s, we have a system which because of debt, and corporate fraud, interest and ensuring money is always short of what is needed, ensuring new loans continually from a system which does not have intrinsic value, or even paper money to back it, or even assets to its value, to set against it, (being as they are 101% + in debt) headed by the IMF, World bank and NAFTA, GATT etc, they have a management system intact, but its economic system is not, and now it only regulates the absurdity of 30,000 dying by starvation every day.

Gesell recognized the problems with distribution, exchange, labour value, purchasing power and wage differential and debt, and what he hoped to achieve with “free” money was establishment of an equilibrium distribution of economic value, beginning to see that it is the movement of exchange not the (only) the unit price itself, determining value. (although I am not suggesting Gessel is the main theorist)

In running up a debt mainly by inflationary policies outside of your control in a system which ensures there is never enough money circulating, it is robbing you of your ability to work, expand and operate in the world as you and as everyone should.

At the end of any amount of activity/work (of 6 billion people) its “debt” can be cancelled, as money is simply a means of exchange, it should not be privately owned or the work (of whatever) also becomes owned. Work reoccurs and its debt is also then cancelled.

(Further in chapter 2 you may have noticed if you have read it, that the highlighted text in green has a mistake. It should of course read £485 billion x 4 = £1940 billion, but in concentrating on the wood, many people miss the forest of what is being proposed, and it is only an example which depends on where you begin from when a change in economics for a society begins)

Into this conclusion it will be shown also that savers are also vastly better off without interest! and in fact whatever ideology you have, it will be improved enormously by changing a very small kink in the system of economics. This (and for any east European reading, who may have suffered ...in Romania for example) it does not advocate a return to... poverty, for the “capitalist” it does not advocate the system of America which starting off with good intentions, led to a corporate monopoly of everything.

Real estate speculation has led to the prospect of making a fortune on property in ever decreasing circles (of owners and people) whilst a vast amount of people are left as the landless and the underclass.

(including now education ?, not just the building of schools, but the teaching and supply of personnel, with profit determining which books can be purchased...or not purchasd, see **Bakun**).For concepts of

ownership see <http://www.thenewnewjerusalem.lsaweb.net/> Page 45 which cites the Magellans journey around the known world, “ownership” previous to this was less tangible since land was thought to go on forever...in the “flat earth”

In short a new “money system” is the support a new fairer society needs to function, it leads to better protection for the environment, enjoyment, security and prosperity in Gaelic this is known as Sonas.

Whether you are a Marxist Leninist or a Capitalist or floating in the participating making poverty history bracket (or simply “religious”) there is no reason why any objection can be found, and such proposals will sift out who is genuinely interested in changing society, eradicating poverty and giving the right to the pursuit of happiness against those who do not.

On the collapse of the Soviet Union

“If the Soviets had been incompetent, as we so often hear, they would have been no threat and there would have been no cold war. They would simply have been overwhelmed by Capitalism. It was there competency that was the problem.”

**Smith J.W.**

Concurrently the fault in the system of money leaves those “privileged” enough in the first world to have class problems, alienated, whilst those in the “other” worlds are simply outside of the economic debate, off the radar but nevertheless suffering from the effects of both situations.

Taking Communism and using its most fervent critics the Social creditors (yet with similar economics in its purest form), it is possible to build a new model which allows workers co-operatives or business’s or a equivalent economic model an outward expansion or freedom to counteract capitalism and its current neo-liberal identity

People are non-existent in the great scheme of things said **Harold Pinter**, in his acceptance of the Nobel laureate award in December 2005, and it often comes as a great shock to them when eventually they realise it. The shock is heightened if “the loved ones” (as Cindy Sheehan’s son was repeatedly called by

the commander in chief, not by name, only by impersonal statistical theatrics) are killed, maimed or butchered in a war, which ultimately only benefits the rich.

Harold Pinter's full lecture

<http://books.guardian.co.uk/news/articles/0,6109,1661516,00.html>

Winston Churchill once said that some men on discovering the truth, pick themselves up, dust themselves off and carry on as if nothing has happened. Churchill (who was an alcoholic, for any liberal democrats reading, who suddenly joined the temperance society in early January 2006) really means, you pick yourself up, walk over the corpses, ignore the stench of poverty and pretend or lie that you have seen anything

With so many differing beliefs and motivations it is difficult to know what anyone can do, but one thing you can do, is to learn the rudiments of economics, as like the air we breathe and the earth we walk on, it connects us all together. (this is why it is made dull, due to its importance)

For instance we live in an era where many hoped labour would champion the poor, and be modern and mature in its outlook, yet whilst Gordon Brown tries to expand the state and public spending, redistributing wealth (tax credits etc), simultaneously through a maze of clever accounting and recycling of tax contributions the wealth is thrown to those who do not need it, as tax relief on elite pension plans, whilst the.. "Nonelite" are told to work longer.

All of this, as £6 billion is allocated to "the war". If Mr Brown takes over you would think he would say to hell with it, let the cat out of the bag, and for once begin to "make poverty history", but he is not in charge of the economy (as chancellor or as "Tony").

Throughout the world, governments, local authority's, families and people generally cannot afford to do this or that, because there is not enough money, or they have only a insufficient or destitute wage to allow any form of economic dependence (not just more consumer power).

Money is itself a commodity, (a product of human labour as all commodities are) rather than its true purpose, a means of exchange.

Money though in the current banking system is imaginary, it does not exist (except money called MO coins and notes, which could be 100% not the 3-4% it currently is...see chapter 2), all the rest is credit, produced out of nothing

“but interest makes out of money, more money. Hence its name (greek TOKOS, interest and offspring)”

### **Marx (1906)**

It is therefore by definition, not a commodity, but acts like one, hence its problem.

Exchange should occur as a result of activity, not (as it is), money dictating what activity takes place, also acting as a method of exchange. (the cart is currently placed before the horse)

Internationally free trade is not based on goods for goods, and debtor nations are constantly in deflation to lower their living standards in order to pay the debts or interest on their debts (restricting imports).

Deflation occurs (spiralling down), with the certainty that there is a need to borrow more from those they are already indebted to, and always there is never enough money. The same is true domestically since free trade occurs between free trade countries.

For instance at the time of writing a tram system for Liverpool in Britain is unable to begin as a project (for the 2008 Liverpool /European City of Culture celebrations), because the government cannot afford it. It promised £170 million in 2002 to build the project, but now it cannot afford it ?

Money however can be created or destroyed, and money could be found to pay for it, and if the government actually were in charge of the “money” (see chapter 1 & 2 ) then it could be afforded, when requested by Liverpool’s local authority (or any authority).

Similarly in January 2006, it is announced also by the government that NHS patients have been told they cannot have heart treatment because the NHS “**do not have a never ending pot of money**”.....this is true, except they have actually always have no money at all.

They have a budget, and those setting the budget have no money, only authorisation to supply credit (as a budget) to the NHS agency. Those who suggest an amount for the budget have no money, since no money actually exists. Yet many including Tony Blair will receive heart treatments....why, how can some be receiving treatment and some do not when there is no money anyway. ?

(The same is true of cancer patients seeking radiography, and NHS patients in any scenario or any other service...these reasons are why it is time to get rid of the new labour/conservative alliance in any vote at any level...and there is a distinction between the new labour/conservatives and....labour)

Further you will note that there is money to send troops to Afghanistan (January 27<sup>th</sup> 2006), whilst the plot “Blair made secret war pact with Bush to dupe UN and Parliament” has finally surfaced even in the Mail on Sunday January 29<sup>th</sup> 2006.

If you read chapter 8 you will see “the war” was preplanned since 1996, and the names of Blair and Bush could also read Blair and Cameron or Blair and Howard. (or whoever) (see also below).and getting rid of Saddam (the business partner) was the red herring, over 2 years after the war was won.

**Sands, Phillipe Q.C. (2006) *Lawless World* Penguin**

Why are trams and the NHS underfunded, well it’s because the decision to restrict the amount of credit into the budget is a political one not an economic one.....yet this does not stop the financial nonsense

decreed by the heartless and financially blind, who are politically motivated not economically. It began under the Tories and continues under them today. Further the new NHS in the community proposals will eventually require you to pay, they could in fact be funded well as there are, or in any form you mention publically, if the money was released.

[http://www.guardian.co.uk/uk\\_news/story/0,,1692745,00.html](http://www.guardian.co.uk/uk_news/story/0,,1692745,00.html)

Even taking the current system, money could be supplied onto the national debt and patients could be given heart treatment.

It could also be supplied and when the treatment is finished (activity...use value, the method of exchange or payment could be cancelled out ) the “money” would not have to accumulate as debt, which is also a political decision not an economic one. Whether it is having a debt of zero between nations or between each other domestically the need for poverty, confrontation and (or ) poor health is illiminated.

Pretending that there is not a never ending pot of money when the money is not in existence to begin with, is only perpetuated to allow public infrastructure to run down, and the “no money” claims are spoken in sad tones, yet (from the same source..the banks, which are underwritten by your taxes “private” companies can get the money and transfer the Publically owned infrastructure into private hands, who then by restricting the entire money supply can create a tiered system of class by deceit, pursuing profit not patients. Yet even here companies are forced to consider people as real social beings and not the incidental widgets in the project, due to the growing public outcry.

Having tiers of managers does not enable work it only restricts it, in the NHS (managers do not manage patients to health) or any other trade or service or vocation.

As there is no money (in the banks, see chapter 2 & 12, apart from “MO” cash they keep for a rainy day about £10 billion ), the money is only created once a request has been made (and approved) therefore the notion that the Liverpool tram system cannot have any money, is simply one of political will.(or deliberate lack of it)

The money has gone, disappeared, yet there are electricians, steel plants, truckers, welders, train drivers and passengers all waiting, but no money. Money should be created by the government monitored by the “strength of the people” not **borrowed**.

The government constantly tells us that there isn't enough money, because it knows that the cost of borrowing money this way has to be passed on to the taxpayer. Instead, it sells off state assets to raise money, and increasingly gets the private sector to fund public services instead.

Borrowing (from who, why, can the government ..i.e you/us not create it ) will increase by £157 million according to the December 2005 pre-budget, and the economic cycle has now been altered (ridiculously extended by two years, ...forecasting in orthodox economics is impossible, but that is not admitted).Figures have to match the golden rule, so the economic cycle has to alter to the figures.

“Growth” has entered its “enth” consecutive year, but is not as high as expected, this is called growth recession.(Spain with lower growth outperforms Britain? !).This would occur under any chancellor, especially the Tories as all work in the debt system.

Growth could be increased activity due to Hurricanes or an increase in affordable housing; it could be good or bad.

“For example, if a firm develops a process which allows ten workers in its own highly automated plant to do the work of a thousand scattered in independent workshops around the country and which gives the required rate of financial return on the investment required, it will put it into use. The fact that 990 people lose their self-respect and means of livelihood as a result is none of its concern. Nor is the fact that the extra profit it makes could be inadequate to compensate the 990 for their losses, even if some mechanism could be found for taxing it and distributing it to them. In other words, the technology the firm chose to use has made one group - its shareholders - richer, at the expense of a greater loss to a greater number: its workers and their families. Moreover, the rest of us are losers too as we will have to carry the cost of supporting the 990 workers through the social welfare system.”

<http://www.feasta.org/growth.htm>

The budgets real problems (a difference in the left side of monetarism, not in politics in comparison to the Tories) are worldwide massive debt and taxation. Of course the workers are entitled to have a well funded social welfare system.

People cannot accept that banks have no money to lend, only a debit to enter as the amount they are owed. Surely then they back their lending with Gold value...or something.

People still believe (despite the Bretton Woods agreement in the 1940s coming off the Gold standard internationally), banks may have Gold (or something, ..anything) to back their credit.

Yet previous to Bretton Woods various “crisis” meant Britain coming off, and going on and coming off the gold standard again and again, issuing credit in all phases.

Tony Blair says we live in 2005 not 1945, yet the vast majority of the world’ s populations live in no era at all worthy of economic note, and any analysis will find “cycles” repeating themselves.

Credit lending at various stages in “Gold” actually increased during a “off” period, and the “Bank creating money out of nothing, which it lends at interest”. the actual original charter of the Bank of England penned by Patterson, made no pretence that Gold backed up their credit lending from its inception, making the rush for gold all the more bizarre

It is the same today.

### **Hargreaves**

The unofficial biographer of Montagu Norman (Hargreaves) rationalizing the problem from the opposite view as follows.(writing in 1937)

“The ordinary observer who had been taught that Gold is the ultimate basis for credit - i.e, that the more gold a bank gets the more credit it can lend – was now utterly mystified as to why the USA federal authorities has been scooping in gold at a time when the intended, not to expand credit but to contract it. The whole monetary position of the so called civilized world, was and is, as mad as a Mad Hatter Tea Party

( “ have some gold” said the hatter “I don’t see any” said the Alice. “There isn’t any” said the Hatter “because there’s too much” “too little, you mean” said the dormouse....)” etc

### **Hargraves**

Imagine in 1939, if it was announced that the war against Hitler will have to be postponed because the Government has run out of money. Absurd of course and the money was found !.Gold was of course very valuable by product of currency exchange and the banks own personal profit.Of course even this pretence of gold backing credit lending is long gone, yet Trillions are made available, created/printed as debits but not for you.

Although the public were not told before (just) before the outbreak of WW1 & WW2, that Britain was bankrupt (as it is today), yet the money was found, simply printed as treasury bills, instead of Bank of England bills, but remember if you want a hospital operation in the war of the rich versus the poor, “there is not a never ending pot of money”?

## **Hargreaves**

Public spending (i.e on people) has increased over the last 7 years (spent as debt however), and it is more public spending that is required, a lot more. If national goods and services are approximately 500 Billion, but consumers could only spend 400 Billion, then creating the extra £100 Billion is easily done. The problem arises when it is only added to wages, (even though increased higher wages are sorely needed) as this increases costs in the company, or cooperative or subcontractor \* and also increases the wage differential across society and continents. Reducing the price of goods instead will increase sales, and give a wage increase and when the equalization occurs (i.e. not inflation or deflation), incomes will meet prices. (This occurs when in the “sales” people rush to buy the goods. (showing the vast mark up)

But how can prices be lowered? (N.B \* if a worker has a 20% pay rise, or prices reduce by 10% this is the same gain, further a “company” could be a co-operative, or an arrangement where workers own the means of production, and are individually or collectively working for themselves, not those who watch.)

In order that higher wage earners do not gain, taxation can produce incomes to balance the difference.

With lower prices, wages can begin to buy more as they increase.

In the debt system people or workers who do not see monetary reform or prices lowering (houses, tax, commodities etc) do not have the patience to wait in lowered wages and poverty. Loans = supply as there is demand, but incomes do not meet the price (and never will in this system) but this does not matter, as if you squeeze all you can out of people, the banks ultimately know they created it out of nothing anyway

[http://money.independent.co.uk/personal\\_finance/loans\\_credit/?pageNumber=7](http://money.independent.co.uk/personal_finance/loans_credit/?pageNumber=7)

It must be said that in all scientific formula employed to price a unit to guesstimate the volume of sales, they are never 100% successful, and this seems to be true even when the fixed costs are costed efficiently. Wages of course are dependent on profit, or the workers (by also owning their own surplus labour) owning the means of production to gain that profit surplus. Owning the means of production is a wage increase. Costing is therefore dependent on how much (if any) profit you need. This way consumers (you) control money, money does not control consumers.

If you break even and buy everything you need including luxuries, and all without debt, then this is as good as getting (for example) a 20% increase in wages. Short of transforming the system (to run without debt) the vast majority of workers are scandalously underpaid now, and in this current system they must be placed first.

Ownership of the money (money = credit = computer debits and credits) supply is vital for society. This means it is not controlled by the banks, nor indeed the "Government" but by the people themselves as the government, with modern communications technology this is easily achieved, although it has always been achievable throughout history.

Therefore if workers own the means of production, but not the money supply also, it is in essence still a proletariat, to the bourgeois and the bosses, the landed and the superrich. Even industrial capital today complain they are working for the bank, not the shareholders.(see chapter 2)

Ownership of the land by the people is paramount (see also chapter 2)The first legal act enforcing enclosure of the land in Britain was the “Statute of Merton” in 1235 for the purposes of extracting a greater rent.

This was further entrenched before and during the Glorious revolution 1647- 1690, so that by 1876 the “new doomsday book” recorded that 2250 people or 0.6 % of the population owned 98.5 % of the land. The original doomsday book of 1086 recorded that over half the arable land of Britain belonged to the villagers.

This means not owned in private hands or by the state. Access to the land, and the right to roam and common ownership are the economic building blocks for a healthy society. From 1200 to 1600 the increasing “landless” provided the fuel for the civil war and industrial revolution, when the countryside moved to the town. Contrary to much Marxist and Capitalist teaching common ownership will not destroy the land, or produce purely capitalist tendencies, if laws in common protect the people’s right to own it.

Lack of common ownership,(not private) leading to higher rents and defining “land” as property allowing it to be traded as a commodity runs contrary to any natural, philosophical or theological law you can name.Ownership is often confused with trespass into peoples personal living space which are two different legal concepts.

Ownership by the state in place of landowners is not “common” ownership, which of course includes the minerals,(and therefore industry) the airspace and the agriculture

Both owning the money supply and owning the land is key to actually transforming the world, and making poverty history. The most achievable, ( leading towards the owning the land) is owning the

money supply (short of total armed insurrection), which by work, people already own (but do not control).

People who used to work the land, traded with each other, they could exchange an item of clothes for food and so on, working for employers meant they could no longer gain commodities but only wages,... money.

### **Surplus labour**

Defining how much money was needed in the exchange was dictated by the employer not the worker, and his hours increased beyond the time taken to make the item of clothing, so that his labour provided the profit for the employer.

If the worker had taken 4 hours working for himself and exchanged it for money, he could use that money to buy his food or goods, but the employer will ensure that the money value of his labour will require him to work 8 hours in order to earn enough to buy the same food or goods. This does not need to happen; the employer is exploiting the worker.(but will argue he is not, yet when asked for a pay rise, will hire elsewhere, especially if unemployment is rife)

Of course employers do not see it that way, since many in the middle class or working class (as employers) born into the perpetual debt system and industrial wage dependent society see it as a service to create and innovate as entrepreneurs creating conditions for employment to take place, and of course many “employees” are glad of the work.(which they could however have “owned” themselves)

Expansion (such as to projects like Liverpool's tram system) is easily achievable, yet purchasing power prevents this, even though the same source of money to begin a public project, is also the same source which provides incomes to the world, local authorities and to people.

Wealth in credit is not distributed to ensure goods and services are paid for. Only by selling exports or by obtaining further bank loans can the missing link be made.

Exports are not reliable, as every country to which you export are also experiencing low incomes and cannot purchase, and they then impose tariffs and quotas (free not fair trade etc) This is a deliberate accounting decision that is not discussed or talked about, but is the *raison detre* behind every thought of how and why we live in the rat race.

A public project in a society which is wealthy, equal, socially minded and one which does not allow the tightening grip of inflationary economics (and politics) to keep power concentrated in a few hands only, ( as industrial Capital also is) can achieve a debt free infrastructure for everyone's benefit. Even in a totalitarian society savings (hoarding) will occur. Eventually over time it will re-nter the economy and is spent and reenter the exchequer or treasury, when it can be noted and its currency destroyed, so avoiding re-circulation and inflation.

In previous chapters the notion of destroying the currency (which the banks do for themselves, but the debt of them is kept) is simply to highlight the initial cost, finished project or service (national asset) and the cancellation of the debt set against it, by destroying the money it cost to produce (all money is currently produced as debt).

Work,(any work) assets (built) and infrastructure cancel out the debt by their use value.

Destroying the debt will be done every 50 weeks or 12 months (it is not essential to specify)

Up until the middle of the last century the ratio of debt free notes and coins to debt based bank credit was roughly 50/50, in effect Fishers 100% money supply (with or without taxation, follows this scenario).Of course the 50 % credit was borrowed as debt at interest, but does not need to be.

Rather than destroying the notes, it is the debt which needs to be destroyed.(credit or notes makes little difference) This simplifies and highlights who has (or who should have) money ownership from the beginning to the end of the project, completed without debt (and therefore the need to have money produced as debt). All sensible systems can only be based on this new assumption, and although this is familiar to economists (in its theory) it is not familiar to the people who live and work everyday in the economy. Further even many economists, bankers and accountants do not realise how flawed and fraudulent the neo-liberal monetarist (simply capitalist) system is.Those that do make the best accountants .

Changing from the current system to another in any given tax year must take into account the money already in the economy for 2004/2005 (see beginning chapter 1 for Inland Revenue statement on annual collected tax and debt, and further chapter 2). Of course tax levels are themselves questionable, unless the poor are outweighed by the rich, and in a reformed economy, the need and the amount of taxation can be substantially reduced and even made zero.Work, needs and free time can be unlimited.

At the end of every tax year the debt will be cancelled, so restoring the balance, hence no national debt.

This brings us to reforms as put forward by the “Social creditors”, and also the Marxist analysis of distribution, exchange and division of labour.

The social creditors suggest a national income for everyone, not produced from taxation (and therefore by and from peoples wages as the dole currently is, or unemployment benefit currently is) It is not removed once a worker finds work.

It is a system which is not classical or modern monetarist in its thought and works after the debt based economy is removed and not reformed.

As in Che Guevara’s and much Marxist economic analysis, the debate between production and employment is analysed, to describe “the crisis” in capitalist economics (boom and bust), and it is a completely correct analysis. Guevara also undertook a deep analysis of the distribution of goods, and like the social creditors concluded that the error in economic thinking across both capitalist and state capitalist theory, (sometimes erroneously called Communism or Socialism) was in the distribution of goods, and also managerial and accounting techniques, the social creditors primarily placing the blame on the debt based system of capitalism.(not just workers with low wages and poor conditions, to puruse profit for and by commodity exchange)

For **Guevara’s** most interesting work see “**The meaning of socialist planning, a reply to Charles Bettelhiem**”(see Waters in bibliography)

Marx and Engel’s state

“The existence of the town implies, at the same time, the necessity of administration, police, taxes, etc, in short, of the municipality, and thus of politics in general. Here first became manifest the division of the population into two great classes, which is directly based on the division of labour

and on the instruments of production. The antagonism between town and country can only exist within the framework of private property. It is the most crass expression of the subjection of the individual under the division of labour, under a definite activity forced upon him, a subjection which makes one man into a restricted town animal, the other into a restricted country animal, and daily creates anew the conflict between their interests. Labour is here again the chief thing, power over individuals, and as long as the latter exists, private property must exist.”

**Engel’s, Frederick & Marx, Karl (1947) *The German Ideology One of the classics of Marxian Philosophy. A basic work on historical materialism* New York, International Publishers.**

Exchange as was, is described to parallel today

“By the selection of gold as money-material, the buyer has been allowed time to choose the most favourable moment for the purchase of goods, and in granting this freedom the devisers of the gold standard\* forgot that the seller would be forced to wait patiently in the market till the buyer chose to appear. Through the choice of the money-material, demand for goods was placed at the discretion of the owners of money and delivered up to be the sport of caprice, greed, speculation and chance. Nobody saw that the supply of goods, owing to its material nature, is at the mercy of this arbitrary will. Thus arose the power of money which, transformed into financial power, exercises a crushing pressure on all producers.”

\*(swap the gold standard for the current credit/debt standard)

**Gesell Silvio “The Natural Economic Order” (on line, see also free land)**

<http://www.systemfehler.de/en/neo/>

Gesell wanted also “free money” which was money which had a negative interest rate to the government if you held onto it to encourage distribution, yet Fisher with his stamp scrip which had great results (which was similar to Gesells idea) did not carry this negative interest as a penalty, but did allow stamps to be paid (as a tax) if you did not pass it on (i.e. create and pay for work, making money move after work, placing the cart back in front of the horse). The social creditors say we have a culture of work for works sake, whilst Marxists hold that the workers who will want to work, are the source of all commodities. Local exchange trading systems are many and varied and do not run up debts. They can also become Universal and produce wealth. Many people remember co-op stamps, but this is only a partial smaller and less efficient method of producing Billions for society, however we suggest the “just price”(this is not to say the co-op was not a great service to hundreds of thousands of people)

Prior to the explosion of society into classes, the social division of labour was almost exclusively based on kinship relations, within a relatively closed circle, where the character of an individual’s labour was determined by their age, sex and position within the family. This division of labour based on kinship relations continues up to the present day, but with the collapse of tribal society and the formation of social classes there began a new kind of division of labour, based on class relations, including the division between mental and manual labour.

“The Commodity exists because there is a commodity producing society that has given rise to a division of labour based on the private ownership of the means of production”

**Waters (Geuvara “The meaning of socialist planning, a reply to Charles Bettelhiem”)**

To contrast and jumping way ahead.

Legally a great step forward in the impoverishment of mankind was taken when Corporations were given limited liability, they were then transformed by “bizarre legal alchemy” the courts transformed the corporation into “person”.(in the late 1800s) “The corporate person had taken place, at least in law, of the real people who owned corporations” i.e real people managers and workers. “reconcieved as a free and independent bieng”, it became the law of the land without having any real theological, philosophical or theocratical right at all, ...that corporations exist solely to maximise profit for their shareholders.

**Bakun (2005) *The Corperation* Free Press.**

See also <http://www.thecorporation.com/>

Beginning in England in 1856 and later in the USA the number of corporations, 1,800 in 1897 consolidated into 157 by 1904, so that individually owned corporations became only a few owned by many shareholders. Today America is possibly one large corporation (like many free trade countries) but like a corporation its actions (murder, pollution, war, & poverty) are only considered as “externalities” which must not get in the way of profit. In other words people are externalities, worthless faceless wiithout freedoms and independence, deemed as such by the physcopathic blind pursuit of profit. And it is that accumualtion by greed which pollutes the minds of those acting within it, even when many of the bosses are “nice” themselves, the corporation as a free and independent bieng drives towards profit at all costs.(see the current Enron trail, Jan/February 2006, Enron had created over 1000, subsidiaries to hide the bubble of vast losses, this is in effect cpaitlaim encapsulated)

Previous to this society did not comprise of 90% of the population working, whilst some did nothing, watching everyone working.

The division of labour has the most profound effect on the forms of consciousness in a given society since such forms can only be, after all the internalised forms of social activity.

During the whole feudal period, the division of labour is still determined along kinship lines, but now on a much wider class encompassing social classes.

With the development of manufacture however, division of labour takes a big step upwards.

Aided by the time and motion of studies of Frederick Winslow Taylor ( “Taylorism” = how many holes can you punch in a steel sheet in a hour etc, or see the pertinent scene from the film “Schindlers list” when the hinge maker was told he was not doing very well, by the Nazi with the stopwatch...see also Totyotism and Fordism )

Up till the present time, the development of the social division of labour has tended to channel individuals into narrowly defined occupations, situating them in a well-defined position in the social division of labour for a life-time. That is to say, no-one is a person, she is rather a labourer in this or that occupation.

Nowadays however, in the developed capitalist countries, it is rare for someone to work in a specific line of work for more than a decade without being obliged, if not by their own will, to change occupation.

In a socialist society of the future, there would remain of course a highly developed social division of labour, but it is likely that a person who is one day an artist, will be on another a tourist guide, on another a teacher and on another a machinist etc.(or remain in any one branch of employment)

Distribution is the process whereby the total social product is divided up among the population.

Exchange is the practice of trading of different products of equal value, between different individuals or organisations. In this relation, distribution is determined by the community, exchange by the individual, but the individual is able to exchange only what has been allocated to her in the process of distribution.

In the process of exchanging, the exchange itself can only exist on the basis that there is a division of labour, creating then a separation between production (manufacture) and consumers. This separation however is controlled in society and labour is only a worth, a productive worth if it increases capital (i.e. labour, commodities or money).

“The various stages of development in the division of labour are just so many different forms of ownership, i.e. the existing stage in the division of labour determines also the relations of individuals to one another with reference to the material, instrument, and product of labour.”

**Engel's Frederick & Marx, Karl (1947) “The German Ideology One of the classics of Marxian philosophy. A basic work on historical materialism” New York, International Publishers.**

These relationships only aid exchange into a form of value by the lubrication of money (a form of value), so giving rise to a sophisticated system of distribution, as well as an elitist system of the division of labour, with the differential in pay being a key area to divide society. This is supported as why should A do that for that much, or B do this for only that amount. Within broad extremes it is of course a source of angst, but within smaller margins people who enjoy work (although they are not allowed to do so), will care less about narrow margins (which should be based on health risk, not intellect )

The social creditors whilst wishing a class analysis both in the church and in the state, but not feeling in any way inferior or superior to any other class (except possibly recognising those in debt by financial, fraudulent accounting are subjected in any case).

As the lubrication of money along the system of distribution takes place each activity adds the need for higher costs to meet the loans and attached interest each activity requires. As the very source of all (or first) money carries an interest charge to the lending institutions (from the bank of

first/last resort ..the bank of England, the model many corporations are built upon), so to the price of money is increasingly passed on to meet overheads and provide profits in ever increasing amounts. As there is not enough money in the economy, and the debt exceeds the money stock,(including non-existent credit...see chapter 2) continual paper chasing is required to meet new costs in distribution (of which interest is one more cost, but a cost which can never be met by society, since the supply of money is always a predetermined unit or amount of debt money short in circulation,... to ensure more borrowing)

This was analysed in Douglas's "A + B theorem". Imagine a firm making light bulbs. As they begin business money lent to them will be distributed. The light bulb price on the market must take into account the need to recapture this loan investment as one of its overheads.

Consumers including those that received the firm's loan money, will have spent that money elsewhere, and in trying to buy light bulbs, find they cannot afford them since the firm is charging a price that is higher than the wages being distributed to buy them.

Obviously this does not mean individuals cannot afford individual light bulbs, but the purchasing power of the consumer is reduced, so effecting the firm's total sales.

Therefore it cannot recoup the overhead, or to be exact the loan investment it began with to start the business.(repaying the loan)

This happens over and over again throughout the distribution and exchange system, and will apply to any system of ideology, since all money is produced as debt.

"The total prices of all goods in the economy at any one time is therefore far higher than the total buying power of consumers."

**Rowbotham 1998**

Only by the banks lending more money to another firm to start up, and purchase the light bulbs can the manufacturer make sales to pay back his loan, but the new firm (of whatever) will then be in the same position as the light bulb manufacturer, so establishing a pattern.(as there is not enough money, which is a deliberate act or decision)

Once the pattern is broken (a slump, or depression i.e a lack of supplied credit, or the raising of interest rates occurs) goods become piled high in the shops, goods are unsold and both firms are now in debt.

Consumers are also laid off and the situation worsens and can only be alleviated by an injection of credit at interest (as all investment is) (or of course by the workers owning the means of production from the beginning, in community with suppliers of the raw materials)

Therefore people had to work and work, and dig into current income in order to pay for yesterday, and houses or projects built in the past.

“a progressive time lag was developing in which more and more work was required simply to distribute incomes to buy goods produced and further in the past” (i.e. mortgages, paying for houses already built)

Today a hospital already built will close (or is old fashioned, although health farms/spas are very popular in period buildings ! ) for want of money, when every good and service and skilled person it requires is ready all around it.

### **Rowbotham 1998**

Breaking free of this system initially has success stories (as it did in Cuba, Iran after ww2, Sukarno in Indonesia, Nigeria 1966..briefly, Vietnam (politically...but not economically), Guatemala in 1951, Chile 1970s, El Salvador in 1992 very briefly, Nicaragua in 1979, Angola & Congo, Libya, Ireland and even Britain).the vast majority of these heresies were brutally and viciously put down.

Making poverty history cannot succeed in this current economic system, but debt is essential to its disgusting purpose.

In Guernsey in 1815, after the Napoleonic wars bankrupted the Island, its government issued £4000 into circulation (its own currency). Every year it withdrew £400 of notes (it could have been credit in a ledger or on paper) in rents, and the project was built. After 10 years it was complete... with no debt, this circulation could be called a scrip, yet the “money” was only a method of exchange and the asset actually made the common ownership £4000 better off for the Island. Of course selling it was not the purpose, but using it was, this then benefitted the next generation, who could of course not work as hard... a concept of working for work's sake eliminated, true “leisure” time without debt follows.

The same principle applies to a council house. £60,000 could be cancelled out by rents (very cheap rents) and when paid, the rents could actually decrease (in line with maintenance), and cancel out the debt.

## **Rands**

**(Note we already have inflation, and a debt of money is paid for by the infrastructure and work people produce, this is a balance sheet when people own their own money. It is not producing new money spiralling inflation, but puts the cart back in front of the horse (credit arising by work))**

Douglas challenged the notion that goods and commodities were scarce, and people could not find them to buy them, when the reality goods were numerous and people could not afford them, (or poverty amongst plenty) as we still see around the world today, where a child dies every 3 seconds, or hospitals close due to lack of money although it is open and functioning, where medicines and drugs cannot be supplied because they are too expensive. (The reality is they could be supplied but this would conflict with the international market if adopted domestically, which would only eventually effect the rich and their profits not 97% of the world community)

Therefore society was forced to undertake forced growth (currently ...approx 3.2% in Britain), which is essentially credit and interest to distribute the goods and services it was already producing.

Further this or any slump was not caused by unemployment, as it was not unemployment which caused the depression it was the financial system i.e. the banks.

Therefore to approach the solution by forced growth and full employment was only a secondary consideration (say the social creditors) to whether we needed light bulbs or widgets, and hence over production occurs.

Employment was a distraction from the failure to distribute incomes goods and services, it was not more production that was needed but a rectification of the failure of the distribution system.

Without this rectification in distribution the cycles would go on, people would be made redundant and be reemployed and would become slaves to their own economic system, resulting in over production, poor quality goods, export surplus and goods nobody wanted.

Marxists however say that unemployment is created by the higher class as a deliberate economic decision to give them a worker who will be glad to accept lower working conditions, and provide employers with competitive advantage to ensure they can keep their business going by exploiting the labour of the employee, accumulating a pool of surplus labour he lives off.

Both however work within the debt system and many good hearted employers feel sure they are suffering even with contented workers. Workers however cannot be contented as apart from wage concerns they are living in debt which a doubling of wages may not diminish (see further the rest of this chapter but also pages 41 to 64)

However increased industrialisation and mechanisation led to the very problem of unemployment, whoever owns the means of production.

“But the perfecting of machinery is making human labour superfluous. If the introduction and increase of machinery means the displacement of millions of manual workers, by a few machine workers, improvement in machinery means the displacement of more and more of the machine workers themselves”

**Engels & Marx (1947)**

Therefore the workers who fled to the cities, are displaced by the machines, and the machines become more efficient displacing the few who work the machines.

“Thus it comes about that overwork of some becomes the preliminary condition for the idleness of others, and that the modern industry, which hunts after new consumers over the world, forces the consumption of the masses at home down to a starvation minimum, and in doing thus destroys its own home market”

“It establishes an accumulation of misery, corresponding with accumulation of capital”

**Engels & Marx (1947)**

Therefore wars are created to aid consumption “over the world” and the very domestic money pyramid of debt, creates a national debt which **Adam Smith** (see chapter 6 pages 3 – 5) says prolongs the very cause and duration of wars.(which if “the people” owned the money supply deciding whether to have a war or not would become a more democratic decision see chapter 3)

Along with the increased mechanisation came a shortage of land (as tenants and farmers moved to the cities), bought by landowners who increased their stock largely filled with sheep or grouse farms, so that by today

“In the 21<sup>st</sup> century, 0.6 % of the people own 69 percent of the land” or

“77% of the population in the land, live on 5.8% of the land or about 3.5 million acres”.

**Cahill**

Therefore the debate between what causes employment or slumps, is a lack of land, increased mechanisation, or deliberate unemployment measures and people being fed money as debt with attached interest, of which there is also a deliberate shortage of credit to debt circulating in the economy.

Immigration (many times caused by wars, such as England's drawing up of artificial borders in Iran and Iraq over many decades) is also economic. The imperial country forcing others to consume, produces also a worker which will not do "demeaning" or repetitive work, which is always below the poverty line in its pay and conditions.

Cleaning work for example done on night shifts is largely by "illegal" immigrants, who will always be "let in" (forced to flee their home) as Capitalism produces this underclass, and needs the work to be done. No matter if the "shade" of government is left or to the right, immigrants will always find a way, i.e. the loopholes will be overlooked by Government, conservative or labour. If capitalism paid these and many other workers what is their human right, before and/or after their immigration then capitalism would collapse, of course they would not need to emigrate then which surely they would prefer.

The majority of illegal immigrants are of course white, mainly from Australia, USA or Scandinavia, and not black, this is rarely mentioned. Further refugees from countries the west have invaded or underdeveloped are entitled to the basics of life as compensation in the invading country.

As war and profiteering against 3rd world (or any) countries is morally and legally (and spiritually) wrong does the cry of cheats, ring true against immigrants.

Once it is fully grasped that "Racism" although existing in large measures, is mostly whipped up by Rascists for the rich, who are using this to distract from the class war, because whatever your colour, you are either poor or rich, especially when you realise there is only one human race. Further speedier travel,

communications and people falling in love across “colours” will only make this what should be classed as “colourism” not racism obsolete. Of course the worlds resources works both ways for any and very colour fairly and equally.

It is not possible ! to get rid of Capitalism, (producing this underclass, and later immigration) so something has to be whipped up to soothe the far right. Immigrants are it

All of this (above the section on immigration) contributes (but is not the main reason) to the falling rate of profit (which is falling as time goes by, which we will see later)

Without immediate land redistribution, workers are entitled to demand a three day week (if they wish) for an increased wage, and the lowering of prices.

Says law (see next line) was directly challenged by Douglas and the social creditors

**“the process of producing goods automatically distributes sufficient purchasing power to buy all the goods produced”**

In the wall street crash Douglas maintained the absurdity that within a few days the world went from rich to poor, “people lost everything”...how could this be. Goods were still numerous, why did the government not print credit to get people to buy them, or start up in business (see also chapter 6b “Fishers stamp scrip” nos 9 & 10).

Classical economists blamed the unspent savings in bank account for the depression, until Douglas showed that savings had in fact disappeared from banks before the crash. This is common today when people are told by government they are not saving enough, whilst of course wages cannot buy them a life. Showing the lack of savings before the crash also showed that a deposit (savings) were not invested by another lender, and in fact the banks were creating the extra debt credit themselves (out of nothing) .

### Social credit then requires

1) Purchasing power (incomes) and prices should be equated. “people should be able to buy the goods currently in the economy without the need to invest and expand the economy simply in order to distribute incomes, and keep the economy from slumping”

2) Money should be created debt free (without interest attached) by the government, and distributed. **Getting rid of interest on money and in banks generally would not reduce savings but increase savings says Gesell !**

“My house-rent, (monthly mortgage payment) for example, amounts to 25% of my wages, and two-thirds of it is interest on the building capital. If, now, the rate of interest is reduced from 4 to 3, 2, 1, or finally 0%, I save and so on of my house-rent, that is 4 - 16% of my wages on house-rent alone! But house capital is barely one fourth of all capital, the interest on which I pay out of my wages. (\*Industrial, commercial and agricultural capital, National Debt, capital sunk in means of transport.) If the rate of interest fell to zero I could therefore save a much larger proportion of my wages.

Out of my income of \$1000 I was able to save \$100 a year. At 4% compound interest that would produce \$1236 in ten years. Since the elimination of interest my wages have doubled, so instead of \$100 I can now save \$1100 a year, or \$11,000 in ten years. (\*This is on the assumption that the prices of commodities are kept at the same level by the Currency Office. Elimination of the interest that now goes into price, will, in this case be expressed, not by lower prices, but by higher wages. On the opposite assumption, that the prices of goods fell with the rate of interest, wages would remain at the same level. Savings would then increase because of the fall in the cost of living. But the sum thus saved is not immediately comparable with the

savings formerly, since commodity prices were then higher.) Should I not therefore rejoice at the abolition of interest ?”

“So far from injuring me, therefore, the complete elimination of interest would enormously facilitate my saving. For example, if I work and economise for twenty years and then retire I shall possess:

With compound interest at 4% \$3,024. With interest at 0% \$22,000”

### **Gesell**

And of course a mortgage at 0% interest will save ten if not hundreds of thousands for you to invest and save.

3) A national income or national dividend. “Since this money would be distributed direct to consumers, it would bypass industry and hence not raise costs, it would boost purchasing power, without raising prices, and thus counter inflation and the generation of debt” Therefore debt free money would be introduced into the economy.(and this already exists, see chapter 2 i.e. “MO” )

Social credit also recognises that “wage dependence” is directly attributable to people being cut off from direct access to the land, losing economic independence.

In chapter 2 and 3 it is seen that £485 billion was collected in tax in 2004. This then would provide a circulating money supply of £485 billion x 4 = £1940 billion (approx) in credit, which could then be used as a figure for Fishers 100% money supply economy. The national debt could then be taxed out of existence, and/or turned into equity, as assets it made already exist), further money could be circulated not borrowed but created and without interest attached. The economy could then grow and produce without debt, and the lack of competition in money supply would produce a stress and worry free debt economy.

Once enacted however the new peoples committee.... of everyone which forms the inner intellectual elite (see chapter 3) could after 1 year (or sufficient period) do away with the need of taxation altogether if desired.

It is therefore a proposal which enriches everyone not the few, providing a vibrant economy.

A problem with this is inflation. Inflation is one cause why pensions are suffering, once taken, a pension in 40 years will have reduced real terms.

The real interest rate is the actual amount of interest the borrower pays the lender. The real rate of interest is the difference between the inflation rate and nominal rates. For sake of illustration, say somebody is paying a nominal rate of interest of 5 %, while the £ is being inflated at a rate of, say, 15 %. Although you would actually pay £105 back on a £100 loan, you are paying the loan off with a depreciated £, and, all things remaining equal and static, paying a real interest rate of minus ten %. The interest actually paid is the real rate of interest. The difference in price between the final consumer goods and the capital goods is the profit for the entrepreneur, and is the natural rate of interest.

Inflation (caused by interest, inflating the amount of notes in the economy, as the spur to inflate) is therefore a tax in itself.

This was cited as a fraud by the national crime squad (see chapter 2 page 24)

Prices are always rising. See the rises over a six year period in the USA (if you really need to)

<http://www.federalreserve.gov/releases/h6/>

Irving fisher advocated the exemption of savings from taxation, and the levying of taxes solely upon expenditure.

However the notion that we have to be taxed at all is an accepted principle, but in our “democracy” (see chapter 1) there is no “separation of powers”. Even though the magna carter enshrined the rich, rights over the poor and the land to the rich, it did however separate the power to spend and tax.

The King could spend and not tax, and Parliament could tax and not spend. Once this separation is removed the same people who spend also tax, this gives rise to the familiar “tax is legalised robbery” cries. True separation of powers would prevent this. Today peoples committee’s could also bring back the power of creating money to the people, it could abolish income tax altogether. If taxation was needed, a separate independent judicial review in parliament, to be voted on by MP,s, would decide, in line with a national referendum, to be reviewed annually the amount. However as stated tax is not needed when money is functioning correctly.

Without equal land distribution, however taxation (if actually controlled by “the people” ) does the redistribution in its place.

Tax was introduced in 1404, but was short-lived, the government destroying all evidence of the scheme, which was hated. Again in 1799, income tax as introduced to pay for the war with Napoleon.

Set at 10 % (approx) this income tax was supposed to lapse after the wars, but was still in use in 1816. A “window tax” was also introduced, producing houses with small glass windows (the smaller the window the less tax you paid). All records of this were lost, when the government tried to destroy these records also. Once again in 1842 Robert Peel introduced a 3% tax, to balance the government’s accounts, which was never abolished. The Second World War needed P.A.Y.E. to pay for it, today we have 25% & 40% income. Finland for example has 45 % tax across the board and is hailed as a successful economy, self sufficient, but this level of taxation is needed due to the inefficient monetarist system around the world, in which Finland operates the same distribution and of goods and services and money.

Taxation is simply employed to pay off the interest on the national debt, and local services are only paid by excessive taxation. Yet it is impossible to pay off the debts as the creditors are at the same time in sole control of the power of creating money to pay off the debt. Taxation is therefore unnecessary. It is the fallacy of money being the banks money, not our money which is the problem.

The poor do not get richer by taxing the rich, (who hide profit, and are not in “law” liable for tax, and who are few in number) paying higher wages and reducing the cost of goods and services (real wealth, as opposed to money a replacement for a commodity of wealth) does increase the Poor’s wealth.

Sometimes as in early Mesopotamia and the Inca Empire of South America, the ruling class used the direct force of the state to seize the wealth created by those who worked in the form of taxes”

### **Harman**

Under the current debt system which is supported by the law to absurdity, taxing the rich is the only way to redistribute the world’s wealth.

Yet taxes are not taxed for the benefit of the taxed, and with high taxation poverty is still prevalent. The rich in any case avoid paying to the tune of over £11 trillion in 2004 worldwide annually.

Further revolts against the poll tax in 1989, were not against the need to pay for local services, but against the fact that it was too high and was used as compulsion all merely to pay for interest on the debts. In fact the tax collected for this purpose is actually originally distributed into the economy as debt, and is short by the time it is collected to pay the interest in its entirety.(and so on). Many countries have no “council” (local authority) tax . Council tax in Britain is set to double it was announced in December 2005, to an average annual of £2000 per house.

Capitalism has to have a class structure, a tier of wealth, but this is not a necessity for society, it does not crumble without a “class” tier structure.

Class as a system has no justifiable, moral or spiritual right of tenure.

Class is produced by the erroneous belief in superiority or breeding, backed by the fraudulent system of the private ownership of money and land. (as opposed to having land which is workable and yours to actually pass on without it being owned in fee simple or leasehold to some other higher holder of a deed, this is why paying a complete mortgage off, or working a plot of land is simply a legality to stop paying rent...which is what a mortgage actual is)

Since Jesus Christ, Aristotle and Marx and Gessell and others (see chapter 11) condemn the use of inflationary politics and economics and the ownership of money! They are undoubtedly a form of slavery which the bible condemns (see the Old & New Testament, especially the letter of St Paul to Philemon), the hierarchy in the Church is also non Christian as the servant is the Church itself.

Further the Church with a lesser hierarchy whilst giving the outward appearance of the servant in fact supports a system which enslaves society, by keeping the establishment’s ownership of money de-facto whilst saying nothing, (although a marked change in this occurred in the making poverty history walk around Edinburgh in July 2005, and was great fun and liberating for many in the Church) and also remains a large landowner itself whilst criticizing the “hierarchical church” for doing the same, although the Church has lost lands over the last gundrds of years which could have been built on charitably

(see **Cahill** (2001) *Who owns Britain; The hidden facts behind landownership in the uk and Ireland* Edinburgh; Canongate.)

Profits like the money itself should be owned by the workers and by society, whilst private profit is a crime against the poor and starving, and the war inflicted people of the world. Poverty which is not just financial, is not a system any political ideology can support, the object is not to make everyone poor, but to raise the standard of living ( for all worldwide) to support peoples right to be happy and fulfilled. Capitalism is the antithesis of this purpose.

In trying to oppose consumerism shoppers feel that they should stop shopping, but consumerism is in itself becoming a disease, an illness which is overpowering. Credit cards like a drug supplying the access to the otherwise unobtainable. Shoppers need not stop shopping rather the economy should adjust prices and eradicate debt., adjust incomes, set against the reality that the most feverish shopping is simply on items you will never need in a million years. (see chapter 2). Private banks as can anyone still offer savers an interest account, if savers feel they wish to do so, or that the banks are not a risk.

Differences in tax levels arise when the division of labour produces, wildly differing wage levels. Capitalism produces an inevitable flow of money back up to those who own money. Like the Archimedes screw, money like water flows uphill. The abundant reservoir is eventually owned by the few, the rest of us siphoning off the spillage en route.

A vital weapon in the “class” consumerist system is what **Marx** called the “Secret”.

“The determination of the magnitude of value by labour time is therefore a secret, hidden under the apparent fluctuations in the relative values of commodities” **Capital** pages 86/87.

“Political economy has indeed analysed, however incompletely value and its magnitude, and has discovered what lies beneath these forms. But it has never once asked the question why labour is represented by the value of its product, and labour time by the magnitude of that value. These formulae, which bear stamped upon them in unmistakable letters, that they belong to a state of society, in which the process of production has the mastery over man, instead of being controlled by him, such formulae appear to the bourgeois intellect to be as much a self evident necessity imposed by nature as productive labour itself.

Hence forms of social production that preceded the bourgeois form are treated by the bourgeois in much the same way as the Fathers of the church treated pre-Christian religions” **Capital** pages 92/93

An essential part of this is the wage differential. Not just a difference in wage levels internally in a country (producing a class system) but differences in currency exchanges across the world

The imbalance in different currency values produces a class system across countries and entire continents.

Within these artificial costs of labour and exchanges across differing nations, lies the need for “work” to be categorised as manual, skilled, administrative, and intellectual and so on.

Woman notice these differences more acutely and even the most fervent capitalist female finance executive will protest that the value of her labour should be sold at exactly the same level of a males labour.

However would a female nurse then insist that she receives exactly the same level of pay as the finance executive? Whilst they might both support the first, society, custom and breeding instil a mental block that prevents this...nothing more.

Ask a midwife who delivered the baby female finance executive, if she cried at birth, as well as during wage equalisation of both lady's wages.

“An equally productive worker in the poorly-paid Third World produces a unique model car, is paid \$1 an hour, and produces one model car an hour. An equally productive worker in the developed world produces another unique model car, is paid \$10 an hour, and also produces one model car per hour. Each equally productive worker likes, and purchases, the other's model cars. (All true costs are labor costs [capital is stored labor] so we ignore monopoly capital costs, which go to the developed world anyway and calculate the cost of those model cars at the labor cost of production.)

The \$1 an hour worker must work 10 hours to buy one of the model cars of the \$10 an hour worker but, with the money earned in the same 10 hours, the \$10 an hour worker can buy 100 of the model cars of the \$1 an hour worker. While in a homogenized market of many producers there is a 10 times differential in buying power, in direct trades between each other there is an exponential 100 times differential in retained wealth.

If the pay differential is 5 (\$10 to \$2), the wealth accumulation advantage is 25 to 1. If the pay differential is 2 (\$10 to \$5), the wealth accumulation advantage is 4 to 1. When all have access to technology and markets and pay is equal for equally-productive work, the wealth retained (and available for accumulation or consumption) by each nation is equal.”

**Smith J.W.** ( <http://www.globalissues.org/> ) chapter 1

Marx in other words, had noted that although the wage differential was 1 in 10, the purchasing power is 1 in 100, in favour of the higher wage earner internationally.(= free trade = imperialism)

Douglas however, (but further to this) says that just prices or the problem of value

“is that it is not a problem of value –measurement. The proper function of a money system is to furnish the information necessary to direct the production and distribution of goods and services”.

Which makes the employer still better off than the worker however, but social creditors would say that a worker may devise a system or facility enabling him to employ others, from which both would benefit, Marx would say this is the beginning of the “class system” a difference in wages, with one accumulating the means to employ others and take a portion of their wages, they otherwise would have received. Both however cannot pinpoint exactly how to solve the problem without extremes, since we all want to better ourselves and like the “anarchists” do not want to be controlled by any system .

But see James Connolly in the link which is repeated and expanded in the section on Ireland in conclusion B on Ireland.

<http://www.marxists.org/archive/connolly/1904/condel/conart.htm>

For example Communism says the workers as an oppressed proletariat, who by engaging in such inventive activities to raise his life style above others and so become bourgeois or worse petty bourgeois intellectuals and those self obsessed with the personal life were petty bourgeois. Yet every worker has petty bourgeois thoughts every day, and no matter how self flagellating you become, you are potentially impure.

Social creditors on the other hand do not disguise their belief in a hierarchical system, “the natural order of things,” but with less class levels, whilst amongst them pre-marxist socialism also prevades without a belief of class as such.

The Communist manifesto advocates central banks, but Marx decried the use of national debts and debt within central banks in any case. Even Marxists who espouse a limited form of the market are edging

close to some beliefs within the Social credit. Between them both they represent the most significant opposition to Capitalism (exploitation, profit to excess and waste).

“The United States was the richest economy in the world, with 5% of the earth’s population yet consuming 30% of what was produced worldwide. But only a tiny portion of the American population benefited; this richest 1% of the population saw its wealth increase enormously starting in the late 1970s. As a result in the changes in the tax structure, by 1995 that richest 1% had gained over \$1 trillion and now owned over 40% of the nations wealth”

“According to the business magazine forbes, the 400 richest families owned £92 billion in 1982, but 13 years later this had jumped to \$480 billion. In the nineties, the wealth of the 500 corporations of the Standard and Poor’s index had increased by 335 %. The Dow Jones average of stock prices had gone up 400% between 1980 and 1995, while the average wage of workers had declined in purchasing power by 15%”

“It was therefore possible to say that the US economy was ‘healthy’ but only if you considered the richest part of the population”

## **Zinn**

“Meanwhile 40 million were without health insurance (the number having risen by 33% in the nineties), and infants died of sickness and malnutrition at a rate higher than that of any other industrialized country” **Zinn**

Realising that work and expansion (not stfling advance and ingenuity) will always lead to two classes, is the challenge that both should tackle and resist, in effect pulling down the Berlin wall between them, and

acknowledge that the planet cannot take, another ruling class above to place them both down, whilst ruining its resources. Exchange, commodities and distribution / division of labour criss cross over each others theories. Add in a touch of Spanish anarchial siesta time and realise that the minutai of the “ownership” problem becomes almost as surreal or difficult as Hampton court maze.

The employer working within the debt/unpayable loan system has no choice but to further pile the pressure on the worker to increase profits. Without this extra cost/burden the worker could enjoy more of the profit without it affecting the employer, and all round the falling rate of profit would be avoided. This is of course equally true of any co-operative or worker who is “self employed”.

Realising that workers will always aspire to create, have greater skills than others (craftmanship), and greater intellect, does not mean that those “lesser mortals” are any less entitled to a great wage and lowered prices. Limiting ingenuity and entrepreneurs is impossible, totalitarian and depressing, whilst not recognising that activity should not exploit others. (everyone is good at something, and people should learn to do what they love, instead of what they think they should do)

When we consider (for example Zinns figures above, or see Oxfams web site or simply travel around the world) how far apart the worlds are in wealth difference, the minute arguments (in comparison) although important should make us abandon the restrictive stifling work practices, “Socialists” have experimented with before. Why...the world is not a world of scarcity, and it is not a world where misery is employed instead of fun. (no one wants a communist consciousness which is dispiriting, or leads to replacing one bunch of.... totalitarians with another) !

Equalising “value” as a standard to relate goods and services to it, highlighting that “money” is not just a reward (or should not be) but it should be a order system, a mechanism of administration”

Douglas points out whether it be Stalin or Corperation led Toryism, setting value in terms of money is like trying to pick up mercury with a fork.

### **Douglas (1933)**

Yet these very difficulties only suggest that the workers must therefore be paramount, and are in control of the work and capital, by their labour, further...

Marx, by contrast, saw the fall in the rate of profit as the other side of the capitalist success in increasing physical productivity per worker by using more means of production. The more innovations come on line as a result of increased accumulation, the more physical output per worker rises. This should make capitalists happy—and it does insofar as they are trying to out-compete rival capitalists. However, it has negative implications for the capitalist class as a whole. Its concern is not with physical output as such (with ‘use values’), but with the price to be got for selling this output—and price, Marx pointed out (building on the insights of Adam Smith and David Ricardo) is a reflection of the average amount of labour needed to produce something through the system as a whole. The more physical productivity increases, the less labour is needed to produce each item—and the more prices will tend to fall.

One product of this crisis was the mushrooming of the circuits of international finance. Faced with difficulties achieving the old rates of profit at home, everywhere capital (not just financial capital, but industrial capital as well) scoured the world for any opportunity for profit-making

This is not always something easily visible, since there is a tendency under present day capitalism for all prices to rise at a greater or slower speed as governments print paper money and bank credits create additional buying power.

‘finance capital’.

The term has been used for over a century in Marxist writings and features in the classic accounts of imperialism by Hilferding, Lenin and Bukharin. But it has two distinct meanings. One sees it as referring to the merging together of financial and industrial capital, both moving together in the direction of state monopoly capitalism and then state capitalism. The other sees it as referring to the banks and other financial institutions acting in opposition to the interests of industrial capital, resulting in a different dynamic of development of the system.

**Harman Chris 2005 “half explaining the crisis”**  
<http://www.isj.org.uk/index.php4?id=148&issue=108>

Money controls them both.

### **See further deskilling in the division of labour**

<http://www.bookmarks.uk.com/discus/messages/2/171.html?>

Chris Harman recognising that Capitalism is facing a falling rate in profit, which originates in the law of value Capitalism uses to wrench profit from workers.

Commodities as mentioned are the product of human labour.

(exchanging labour time for money between the workers only)

As mentioned a clothesmaker may make an item and exchange it for a chair. If the carpenter normally spends two hours making the chair, others not as skilled may take 4 hours, but no one will pay them for the extra two hours, when they can get one made in two. However you could say the price of the chair is 3 hours of labour on average across all workers. However the problem with this “law of value” is where does the profit come from if an employer employs either of the two workers, since it took the labour time of whatever length to produce it.

If the employer sells it on, for say 4 hours labour time (one hour above the average), why would the buyer not go direct to the carpenter and buy it from him at an average of two/ three hours labour time. The profit does not come from other capitalists.

He must acquire machinery for example and go into debt at interest to do so, unless he has sold an asset to raise the money for the machines, or he acquires them in a slump, at bankrupt prices.

Where did the machinery come from ?, from workers making it, just as a wheelbarrow speeds up work and amounts to work, the wheelbarrow must have been made by labour, this past work on the wheelbarrow is called “dead labour”, as opposed to present work, pushing the wheelbarrow or “living

labour". Once acquired the machine cannot do anything without a labour input, it has no value on its own. The goods it eventually produces will have a value, but only due to that labour. This is highlighted by goods which fall in price over time (due to being made by machines ..microchips etc) and goods which rise in price cars, houses etc, because it is the labour costs that incur the final price.

### Therefore labour is the source of all value

"Marx shows in Capital how the value of commodities, whether they are material goods or immaterial services, reflects the amount of labour that has gone into creating them. Capitalists bring together workers and machinery to produce commodities, but it is not the machinery that produces value"

[http://www.socialistworker.co.uk/article.php?article\\_id=6598](http://www.socialistworker.co.uk/article.php?article_id=6598)

Capitalists are therefore of no value in themselves. They then assume a new theory called the theory of abstinence to explain where their profit arises, namely profit was a reward to the capitalist for investing his wealth (remember money is non-existent, a fictitious loan) to employ people rather than for his own consumption. In other words they still buy a worker's labour, but when a worker buys a thing he does not get a profit?. Capitalists maintain their wealth by investing it, swapping purpose and also they receive a profit on top.

However many small business, and family businesses are born out of labour, with work by one or two or three moving forward they are able to employ others. These people feel perfectly justified in keeping the excess, and may even pay the employer as a subcontracted partner, as an equal.

Marx says the employer makes his profit by siezing the labour of his workers for himself, whilst doing nothing. Just as slaves in fuedal systems knew they were enriching their “employer”, modern workers do not see this in their own work.

Wages at some point must level to avoid prices rising, but it is the income of the worker which must be raised and met first and prices kept low, until wages can be “equalised” and stableised. Workers who can afford a healthy happy life begin to worry less about prices.

The far right have always maintianed they abhor communism for bieng “antiGod” but it is this the reasoning they really fear, because you can stil belive in God and not expolit a workers labour, indeed many would say this reasoning is essential.

Further no matter how or who works out the “exchange” between labour and money (employer) the value of the workers labour is not met by wages, wages under capitalism are never as big as the value of their labour.

Marx said there is “their labour” and their capacity to labour or “labour power”. These are very different situations. As mentioned work/time ratios have been devised by management to the workers detrement, especially since the industrial revoltion. Too much and fatigue sets in and production suffers, too little and productivity also suffers. This leads to constant wage demands “above the minimum” or reductions or cut below the minimum, but since wages or money cannot quantify labour as a commodity, in essence the minimum and maximum are in essence meaningless.

These are the “norms” society works within, set agianst prices it finds in the shops. (which are always to high, and wages too low).

Money supply however is deflating or inflating, it causes price adjustments, in effect manipulating prices below wages to ensure goods need new loans to purchase, whether it is industry (business) or by workers buying necessities.

It also ensures profits can be manipulated away from labour to the employer.

As mentioned

“it may only take four person hours per day of societys total labour, to produce your familys, food, shelter and clothing. But you are capable, under pressure, of putting in eight, ten or even 12 hours a day. And the capitalist will refuse to pay your wages unless you do so”

Therefore you are paid a days labour, not a days labour power which you have worked.

And you now work 8 hours a day, the capitalists is taking 4 hours a day off you, 4 hours labour for himself whilst he does nothing. The only “law” allowing this is he owns the means of prouction which other workers have made previously, in turn possibly only paid for by money made by loan request, which does not exist (in the banks) underwritten by your taxed income you have produced by your labour !!.

In this scenario both employer and worker are exploited, as is industry, but the only people working whilst bieng expolited are those who labour. They produce surplus labour (of 4 hours a day) and the capitalist lives off it.

For people who say this is not so, how is it that workers in fuedal systms in the medieval period worked less hours and hardly over winter and still had enought to produce their livelihoods. and prices stayed continuous for over 200 hundred years. Of course without the hierarchal fuedal system things would have been even better.

Today we are told that the 3<sup>rd</sup> world, or the unemployed in the first worlds, and the shades in-between are overjoyed at receiving employment. Yet their poverty was only brought about by living in the system called capitalism, imperialism, colonialism.(Ricardoism)If the money supply (or stamp scrip as in fisher as an example) , was available by the central peoples bank then they could employ themselves and make poverty history

Further time studies are valueless when it was discovered that workers who took Siesta's were more productive (see chapter 9 page 18)

Profits are re-invested in more machinery which Douglas the says suffers as follows.

“Now for reasons which it is hoped will be clear from what follows, the factory cost, including management and indirect labour, *of the total factory output of any article is always more than the total sum paid in wages, salaries and for raw material*, in respect of it. Consequently, the total output of the worlds factory system is inevitably costed at a figure greatly in excess of the salaries and wages which go to the production of it. Selling charges and profit merely increase the price and decrease the purchasing power of money, as, of course , *caeteris paribus* do general rises in wages”

**Douglas (1934) including the 1918 reprint of “The delusion of super production” The English Review decmeber 1918 (reprint)**

Of course all of the factors Douglas mentions decrease the rate of profit, known in Classical economics as the “deminishing rate of return”, a theory which Douglas rejects as do Marxist theroists.The deminishing rate of return, in Marxist analysis is the falling rate of profit over time, also compounded by the “debt economy”.

As we have seen Engels maintained that increased automation has the following effects.

“Thus it comes about that overwork of some becomes the preliminary condition for the idleness of others, and that the modern industry, which hunts after new consumers over the world, forces the consumption of the masses at home down to a starvation minimum, and in doing thus destroys its own home market”

“It establishes an accumulation of misery, corresponding with accumulation of capital”

### **Engels & Marx (1947)**

It also produces the falling rate of profit as the increased automation has no value as machinery itself does not produce a value only labour does.

Machinery inevitably reduces the workforce down, producing more in investment than in labour, (known as the labour/ investment ratio). In individual firms labour saving is highly desired as it grabs markets from its rivals, and increases its profits. Across all firms who are in competition the broad ratio will of course increase across capitalism generally. As labour creates value, but when machinery grows faster than labour, investment grows faster than value. It also therefore grows faster than surplus value (the extra hours you work over 4 hours), i.e. faster than profits.

“But if this is so, then the rate of profit – the ratio of profit to investment must decline. In other words, the greater success of capitalists in accumulating, the greater is the pressure throughout the system for the rate of profit to fall.”

### **Harman**

Whilst individual firms prize increased profits by Labour saving devices to increase profits, acting collectively they reduce everybody's profits. This said all of capitalism eventually leads to taking competitors profits, but the falling rate of profit is acting as unaware of the problem, eventually on ever slimmer margins it will lead to monopoly, but this was the case even without labour saving devices.

A factor which of course also increases the decline of profit is the interest charges, on ever increasing loans the firm needs to simply tread water (see chapter 2 and 12).

Place this alongside Douglas's A + B theorem, and you can imagine a co-operative suffering from both the falling rate of profit (surplus) and the shortage in the money supply which "abstinence" from taking any collective increase, will still mean a dependence on loans to bridge income and costs. Further a new co-operative opening will also have to go into debt, and cannot buy your goods

(unless everyone involved invests their savings, but many co-operatives fail because they begin with too many people at the beginning)

(To repeat)

This was analysed in Douglas's "A + B theorem". Imagine a firm making light bulbs. As they begin business money lent to them will be distributed. The light bulb price on the market must take into account the need to recapture this loan investment as one of its overheads.

Consumers including those that received the firm's loan money, will have spent that money elsewhere, and in trying to buy light bulbs, find they cannot afford them since the firm is charging a price that is higher than the wages being distributed to buy them.

Obviously this does not mean individuals cannot afford individual light bulbs, but the purchasing power of the consumer is reduced, so affecting the firm's total sales.

Therefore it cannot recoup the overhead, or to be exact the loan investment it began with to start the business.

This happens over and over again throughout the distribution and exchange system, and will apply to any system of ideology, since all money is produced as debt.

"The total prices of all goods in the economy at any one time is therefore far higher than the total buying power of consumers."

## **Rowbotham 1998**

Now lets see a example of the falling rate of profit

“A simple example shows this. Assume there are one million workers each working an eight hour day, with four hours of that being sufficient to repay the employer for the costs of their wages. The capitalist class will get from them the equivalent of four million hours of surplus value a day”

“What happens if the workforce is cut to 100,000 as a result of new technology which increases productivity tenfold ?

The workers can now cover the cost of their wages in one tenth of four hours – that is in 24 minutes. The employers now get a huge 7 hours 36 minutes of surplus value from each worker. But the total surplus value from each worker. But the total surplus value from the workforce as a whole does not increase.

In fact, it falls from  $4 \times 1 \text{ million} + 4 \text{ million hours}$ , to  $100,000 \times 7 \text{ hours } 36 \text{ mins} + 760,000 \text{ hours}$ . And if even immense pressure is applied to the workers to make them work twice as hard, the amount of surplus labour each provides will only rise by an additional 12 min per worker – or by a mere  $12 \text{ mins} \times 100,000 + 20,000$  altogether”

Therefore increasing productivity does not increase profit over time, leaving an increase in hours as an option which has also shown not to increase profit as tired workers take more time off in stress and sick, and produce less when in work.

This leaves cutting the cost of wages, (even though small wage increases occur in proportion to the total productivity they produce over time, with increased stress and productivity the trade off ) which turns workers against their employers = the class struggle. To repeat

## **Harman**

To repeat

**Gesell recognized the problems with distribution, exchange, labour value, purchasing power and wage differential and debt, and what he hoped to achieve with “free” money was establishment of an equilibrium distribution of economic value, beginning to see that it is the movement of exchange not the (only) the unit price itself.(although I am not suggesting Gessel is the main theorist)**

Many different movements have recognised the problems from differing viewpoints.

Rodriquez noted that Che Guevara often spoke as follows

“We start from the point of view that we must give more to those who work harder. But even those who receive more because of their good work – even a canecutter who makes more than a doctor- must be conscious that he is not working only to make more money.he is receiving more because he works harder, burt he is working because it is useful to society.”

## **Waters**

In other words (and also) the law of value must always fall towards the worker, as they ...work, and it is their tangible effort which can be wieghed by themselves for themselves, not for others, quality is more important than quantity. Quantity should be determined by the worker,who of course needs to work. Exploitation of daily surplus labour froces the worker against his will, into slavery subtly.Goods in a market will remain stable If the money supply is treated as a mode of exchange not a form of value.Producing a society that stagnates instead of innovates, only produces socialism which capitlaism enjoys seeing, as the socialist society which does not exand recognising that innovation and small business, nullified only leads to that society regressing and becoming weak.

Guevara rejected the law of value in any transition period, maintaining that it was impossible to manage the economy by the “conscious and fundamental use of the law of value and its corollaries”, whilst also rejecting the commodity as an economic cell.

For millennia the world survived without markets, certainly electronic commodity/currency exchange markets. The law of value in labour is only a device to increase profits, or as production merely for exchange alone, not for a use. Owning only your labour (not the product of it, or the means of production, or owning the control of production, or even your working environment or choice of colleagues,) the worker is alienated.

Commodity's value is how much its exchange value is, deciding the rate of exchange is directly linked to the time taken for your labour to produce it. Since wider exchange in earlier societies did not always have satisfactory results (i.e. wishing to exchange the table you made, for 10 chickens), money became the mode of that exchange.

The problem being that accumulation by work, if it is limited also limits the ability to be generous and a benefactor to others. (freely given and enjoyed as such, i.e. the profit, the bosses think is their own). Producing for greater quality not just quantity was his vision, and it was not rewarded with money. Of course practically if you had a house, and good foods and a rewarding society around you, you will have received the reward money would have bought. Producing whilst being led by money, to meet its requirements does not produce quality (see chapter 2), producing whilst being supported by money as an aid, or as Douglas says a “mechanism of administration” increases quality. (see further chapter 10).

Geuvara adds.

“Owing to the very way it functions, the economic accounting system is inseparably linked to the dull instruments left to us by capitalism. It cannot work without capitalist economic mechanisms and categories borrowed from the capitalist market system”

against which it was noted, that the budgetary finance system he preferred, working as it did in the Ministry of industry when it directed 70% of the country's industrial production, it was responsible for 260,000 workers, 48 consolidated enterprises, and about 1500 establishments.

“In all it administered 1.5 Billion pesos of which 930 million were of capitalist origin”

## **Waters**

Since it managed across both (in transition) systems it was kept loose by tight administrative controls, managing cost and time, not as a restrictive benchmark for future targets, but to understand how to maximise work and production, whilst still keeping it enjoyable and absorbing. As discussed in chapter 3 and 10, the people became the bank, the bank did not dictate to the people or the work.

The difference in these distribution practicality's was the difference in producing state capitalism, and eventually totalitarianism, the Stalinist thermidor. (of course this presumes that the revolutionaries are actually intending to benefit the people !)

## **Dictatorship of the Proletariat and/or the Dictatorship of the Bourgeoisie**

### Changing one oppressor for another

The change from workers state to state capitalism, followed the line of merger between employer power (the state, not the workers) and the Unions, (too few people making labour monopolies of the many,

dictating not serving) beauracrats, legal and police merged with money power once again. The Unions are able to monitor and prevent this.

This centralisation of power away from the workers all over the country, was corrupted and fuelled by the workers losing power, or surrendering to the finance of accumulation by the states unlimited resources.

The state could provide fictitious capital. making money from money on a future promise fueling the extra steps needed to take control slowly but surely buying everyone as it went.

This is described by Dobbs writing about the social credit movement in 1974, in his introduction to Douglas "Economic democracy" as follows.

**“But in the meantime this movement has been the particular target for penetration by **Communists** whose policy is the ultimate centralisation of power through the final merger between employer power and Union power, money power and bureaucratic power, legal power and police power – all concentrated in the all-powerful work-state under the slogan ‘all power to the workers’ and under the sign of the clenched fist of mass intimidation.**

**There can be no doubt that the socialist movement nowadays, has rejected the will-to-freedom (except for lip service) and is wholly dominated by the will-to-power”**

**Douglas 1974 (4<sup>th</sup> ed)**

Yet this is the very system Capitalism produces, so lets alter the words of the above observation to give the mirror view.

**“But in the meantime this movement has been the particular target for penetration by **Capitalists** whose policy is the ultimate centralisation of power through the final merger between employer power and (by rendering it powerless by dubious legislation) Union power, money power and**

**bureaucratic power, legal power and police power – all concentrated in the all-powerful work-state under the slogan ‘all power to the bosses’ and under the sign of the clenched fist of mass intimidation.**

**There can be no doubt that the Capitalist movement nowadays, has rejected the will-to-freedom (except for lip service) and is wholly dominated by the will-to-power”**

You could add landed power, and industrial capital power to the latter

The people’s movement of the Russian revolution was one in which the masses definitely wanted change, and above them various competing interests arose. The discussions as to why the Russian revolution led to the Stalinist thermidor or change of revolution leading to totalitarianism (as briefly discussed in chapter 10), ultimately comes down to controlling the method of exchange. Commonly known as a bank/exchanger, (being one and the same) the masses are not employed in their entirety within its walls, and how could they be.

After the Russian revolution in 1917, a new bank was mooted in Russia namely the “Ruskombank”

In Petrograd in 1918, it opened in 1922 (December 1<sup>st</sup>) to

“take care of purely banking matters, it is a great step forward. And it seems to me that this bank was established in order to do something to create a new economic life in Russia”

### **Sutton**

Quoting from the US State dept decimal file in 1922, Sutton states the bank received investment and short term loans to introduce foreign Capital into the Soviet Union and generally to facilitate Russian overseas trade.

Wall street and Britain and Germany all invested, as did the previous Russian Tzarist bankers, and their interests were not the workers or the revolution but simply profit, which drove the economy. And today

despite the cold war ending, even though there is a gentlemen's agreement to "fight the war on terror", it seems Non Governmental Organisations are still spying on each other, just below the tacit agreement as Chomsky explains (see also chapter 8 and 10)

<http://news.independent.co.uk/europe/article340616.ece>

Yet when it comes to new Oil pipelines the war becomes cold again, as Ukraine heads for independence, Russia says the west engineered not for democracy but for blackgold.(oil that is.. as the Clampits used to sing)

Loans at interest only made this attractive, as loans without interest would not receive any reward if a counter revolution by the Peasants (against the Bolsheviks) or the Bourgeoisie seized the assets it paid for, but which the workers made.

Sutton also states asking a question in response to some who asked it;... were these bankers also secret Bolsheviks (and therefore were some of the Reds also just secret bankers) answer...

"no, of course not the financiers were without ideology" **Sutton**

although those that favoured a statist model did receive funds, whilst those who wished for a "truly free individualistic society" did not .

**Sutton**

However it should be said that many "statists" did not perceive that a people's government would become totalitarian, just as they probably did not wander around the Ruskombank, wondering ...what was going on in there, after all last year they were trying to plough a hard field in order that its yield paid the rent.(the right hand does not know what the left is doing...and vice versa)

So along with revolution without, there needs to be one within....nothing too deep or philosophically...just in the bank.

Although the Romantics down the ages from Diderot and Rosseau, Paine, Blake, Rossa, Wordsworth, Shelly, Byron, Yeats, MacDiarmada, Gunter and countless others have driven themselves mad wondering why with their pure reasoning, knowing man was born free but is in chains, they have not freed themselves and like the ancient mariner pursued by phantoms, they have withered as those without ideology have quietly taken over the ship, whispering shoot the albatross.

Further, Sutton points out that only 20% of the Bolshivieks were Jewish (out of over a thousand) and they mostly ended up dead or not in power. World revolution Sutton points out needs investment, it likes to have a centralised power structure in order to dictate its authority. What Marx did not envisage was a state which was purely centralised, accumulating debt over which the people or the state had no control. It was Napoleon Bonaparte who was interested in removing the relationship of church and state.

Faced with a hostile “west” other older regimes of international capital began to bluster and Russia felt Churchill and the class structure of the west and its armies raining down, which (he knew) would change the face of Russian economics, even if militarily he was not successful.(he did care how many died as in Gallipoli)

Despite Churchill praising the creation of Israel over 25 years later after WW2, he had previously been very loud denouncing Jews and the “Jewish world conspiracy”, playing loudly the antisemitism card.

He wrote in February 1920 in the *London Illustrated Sunday Herald* an article entitled “Zionism versus Bolshevism” in which it was concluded that Jewish people (who have created both) are in a struggle between these two opposing forces...one good and one dark and evil, Bolshevism being the latter.

### **Sutton**

Yet as pointed out in chapter 8 and chapter 10 & 11, Churchill who partitioned the ancient aspirational boundaries of the Zionists for Israel creating Transjordan into Jordan,(as he did with Iran and Iraq in Persia) did also not really care about Zionism, or this partition (easily avoided) would not have occurred, and if this is not so, what of claiming Israel was created in just one day.

The real reason uppermost in Churchills mind was the pursuit of Persian oil, which saw Churchills double parading around the world,or giving poignant recordings on the radio, whilst he was away (not fighting them on the beaches), fighting only for his class.

### **Engdhal**

Yet if anyone views the long list of banks in chapter 12, you will see that many different tribes/nationalities indulge in the “world conspiracy”, it is hardly conceivable that the Iranian banks are linked to the jewish world conspiracy (see chapter 12 page 3).Further countries which have gained freedoms under the Bolshievs inspired workers revolution from 1905, have fared better than did under the empire they were enslaved under previously (before invisible counter revolution by capital pushed people back).Ireland is one example.

And in agonising over the Dictatorship of the Proletariat and/or the Dictatorship of the Bourgeoisie, examining systems and methods we are left with the **Dictatorship of the rich and Super rich minority**

In which the vanguard of the Proletariat, the Bolsheviks are either too oppressive or powerless despite themselves.

Lenin's view that a liberal democracy could not lead to the freedom and/or the interests of the Proletariat because it would lead to the reformist views of Capital (amongst also the Unions) and become accommodating to Capitalists. However the advantages left to the Bourgeoisie after a revolution (including money and education and contacts) are nothing compared to the formation of a capitalist bank under the noses of the "bewildered herd" Proletariat, which from within (the bank) rises to give Communist Totalitarianism instead of Capitalist Totalitarianism.

The Proletariat also convinced by the Vanguard that they must become suspicious of the petty bourgeoisie and watch out for poets and other undesirables who may be forming a counter revolution against the increasing undemocratic actions of the vanguard, who however well intentioned have not noticed the capitalists creeping in, in the Ruskombank.

Therefore would the vanguard not organise (and they did organise voting for everyone, into the regional Soviets in Russia) a rotating committee of money distribution, rotating so as to represent all, avoid bureaucracy and corruption and to ensure no one became a new elite giving rise to a new "thermidor". (see basic outline in chapter 3)

And whilst organising the exterior also organise the internal mechanics of the bank, to set the exchange in motion so as to give a vast Prosperity and the pursuit of Happiness to all, ensuring that the revolution does not devour its own children.

**Lenin**

Today employers who employ between one and 25 (or thereabouts) are of course creating employment, but their employees may well have set up a similar business and become the entrepreneur instead. Employers state that if the new employee does not appreciate his wages terms and conditions, he the employer may well fire him and hire those who will. This last problem a repetition through history is caused by the wage differential, in which of course employers may well emigrate to poorer areas domestically to ensure his pool of compliant workers, or internationally to really make sure. If wage differentials were made equal across all countries then this problem could not exist. Employers may well make a change to sole trader status, which of course the “workers” could also move towards, whilst keeping a good protection of working conditions and pensions, in short a good public contract employment (in new legislation).

It cannot be a continuation where arguments or dissatisfaction between these two groups can continue as growth (i.e wages, holidays, hours conditions and health and safety,....the growth people really want) and expansion cannot hinder the workers at the expense of the higher classes who are disproportionately higher in wealth than those above. As mentioned many employers do not exploit the workers but know they are exploited by the debt system and bureaucracy they work within, which also contributes to the falling rate of profit.

Workers also want to feel they are craftsmen and not just automatons, whilst many feel they want simple work and are glad to do it (for a period of their own choice).

Across these workers “intellect” is not defined by class but always confounds convention when a member of the working class can be high in intelligence than those above, but in any case have figured out that the strain of being a sole trader or employer is not as carefree as simply enjoying life.

And workers have the right to demand they are paid fairly or strike.

All of the above represent 95% of the worlds population and in these days of migrating fictitious capital across the planet daily in billions, they are all working class.

Repeating the employer/ employee relationship, its problems splits them and leads to a dictatorship as the forces of production break down across “the classes”. Labour according to Marx was supposed to be voluntary, whereas in the totalitarianism of the Stalinists (state capitalists) failure to have a job was a criminal offence, known as “parasitism”, and led to forced labour in the Gulags, a situation which has parallels today (in its thinking) sees the conservative/ Blair alliance forcing people off incapacity benefit, and “job seekers” off unemployment benefit into minimum wage work, whilst poorer people cannot get a university place to prove they have a higher IQ, supported by state schools who underfunded (or with ill suited teachers) are being replaced by other options (instead of keeping what they have and improving it with ...stimulating teaching).

Labour party !... bourgeoisie party, doing the bidding of the 1<sup>st</sup> estate would be more accurate, except of course the workers are now a property owning class, but being mortgaged never get to own it.

I had this very conversation after the Sun went down under the light of the Moon with a few people, a Italian Spanish and Polish girl and her Polish boyfriend, a few Scots a French couple and an Irishman from Norway, who sailed to and then walked from Hull to Edinburgh. As we were walking across the Meadow in Edinburgh after the making poverty history march. The Spanish girl (as everyone agreed) said “what you mean is.. eh.... you don't want to get rid of one bunch of \*\*\*\*\*, to give power to another bunch...yes”.

Si....Bene. (etc)

Along with this which Dobbs also notes big business is also oppressive, backed as it is with the competition between Corporations, which in actual fact form a private club to protect each other, whilst gambling against each other for domination, the workers being the unlucky shuttlecocks.

You will notice however that the majority are the workers and the employers, they form the largest group, with the workers being by far the largest.

"Employers" of course are workers who won a limited form of production, the self employed (who were before industrialisation ... "the workers". The police and legal power are also the workers, of course depending upon wage and type of legal power, but workers in any case (trapped in less debt only, although many new graduating briefs would cross examine that statement, despite the fact the working class are unable to afford a degree, and £30,000 of student debt, as even the middle class are struggling with ).The Marxian theory of bureaucracy is discussed over the last few pages, and is discussed against the Social creditors theory of "The total prices of all goods in the economy at any one time is therefore far higher than the total buying power of consumers."

### **Rowbotham 1998**

Marx of course did not abandon employers as out of the question but recognised the inevitable problems which exploited the workers. And Marx did not finish his studies and ran into difficulties (as every economist does in a debt system which Marx was also against)

As the new committees took over the running of the country, the problem of distribution of money and goods and services set in. Forced to exist within the world's debt system and distributing money at interest, meant that the system, eventually broke down. Compounded by the threat to imperial interests, Russia was attacked forcing it to accelerate its economy, learning to run before it could walk. This pressure led to

increased security problems and the beginnings of the police state, away from workers organising themselves.

Many would say that this is always inevitable, and further the only way to break the bonds of Imperialism and domestic servitude to the capitalist system. This provides a circular argument as achieving this can result in a new dictatorship by the revolution itself.

However this new control of society is no different than a rich elite controlling society, and they cannot claim "the revolution" is any less undesirable than capitalism's undemocratic, violent and barren system of war, disease poverty and debt.

Further the west whilst giving lip service to christianity (especially the neocons) do not follow its financial advice, and cannot claim communism is any less Godfearing, especially as they are honest enough to admit it. It's better to be cold than lukewarm, whereupon if you are lukewarm, the Lord will spit you out of his mouth. Cuba however gave religious freedom to those who wanted it.

Debates without force shortly after 1905 and 1917, along the lines of Guevara's cost accounting (his attempt at a unified theory) would have provided an internal counter revolution against the transition (or backward step as Guevara and Castro called the Economic accounting system) continually decreasing the likelihood of the "Stalinist thermidor" otherwise known as the Fascist Police state. (not confined geographically or ideologically)

Therefore allowing the distribution of money in any change to continue efficiently, controlled and influenced by all will help the movement to keep going (and the "peasants" will not enter counter revolution)

Charging interest on money when economies were C-C (barter) was of course impossible, it provided added stress when it was C-M-C (labour producing Commodity, owned by boss, who pays Money for Commodity, ...the workers separated from owning means of production). M-C-M produced production purely for profit, and Interest provided the added necessity to squeeze down wages, so that MI becomes dominant.

If the boss paid you the exact cost of producing the commodity (who does not work), you would be richer, and he would be out of a job.

Adding to this accounting intervention into distribution and production Douglas maintains that any industry is generating costs, faster than it can distribute incomes in the form of wages and salaries.  
(to repeat)

“Now for reasons which it is hoped will be clear from what follows, the factory cost, including management and indirect labour, *of the total factory output of any article is always more than the total sum paid in wages, salaries and for raw material*, in respect of it. Consequently, the total output of the world's factory system is inevitably costed at a figure greatly in excess of the salaries and wages which go to the production of it. Selling charges and profit merely increase the price and decrease the purchasing power of money, as, of course, *caeteris paribus* do general rises in wages”

**Douglas 1974 with “The delusion of super production” The English Review december 1918 (reprint)**

Douglas maintained that the lack of purchasing power was not due to a “temporary” deflation of credit which many said he had mistaken for a permanent deficiency in the economy, but that the credit debt system could distribute goods and services,.. but only at the expense of producing goods nobody wanted (over production) or could afford.

Always, work in progress has to cover costs over an extended period, into the next accounting year, which then (the future work in progress) also accumulates costs which can never be repaid without loans and more loans at interest.(=forced growth).This would be the case if workers owned the means of production as (even in russian state capitalism), as they own it, within the debt system.

Capitalist M-C-M systems mean an increase in wages is all the alienated worker can achieve, if he had the means of that production he could enact Douglas's theory, but the world of debt at interest would also have to be removed.

A further problem occurs when it is thought that the worker finds more freedom when he can choose his employer.If choosing a private employer who owns him,his labour, the land and production (means of and products), the tendency for greed however well denied will resurface, the same will happen when the State owns him, his labour, the land and production (means of and products). No matter how much freedom he has in choosing, he will in both cases be exploited for profit.

Both Marx and Douglas argue, as do Marxists and Social creditors themselves also argue ( internally ) that their view will better or ease the workers lot.It is hoped that these solutions will bolster not just an ideological platform, but a cultural, historical and national view, as capitalism moves into socialism.

Whilst together their theories are indeed improving the lot of workers once enacted, both could of course lead to freedom or slavery, if the people at the top managed to run these new societies oppressively, biasedly or with a hidden agenda.

Any system takes honesty by those who run it, not for themselves.

However the fact that both views pinpointing the problems of history are beneficial and very insightful. Geuvara said (of his budget accounting system in particular) of cost accounting methods.

“These controls begin at the base, in the production unit. These are not just cold figures – although that’s what they are, for the majority of administrators today, with the possible exception of output figures. On the contrary, these figures contain within them an entire series of secrets that must be unveiled. Learning to interpret these secrets is the task of the day” (page 61)

This was to produce a new attitude towards work, recognising that people will never be perfect, a soft correction of the labour theory of value, in which no two workers can ever agree upon, but who know they have other compensations equalising each others worries.

## **Waters**

The differences in the economic accounting system and Geuvaras budgetary accounting, also marked the difference between the amazing output not just in production but also in education in Cuba .

This said and (in chapter 8), the documentary “the power of nightmares” maintains the notion that the Soviet Union was financially crippled leading to the collapse of the Berlin wall. The final domino coming from the Soviet Afgan war (which the west maintained, up until a few years ago, the Soviets started, but was in actuality a western war, which drew the soviets in.). The west was in fact in a worse state (hidden by its massive debt, which it kept increasing) and the permanent arms economy needed the Afgan war, and needed it to escalate. Further the former revolutionaries, (turned state capitalists via Stalin or previous) childrens children today have become an elite, albeit within state capitalism to robber baron transformation.

Long before the Berlin wall came down, they had consciously wanted to move from state capitalism, directly into a westernised economy. Trying to do this in a few years, when the West had hundreds of years, led to a Russian disaster, which will only be entrenched as it moves into a boom...and then bust cycle. This non feudal modern exploited proletariat will then storm the palace at St Petersburg, and if successful triumph, rename it again wiser than before.

Begging at domestic level usually under guise of wage, and ability (e.g. the apprentice earns half pay until qualified...but for how long, and the master tradesmen increases his earnings as his own skill and the apprentice improves ).

Both at some point could purchase each others wares, but the master will buy and resell the (improved) apprentices wares for a profit. However the effort that went into the apprentice's wares was just as consuming as the masters. The master of course will not "teach" for nothing, and his work deserves reward. Here the value to the community has to be weighed, against selfishness !. This small amount of "trade" in the context of world trade is only a small matter, and it is not apprentices ruining domestic or world trade.

The social creditors would say that a national dividend or income would help to displace these problems, and it is a problem very widely discussed, it goes to the very point and problems of the world (non) economy.

<http://www.resurgencecymru.org/economicdemocracy.html>

Whether we have hundreds of individual separate forms and types of money or just one worldwide, this does not need to effect "national independence", it only effects trade. Of course today with communications as they are (visibility) it would be very easy for everyone to see everyone (and what the cash is doing, i.e your cash), whether this is religiously apostate, and one of those signs of the "end times",

(as is commonly, hysterically cited) is a self defeating argument since this religious belief, assumes faith to accept its premise, it also follows that your faith will save you, and Heaven is just around the corner. Trading in your currency or one worldwide currency will not earn or lose you “brownie” points. One currency could be easier to reform, and prevents wage differentials across continents...and makes poverty history.

Binding all of these together is the “law” which favours the rich overwhelmingly. As the worlds economic disparities are glaringly obvious (and sickening), it is only by changing the law, that full revolution can be achieved and armed revolution can be avoided.

Once change arrives the law follows the new conditions, how change arrives is in the lack or expedient enactment of change, as conflict escalates.

As can be seen there are minor difficulties which can be ironed out scientifically, but as there is an argument that a built/completed project is a tangible asset itself standing as a means to cancel debt once completed, it is true that any minor difficulties can themselves be cancelled, just as the current national debt could be cancelled in any and every country worldwide, or turned into equity, so to can the small difficulties over saving and hoarding be erased. For instance the current national debt could be wiped out as a mark of respect to those that died in wars, surely the people have paid for it already. Or all the extra care and time people put into their work without reward, add all of this up and this should cancel any debts in existence, as should the theft of profits by the owner/boss over the workers for thousands of years, what right have they to have done so, whilst millions lived in poverty, and Billions do so today.

Capitalists say it's inevitable that there is always going to be poor people /, if so why can't they have interest free credit?

The idea that a project can be undertaken and completed without financial debt is seen as “getting something for nothing” !, yet the ownership of money is not “private” since the banks (and bank of last resort) do not have any reserves of “money” in their accounts (see chapter 12 and 2). The bank lends non-existent money and gets the returned circulating “credit” the people get the “debit”? why do they, the banks own the money...if indeed they had any... no society does itself.

This reason is compelling enough to spend and once completed (a project) the people, the community can cancel the debt. Then they can start again.

The Myth that there is not enough money, or money has “ran out” due to going over budget (usually capped by government, at ridiculously low targets). Consider hospital closure, first there is a hospital with local services, and patients (and long waiting lists) and builders with materials in stock to upkeep the building, people of every need and profession ready to work, but there is not enough money?. What do the government do, well all we hear is they raise interest rates to cause borrowing to slow (credit depressed = depression) or they lower interest rates to increase borrowing (at interest, more credit = boom), yet they cannot supply interest free (or any) money to the hospital...why, where is it.

Imagine building a small village without money ( a barter economy) and with the necessary engineering, joinery, brick and agriculture start and complete it (which society can do today as they did thousands of years ago), but would then they have a debt ?.....no they would only owe each other for each others efforts, which they cannot repay (at the moment) but are consoled by having shelter, sanitary conditions and a base to work and live, and in any case a community, or whole countries or Continents. Coming together society does not put the obligation onto each other to repay physical resources they all own.

The debt does not exist as work is not a debt. Can you imagine water falling, as debt after it fell? (actually these days you can with high water charges, and England is leading the way to privatize all water companies in the third world, treating water itself as a commodity?)

Now imagine the same scenario within the current exchange of money after which they are left with a debt they cannot repay.

Why the village has not broke even, even when they have completed the work.

Since the bank owns your debt they own the village. The symbol of the physical piece of paper, i.e. the money is presumed to be the property of the bank which created it and issued it. By insisting this is true (as opposed to society and the government owning it) and that it must be repaid by society, it implies the banks owns the money, and denies its ownership by the people which is actually the case.

Imagine the owner/printer of an old set of bus tickets (a separate company usually produced books of tickets to the bus company) imagining that they are the real owner of the bus company and transport system and it is therefore entitled also to the tickets face value or price, rather than the price of printing very cheap card tickets. They then charge the bus company 4% on every ticket as well as the face value.

The ticket company has no assets set against this claim or money/tickets to back it up.

This is essentially what the banks do. Further by charging interest on this debt at the point of creating/printing the money it causes inflation, as money is borrowed again, with higher interest by the secondary lender (and so on).

In addition to the last two points the amount of real money (the MO see chapter 2) is only 3 to 4% or in 2004 about £44 billion of the amount of money lent out, yet the total debt of loans also exceeds the money stock (money lent out or promised), so that society continually returns for new loans to the banks who have of course no money, but not, no credit for society to carry on working.!

MO (debt and interest free cash, notes and coins) can be deposited into a bank account, as savings but if you withdraw it you will not get the same note back!, only £44 billion is in circulation in the entire economy. All other deposits into accounts are cheques or computer digits (not actual money). These are classed as savings, but were originally produced out of nothing, a deposit (savings) is not therefore real, to be used as a base as borrowing more credit, since it was itself fictitious in origin. Savings do not therefore constitute lending to fund industry or society through the banks.

Imagine the firm of bus ticket printers stating they will give unlimited tickets to the bus company ...at 4 or 5 % interest, and of course the analogy is taken further when the bus conductor keeps running out of tickets, and has to go into debt on the interest the printers are charging as well as the face value of the tickets, (with no choice) its absurd. Of course the banks “tickets” issued as debits or debt to society also contribute to the national debt as well as the interest (if taxes cannot repay “the interest on the debt”).

People have become so acceptant of the banking system they do not see the real or natural cost of society as not occurring debt...its something for nothing, a dream, but in fact its only the banks who are providing this non-existent unreality. It is also a crime, a fraud of counterfeiting prosecutable under law.

Does money grow on trees, no but apples and pomegranates do and when you bite into them they do not leave you with debt.(financially not philo or theo sophically)

“the price of wheat is not fixed by the demand and supply of wheat alone. It is partly fixed by the demand and supply of money. Money is for most people, overlooked entirely as a price determiner. That is where people make a big mistake, measuring every price in that money, but unable to measure that money itself (by an index number).”

When a currency value falls, it loses its purchasing power, it buys less goods. A competing currency may then rise, if its value has risen, it buys more goods, “but neither change was responsible for the entire gap between them”

Fisher (see main bibliography on front page)

Using this debt free system and combining it with Fishers 100% money system society can produce unlimited funds. How can a person be born and not have this basic human right as it travels through life. It eliminates commodity's backing currency value, (especially as the banks have no money) and does away with inflating and deflating currency to form stock exchange speculation (now a daily 14 trillion dollars), it removes the need to control others goods and so removes war (but not suspicion or hate, which can either escalate or dissipate)

Channel 4 recently made a documentary on Gordon Browns missing millions, it highlighted that to pay for everything taxes must increase, wages decrease, or more borrowing must occur. (Or a war) This logic could be applied to every Chancellor who has ever been in office. Further the borrowing and increased taxes and lowered wages (and war), are all charged at interest, and contribute to the

national debt.(it could of course be any chancellors missing millions, as the previous Tories also missed a few millions here and there)

#### **Channel 4 Dispatches 7/11/2005**

<http://politics.guardian.co.uk/economics/comment/0,11268,1635553,00.html>

The Guardian reviewing the documentary points out (see above link)

“Over the summer, the Treasury announced it was changing the time period over which this was measured, which coincidentally made it easier to meet the target. A purely technical change? And what about the Private Finance Initiative? Perhaps the Chancellor is keen on this simply because he believes the private sector will really be more efficient by enough to pay for their higher cost of borrowing.

But I suspect that he is attracted to PFI because this borrowing doesn't appear on the public sector balance sheets. Just like the £21bn owed by National Rail is not registered as part of the National Debt. The sad story of the railways is a reminder of one area where we haven't seen much extra spending. Transport spending by the public sector has been lower as a share of national income over the past eight years than under Margaret Thatcher. Little surprise that our transport infrastructure is in such a mess”.

PFI is “off budget” but bonds (stocks and securities) and debt money never are “off budget”.

The government now has new money in the form of loans to spend on its requirements, such as public services. If this money was not borrowed into existence in this way, there would be less economic activity as a result. Under this system national debt is money issued to the government and, as such, has become a vital part of the total money supply of any modern nation. The government constantly tells us that "there isn't enough money", because it knows that the cost of borrowing money this way has to be passed on to the taxpayer. Instead, it sells off state assets and now gets the private sector to fund public services instead.

However PFI is funded by private and public money and the private money is still contributing to the national debt (see chapter 6 pages 16 & 17, and also chapter 2 and 4), as well as being the mechanism where public owned items fall into private hands, it is also like a mortgage in which the public pay back up to ten times the principal cost of the contract. Further despite the influx of “private” money, into PFI built hospitals, the NHS (agency) is still losing money, eventually the amalgamation of the PFI management and NHS (agency) into one unit is the ultimate aim, as it has become with some private schools in the USA who therefore dictate the ordering and stockpiling of books to read, not fahrenheit “9/11” but Farenhiet 451 (Ray Bradbury *Farenhiet 451*)

All national debt is (in theory) supposed to raise revenue to cover the shortfall in taxation.

Since all money is produced into inflationary policies, PFI will eventually increase the national debt, because the entire money stock is created as debt, money is constantly being inflated.

PFI funded by loans is of course (whether domestically or internationally) underwritten by the bank of last resort, which taxpayers underwrite in it very borrowing mechanism. Not for profit is the way public infrastructure remains affordable, whatever the SVP, people should be given a full choice (costed).

The inequality is matched only by having inheritance tax, and capital gains tax for people who earn below £50, 000, or who are too poor, with have only property.

First consider the following article in the Guardian on Novemeber 14<sup>th</sup> 2005...(Larry Elliot)

“Burn the textbooks. Forget the fuddy duddy stuff about demand and supply. Blow a raspberry at economic theory. That is the message being sent out by the foreign exchange markets, where the dollar reached a two – year high against the euro and the Yen last week.”

Larry Elliot points out that the US reached a trade deficit of \$66.1 billion last week, equivalent to 6% of its Gross Domestic Product. The US was financing its trade deficit by flooding the markets with dollar dominated assets, he continues;

“And when the supply of something goes up, isn’t it customary for the price to come down? Full marks for impeccable logic.”

Yet the price is still going up?, the reason is supply is plentiful, but the cost is low (as for every dollar the US is earning it spends a dollar and 6 cents) the US is selling off its dollar assets providing an impetus to acquire US assets and in effect become the dominant empire over them cheaply, and when spending is all you can do, you cannot stop yourself, since you have to continue.

Eventually lending out and living off the same credit source is going to meet and bust, especially if the buyers decide to cash in their treasury bonds they were supplied with and which they demanded. The more they bought the higher the price became, but still provided value for money for the buyer. Debt is the antithesis of wealth; it is upside down the wrong way around. And capital is not loyal it will rush to the new source of capital centre, to get profit. But profit speculation chases the latest boom or balloon, wherever it leads.

“There are two principal sources of revenue upon which governments can call for this inflationary policy to continue.

(1) Commercial banks and building societies

(2) Savings, insurance, pension and trust funds (the non banking sector )”

When the government draws up official treasury or federal bonds to fund the public sector borrowing requirement (PSBR or the tax shortfall), they are auctioned on the money markets.

Either they are recycled from savings in parallel with debt as in (2) savings, insurance, pension and trust funds (the non banking sector) or they are created by the act of lending, again in parallel with debt as in (1) commercial banks and building societies ....or all lending institutions.

As with (2) (see below) on pensions it is just more debt money as with (1) still more debt money

“In summary bonds bought by the non-banking sector recycle monies from saving into everyday circulation; bonds bought by the banking sector contribute to the total money stock. There is a parallel increase in debt in both cases.”

### **Rowbatham 2000**

This begs the question as to why if public infrastructure is so bad, why would “private” concerns want it.....oh well they will make it more efficient, and provide funds for its improvement, but then the government could do this also, and without debt, interest on the funds (from taxes) or without a war or lowering wages, and this can be applied to every endeavour in any industry the world over. PFI is simply a means of removing public control to private on which to raise capital for private endeavours. The public have lost this use and will pay interest upon compound interest for 25 to 30 years. Around the world daily a documentary could term its title missing trillions. Yet as is mentioned in chapter 4 “pfi is the only game in town” , when the company could be funded under any system of finance easily. People have to be given the choice accuratley

The missing millions also continue into pensions which are of course missing. What is the solution from capitalisms elite...get everyone to work for two more years after 65.This was most likely solution arrived at after various calculations on paper meant that the increased hole in the pensions

would even larger and harder to cover up, so losing potential votes. It is likely as with the period for calculating cycles of expenditure and growth, grow to 69 or even 70 for retirement age. But why.....

“The bulk of the money said to be in existence in the money markets does not actually exist at all. What exists is in fact another form of debt When a pension fund is said to hold £500 million, it does not actually hold this amount of money; it holds £500 million worth of assets in the form of shares, stocks and bonds. Despite the massive money values stated, and totals traded, there is comparatively little actual money circulating to aid the exchange of a massive quantity of stocks and shares.

Even though they are termed assets, such stocks and shares are more accurately described as a form of debt. This is obvious in the case of government stocks and treasury bills. But company shares and bonds are properly considered a debt of the issuing company, since they represent a claim against the company’s assets, and involve an undertaking to pay dividends at certain regular future dates. Thus stock markets are trading not in money, but in industrial debts ”

### **Rowbotham.1998**

Money is severely subject to the eroding principle of inflation, which even with superior interest rates a cash deposit loses its value monthly. Stocks and shares are actually classed as “near money” not real money as they are only a commodity currency. Pensions are debt, suffering from inflation and the slumps and boom of the “market”. People cannot afford to save to pay into them, nor can they pay taxes, and have more left from pension providing. Instead pensioners are forced to sell their homes while the government could produce money itself or demand the banks change their system. The reality is society has been conned into believing that they really have something for nothing,

as the whole pensions bond and stocks plan is simply planned this way to provide wealth back to the banks. You will notice that banks make profits which in turn they invest and speculate on the stock market to make them more profit. You are simply the fool that works in this system. This is not to say many people have not benefited from the initial surge in boom years retiring healthy, but out of the worlds population including those who have lost all pension value, can such a risk laden unstable system be the option?.

Especially as

“an interest bearing world bank loan or bond requires more money to be repaid than was borrowed, so an investment by a Multinational Corporation (MCN's) ultimately means a net outflow of money from the host country. Nations thus become progressively dependent upon continued inward investment, just as they become dependant on repeated loans”

### **Rowbotham 1998**

But in turn the economy is dependent on the banks supplying the MCN's with those loans; the eventual black hole is only filled by accounting fudge hidden by the movement of currencies across stock markets as depressions move from one sector or country to the next.

Whether it is a MCN in a different country or a large supermarket in a village the eventual economy and local business is sucked into them providing the faceless soulless corporation replacing local suppliers (which were cheaper before large supermarket chains virtual bully planning departments to open their store).

Eventually all is tied into the stock market, and like red letter warnings on mortgage endowment shortfall policies, the surreal debt non existent supply of money fails to deliver its promised return.

Farmers face 4 or 5 layers of specialists and middlemen before their produce can get to market, each one passes on the price with his profit (to meet interest payments in each stage, interest each

profession in between accrues in everything he does, beginning with the original issuance of money into the economy by the banks), by the time his produce reaches the market he is receiving only 20% of the selling price, which the consumer pays. Going direct the farmer could sell at the 60% price and the consumer buy (fresh healthy produce) at the 80% mark and both will have profited.

“ Therefore it is true to say that the loans are temporary but the money created by the banks is permanent .Once created it belongs to the banks constantly returning to their ownership, and control with the repayment of each debt ”

### **Rowbotham 1998**

And speaking on investment and savings (and therefore so called private PFI funding) into any area of society

“Conventional theories assert that investment capital must come from savings. The more traditional theory asserts that investment should come from savings to avoid inflation, arguing that the lending of savings for investment does not constitute an act of money creation.

Investment is deemed to involve an act of simple lending, of savings that are ‘tied up’ on deposit. Thus it is argued, the active, circulating money stock is not increased by the lending of savings.

More advanced equity theory accepts that investment must come from savings, but asserts that when a loan is made, money creation has taken place. It argues that a new product – debt – has been created.

This new product generates a return, in the form of interest for the lender. Thus, lenders profit through the action of banks making loans to borrowers.”

“Both theories are profoundly false. The falsity of the traditional theory is reasonably obvious and confirmed by every book on the practice of banking and every piece of monetary data available from the global economy. Bank lending involves money creation

The falsity of the equity theory is not so immediately apparent. Deposits of money used as the collateral for lending do indeed accrue interest from borrowers.

But this is not the entire story. Ultimately depositors do not gain from the action of banks using their deposits as the basis for lending. We all know this is the case.

A monetary deposit left untouched, gathering interest, for a decade or so may have grown to £2000. But the purchasing power of that sum can actually have fallen, due to inflation. Whilst the empirical evidence that savers who hold monetary deposits actually lose out is fairly widely appreciated, and whilst inflation is recognized as the culprit, the full analysis of this phenomenon is not widely understood. Why do depositors, despite receiving interest payments, ultimately lose money ?”

“The answer was first spelled out by the Nobel laureate, Professor Frederick Soddy, who demonstrated that it is the banking system that is responsible for the constant erosion of depositor’s wealth and the banking system that is the ultimate beneficiary of capital/money creation. The cause of the inflation that devalues all deposits is of course the act of monetary creation by the banks. The money stock is inflated by every act of lending and this constantly devalues money. Soddy pointed out that it was banks who actually gained as a result of their lending activities true, the depositors receives a nominal amount of interest .But the valuable new product created – the debt bond- is deemed the property of the bank, not the depositor against whose money the loan was advanced.”

This debt bond represents both the quantity of money created and the degree by which the money stock has inflated. The depositor receives interest, but the money stock is inflated by the totality of the loan, whilst the depositor receives only a fraction of this amount annually. Therefore the gain will not be as great as the banks for many years.

Meanwhile because the bank keeps issuing further loans to other borrowers, the first borrower finds his monetary deposit eroded by constant inflation. The rate of payment of interest rarely keeps pace with the rate of which the money stock is inflated. And all the while, banks are accumulating assets, held in their own name, using the depositor's money as collateral and constantly devaluing it."

"As for interest payments, these derive not from the bank, but the borrower. The summary of this rather complex relationship is that depositors make a gain at the expense of the borrowers, whilst the banks gain at the expense of both. Indeed, the banks gain at the expense of the entire community since they increase their wealth by the full amount of each loan. Thus Professor Soddy says, banks lay claim to the "virtual wealth of the community."

### **Rowbotham 2000**

Therefore the banks own the assets, creating further dependency on them (latent assets).

In short society should own the money the banks should not.

Compare wages of top earners in the financial industry and their bonus

<http://www.personneltoday.com/Articles/2005/12/01/32814/Investment+bank+to+share+out+billions+of+dollars+to+US.htm>

Compared to workers elsewhere.

<http://www.personneltoday.com/Articles/2005/11/29/32795/Bonus+misery+set+to+depress+the+workforce.htm>

Of course the majority of workers do not even know what a bonus is.

Castro's speech February 1961 (includes comments on consolidated enterprises)

<http://lanic.utexas.edu/la/cb/cuba/castro/1961/19610212>

An excerpt from the speech as follows

“Does Mr. Kennedy want to end all unemployment in the United States? Well, let him nationalize the big monopolies; let him nationalize the banks, (so that banks would not be?) private enterprises managed by just a few millionaires; let him eliminate the military bases abroad; let him stop the arms race; let him stop making rockets and battleships and wage a policy of peace; and then he will see how problems and the crisis in the United States will come to an end.”

And

“Now they are worried about a radio transmitter Cuba is going to set up. They have them and broadcast lies in to all parts of the world. They feel right in approving credit for Cuban exiles. Cuba then has the right to get credit and to approve credit for all exiles in all Latin America. As of today Cuba is going to declare that if the United States has the right to promote counterrevolution in Cuba and Latin America, Cuba has the right to encourage revolution in Latin America. (Shouts of Cuba yes, Yankee no!) What cannot be permitted is for them to believe that they have the right to promote counterrevolutions and to give arms to counterrevolutionaries but that Cuba does not have the right to defend the revolutionaries. If imperialism believes it has the right to these activities against us, we have the right to commit similar actions against the imperialists”

And this last point is the crux of the permanent arms economy. It is also the start of the economic accounting system, as man not as a commodity is less able to fuel the need for war, in order to fuel the need for money circulation. (Searching for the missing money the system purposely does not have) in that the blockades, which the USA instigated also signalled a change in accounting, credit with interest and commodity markets, the result is seen below. A debt problem, not because Cuba could not have managed if left alone, but that the entire world is trapped in the debt system.

Imperialism via war or the threat, or the pre-emptive threat and fear fuelling the debts from the banks.

Cuba's external and domestic debt (2004)

[http://ctp.iccas.miami.edu/FACTS\\_Web/Cuba%20Facts%20Issue%208%20February%202005.htm](http://ctp.iccas.miami.edu/FACTS_Web/Cuba%20Facts%20Issue%208%20February%202005.htm)

Having domestic stability, and beginning to trade or import the world's financial system is designed to hinder any nation's aspirations, which is why change is needed internationally.

After the Cuban economy developed rapidly, (although it inherited large amounts of debt) why did this happen to Cuba, after it broke free?

“Measured by averages, Cubans students now lead the world in education. Their health care now equals America, and infant mortality is lower. No Cubans were hungry, housing was being rapidly built, and a sign outside Havana read ‘Million of children worldwide sleep in the street and not one is Cuban’.

All this is accomplished even as Cuba was totally embargoed by the West. No ship trading with America dared dock in a Cuban port; if they did they could not dock in the United States. No corporation dared trade with Cuba; to do so would result in fines or withdrawal of trading rights in the United States. Such rapidly development of a nation breaking free was the great fear of managers of state.

Saboteurs – trained, armed financed, and managed by the CIA- counterfeited Cuban money and ration books, burned cane fields and infected them with fungus, infected tobacco fields with mildew, and infected potato plants with the potato ravenging insect *Therepi palmi*.

African swine fever never before seen in the western hemisphere, ravaged Cuba twice and and 500,000 pigs had to be destroyed.

Over 300,000 Cubans were infected with dengue fever, 158 died of which 101 were children under 15 years old. Enough operatives have acknowledged their part in this biological warfare that serious researchers accept the accuracy of these allegations. Newly released CIA documents alerted crop researchers that crop warfare was practiced against a number of impoverished countries.

This author watched a news broadcast where one operative boasted of over 50 forays into Cuba creating such havoc, including blowing up a Cuban railway trustle and ‘watching the train go into the ravine just like in the movies’.The reader should note that until “9/11”, terrorist attack on America, no one was blowing up American or European trains and refineries, no one was poisoning the West dairy cattle (7,000 East German dairy cattle were poisoned by the CIA) and no one was practicing germ warfare against the West.”

### **Smith J.W.**

Human rights accusations against Cuba have been justified by them, in order to maintain power, but they are not the cause of the unrest and violence.

### The IMF says it wrecked Argentina’s economy

See also

<http://www.globalexchange.org/campaigns/wbimf/2377.html>

Argentina’s economy was almost defunct in 2001-2002, with the banks closing the doors on its citizens. It has now recovered somewhat. Is the recovery down to IMF intervention, with new loans and conditions and instruments, well no it is down to doing exactly the opposite, namely a competitive exchange rate (not fixed to the dollar)and a “revival of local consumption”. Capital reserves jumped by £10 billion in just 2 years. Argentina still has a massive debt, and the exchange rate adjustments do not amount to real wealth for its society long term. It is simply working to avoid the continued debt trap; local consumption will be the long term answer

### **The Guardian 13/12/2004**

Charging interest on money when economies were C-C (barter) was of course impossible, it provided added stress when it was C-M-C (labour producing Commodity, owned by boss, who pays Money for Commodity, ...the workers separated from owning means of production). M-C-M produced production purely for profit, and Interest provided the added necessity to squeeze down wages, so that MI becomes dominant.

If the boss paid you the exact cost of producing the commodity (who does not work), you would be richer, and he would be out of a job. Yet even when the worker(s) own the means of production, say a co-operative, it still will not have the purchasing power to carry on in business as the aid or “mechanism of administration” (money) will not be available as consumers (anyone) will also be repaying loans, credit cards, mortgages, IMF, World bank (etc), and so sales will not follow.

Why because there is not enough money, money which does not exist, yet does exist...once a loan request is made. Interest is charged on the loan, the economy either in deflation or inflation cannot fill in the gap, as more credit is promised than exists as debt (money) to pay it.

As for the Corporation, they exist in law as a peculiar entity, but any corporation cannot exist as it does without the “money corporation” dictating its actions as a regulator unto itself. Unlike the overriding “law” to the shareholder the Corporations inevitably make profits for, the Central bank of last resort, finds its way around that problem, which is something even corporations and the public have been unable to achieve.

Yet despite this over 93 local authorities have voted (through participating tenants) to retain housing in local council stock, (with local public control) now if the attitude of “not a never ending pot of money” was abandoned, the housing stock could be renovated and/or rebuilt with money which need not be

created as debt at interest, for however much the labourers are prepared to work, or work is required to the same extent as “private money”.(private money, is 90% borrowed from banks at interest, which are underwritten by the bank of last resort, which in turn is underwritten by your taxes, even though the private company assumes a borrowing risk, public money need not have “loans at interest risk” and its debt can be cancelled set against the national asset, the opposite of the national debt see further chapter 2, 4 and 12).

Further and what people miss is that this work can be still be apportioned to the contractors who were going to do the “private” work, only their staff will have public contracts and management will still require provision for socio-economic considerations.

<http://www.defendcouncilhousing.org.uk/dch/>

Achieving freedom around concerns for a functioning economy after change has occurred, of course does not disguise the powerful and ruthless opposition capital throws against a workers state, this was clear as capitalist watched in horror as the Russian revolution broke free of the system, it in turn spread into Italy and Germany, to the extent that the German Navy and army were flying the red flag. The co-alit ion (of the rich) using the worker against Russia only slowed its advance, allowing the social democrats and moderate socialists to employ the private “free corps” (mercenaries) against it, they were able to recapture much infrastructure the Russians had captured. This and the traditional nationalistic differences caused the revolution to slow. Eventually the west through the Thule society and the I.G Farben Company (paid via Wall Street) allowed Hitler deliberately into power to stir up fascism to prevent the workers emancipation from spreading over Europe.

The other major financier of Hitler even after his invasions was the Bank of England

**Hargreaves**

The world is run like a Credit card, not only in national domestic micro matters, but also on the larger international macro level. It could be run instead like a Debit card without interest charges and overdrafts. Further many temporary 0% Credit cards, are only temporary and revert to 15 – 24 % APR instead of being permanent. The difference in these two operations is owning the money supply publicly.

Of course Debit cards imply a ready available supply of money, which can be politically and economically controlled, which provides real wealth not real debt.

This does not mean expansion cannot be achieved, as Public credit can be released within a 100% money supply system (which can be achieved with or without paper money and coins). The “MO” can be made 100% (see chapter 2) produced without borrowing, debt or interest, or a system described in Chapter 6b page 23, or in this chapter pages 27/28 above...Guernsey example).

It can then be reduced and erased.

A source of debt and interest free means of exchange (money) is vital after a revolution, it is to be sustained, and not regress into totalitarianism. Every (any) economic philosophy or system will fail in a debt system. The question as to whether “Communism” leads to totalitarianism is as absurd as denying that capitalism in every empire has always led to totalitarianism (or has collapsed internally several times).

In any of these systems freedom to Free thought, speech and happiness will ensure “totalitarianism” does not crush aspirations, ensuring total visibility and participation in a economic democracy means everyone must have a say in the distribution of money, and with or without a party it must have short tenure in its personnel to new personnel and revolve constantly, to avoid corruption, chosen by public election or at

random, a continuous revolution! , around which society can be provided for, with total regional participation, with the outer edges dictating what the centre should do.

Many consider the following to be true;

**“There are two fools in this world. One is the millionaire who thinks that by hoarding money he can somehow accumulate real power, and the other is the penniless reformer who thinks that if only he can take the money from one class and give it to another, all the world's ills will be cured.”** (Henry Ford)

The first part happens continually, but is true, whilst Ford, like many who think they understand Socialist economics, believe that “taking the money” from one class and giving it to another is the purpose of Socialism. Actually the class “with” has already taken it from others “without” and “class” only exists because one group has exploited another. And there are no spiritual or political reasons to justify this see chapter 10, & 11. and of course this chapter (but more importantly the bibliographies..4 in all).

Millionaires also still produce the highest rates of suicide.

Further imperialism, invasion and war are an “elite class” stealing the wealth, and the lives of “another”. Without workers and their labour recalculated to reduce their own incomes, the class that performs this function, claiming that surplus labour as profit would not exist, and it is a problem springing mainly from mass production, rather than rural enterprises in country/village life. Small, family or business’s workers have built themselves, make up the overall majority of the worlds population.

Accumulation as a “problem” between them is one which must be solved or they will only accumulate ecological, economic and political disaster. In the country or in the town these workers above, do not own the land they walk on, yet are required to eat the contaminated produce it harvests.

Many people believe that any political system is doomed to failure, comforting themselves perhaps that private (unelected) corporations would run society better, fearing that the state is all powerful and in communist countries (although it seems the cold war is back on, despite Russia's being a state capitalist economy during the "cold war") lead to totalitarian regimes.

"The state is the only institution in the world that can bring a corporation to life. It alone grants corporations their essential rights such as legal personhood and limited liability, and it compels them always to put profit first. It raises police forces and armies and builds courthouses and prisons (all compulsory paid for by citizens) to enforce corporations property rights – rights themselves created by the state.

And only in the state, in conjunction with with other states, can enter into international trade deals and create global institutions, such as the World Trade Organisation, that in turn, limit its ability to regulate the corporations and property rights it has created. Without the state the corporation is nothing, literally nothing"

**Bakun**

"It is therefore a mistake to believe that because corporations are now strong, the state has become weak. Economic globalisation and deregulation have diminished the states capacity to protect the public interest (through, for example, labor laws, environmental laws, and consumer protection laws) and have strengthened its power to promote corporations interest (through, for example, corporate laws, property and contract laws, copyright laws, and international trade laws)"

**Bakun**

“Overall, however, the states power has not been reduced. It has been redistributed, more tightly connected to the needs and interests of corporations and less to the public interest”

## **Bakun**

In other words the state cannot protect or represent its citizens, but also the state is only existing to protect corporations from its citizens. Therefore elections look real but are not, MPs represent... but do not, producing only legislation which is not based on the “strength of the people” (democracy) whilst the people who spectate the economic arena, do not make decisions or plan. MPs who are keen to make legislation mirror the peoples own economic arena cannot. No (economic) democracy only a virtual parliament, a parliamentocracy, a façade.

And for want of over simplification chapter 3 (as chapter 1) hopes to show (as one idea) how “the people” can take charge of their own money and their labour, and make it instead an economic democracy instead of an arena, further workers whether in employment, the state or in corporations are the most singular measure of value themselves, by themselves, the law of value is their minute by minute assessment. and “the people” means you.

## **Bibliography**

Ahmed, N. M. (2005) *The War on Truth* Arris books

Mac Aonghusa, Proinsias (Ed) *What Connolly Said* NEW IRESLAND BOOKS

Backhouse Roger E (2002 ) *The Penquin History of Economics* Penquin Books.

Bakun (2005) *The Corperation* Free Press Bamford (2004) *A Pretext for War, 9/11, Iraq, and the Abuse of America's Intelligence Agency* Doubleday

Bello, Walden (2005) *Global Finance New Thinking on Regulating Speculative Capital Markets* Zed books

Cahill Kevin (2001) *Who owns Britain; The hidden facts behind landownership in the uk and Ireland* Edinburgh; Canongate.

Chomsky, Noam (2003) *Understanding Power* Vintage.

Cockburn A, & Cockburn P (2000) *Saddam Hussein an American Obsession* Verso

De Soto H (2001) *The Mystery of Capital* Black Swan

Douglas (1974) *Economic Democracy with the delusion of super production* Bloomfield publishers (reprint)

Douglas ( 1933) *Social Credit* Eyre and Spottiswoode

Engdhal William F(1992) *A century of War Anglo –American Oil Politics* Published by Consortium USA

Engelbrecht and Hanighan (1934) 1<sup>st</sup> ED *Merchants of Death; A study of the International Armament Industry*. George Routledge and Sons

Engels, Frederick & Marx, Karl (1947) *The German Ideology One of the classics of Marxian Philosophy. A basic work on historical materialism* New York, International Publishers.

Gesell Silvio (1906) *The Natural Economic Order (online)* <http://www.systemfehler.de/en/neo/>

Hanighan Frank C & Zischka A, (1935) 1<sup>st</sup> ED *The Secret War, the War for Oil* George Routledge & Sons

Hargreaves John (1942) *Professor Skinner alias Montague Norman Governor of the Bank of England* Wells Gardner

Harman, Chris (1995) *Economics of the Mad house* Bookmarks

Lenin, Vladimir (1917) *The State and Revolution* Michigan Marxian Educational Society (USA)

Marx Karl (1906) *Capital* (Ed by Frederick Engels) New York The Modern Library New York

Morgan, Austen (1990) *Labour and Partition, The Belfast Working Class, 1905-1923* Pluto Press

Murray, Douglas (2005) *Neoconservatism; why we need it*, Social affairs unit

Pool J & Pool S (1979) *Who Financed Hitler, The Secret funding of Hitlers Rise to Power 1919 - 1933*

Rands R.S.J. (1970) *The Problem of Money* The Social credit party.

Rowbotham, Michael.(1998) *The Grip of Death, a study of modern money, debt slavery and destructive economics.*  
Oxfordshire. John Carpenter publishing.

Rowbotham, Michael.(2000) *Goodbye America;Globalisation, debt and the dollar empire.* John Carpenter publishing.

Sands, Phillipe Q.C. (2006) *Lawless World* Penquin

Seymour, Charles (1926) *Intimate papers of Colonel House* (2 vols) New York. Houghton Mifflin

Smith, Adam (1976) *The Wealth of Nations* University of Chicago Press

Sutton, Anthony (1981) *Wall Street and the Bolsevik Revolution.* Veritas

Smith J.W (2005) *Economic Democracy The Political Struggle for the 21st Century* (4th Ed) IED Press

Truell, P. & Gurwin, L. (1992) *False Profits, The inside story of BCCI, the worlds most corrupt financial empire*  
Houghton Mifflin Company

Waters Ed (1991) *Che Guevara, Cuba & the Road to Socialism*, articles by Che Guevara, Carlos Rodriquez, Carlos  
Tablada, Jack Barnes, Steve Clark & Mary Alice Waters New International, Pathfinder

Zinn Howard (2003) *A peoples history of the United States* Pearson 1492- Present Education Limited