

A Revolutionary New
Concept of Economics

How to Create an
**Economic
Democracy**

Richard J. Wilson J.D.

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The Problem

S. C. Justice Louis D. Brandeis 1856 --1941

“The greatest problem which is before the American people is the problem of reconciling our industrial system with the political democracy in which we live. . .

The civilized world today believes that industrial self-government is impossible, that we must adhere to the system we have known as the monarchical system of master and servant, or as more politely called employer and employee.

It rests with America to prove that, as we have in the political world shown what self-government can do, we are to pursue the same lines in the industrial world.”

Preface

“Power corrupts, and absolute power corrupts absolutely.”

Lord Acton

We like to think we live in an era of democracy. But we know we're just fooling ourselves. We know we still live in an era of oligarchy where one percent of the population controls both our economy and our politics. Like much of the civilized world, we've organized our politics as a democracy, and we go through the motions of democracy at every election, but we know we haven't yet achieved government of the people, by the people, and for the people, because we have an economic oligarchy corrupting both our economy and politics.

The oligarchy is created because our society issues *permanent, unlimited* and *hereditary* power in the form of money to be used to govern our economy. And we know from experience in politics that whenever society issues any kind of *permanent, unlimited* and *hereditary* power to govern anything, a few clever people will ultimately accumulate the power by whatever means possible to become a hereditary oligarchy.

And we know full well that in the presence of raw, unlimited and hereditary money power, people lose their humanity. We have so many examples of the finest and most intelligent of people becoming obsessed with money power, and we've seen them lose whatever morality they may have had. Today a civilized society wouldn't think of issuing raw, unlimited and hereditary political power, but we haven't yet adopted that policy to our economy.

And it wouldn't matter if we switched to socialism or communism, for these 'isms" also use the monetary system to govern the economy and issue the *permanent, unlimited, and heritable* power of money. And they, too, ultimately end with an economic oligarchy ruling the economy and politics. *It's vitally important to recognize that it is the monetary system that creates the oligarchy, and not the variations or 'isms" of the monetary system.*

Our experience is clear. Society cannot create democracy by changing only the political system. If we continue to issue money that grants the bearer *permanent, unlimited, and heritable* power to govern our economy, we will still get oligarchy and all the economic and political injustice oligarchy creates. If we want democracy we must decide to eliminate *all* forms of permanent, unlimited and heritable power in both politics and economics.

Of course, a modern economy needs a medium of exchange to operate. That's beyond argument. But with today's computer technology a medium of exchange doesn't have to give the bearer *permanent, unlimited* and *hereditary* economic power. We could organize an econoscience to design a new medium that grants people only *limited* economic power and put an end to economic oligarchy, just as we created a political science to design a new political system that grants people *limited* political power to end political oligarchy.

The reason we haven't taken steps to change the system and end the economic oligarchy is we, the people, have an addictive love affair with using the raw, unlimited and hereditary power of money. And it's reasonable to assume, if conditions hadn't changed, as self-destructive as it may be, society could go on for another thousands of years issuing raw, unlimited and hereditary money power and remain stuck in oligarchy with all the injustice it creates.

BUT CONDITIONS ARE NOW rapidly changing and the change is accelerating. In the last century science began producing robotics, and as these machines grow ever more human like, they are rapidly replacing human beings in the economy. In the not too distant future, if we continue to use the monetary system, robotics will swallow so many jobs that the majority of people in society will find

themselves permanently exiled from participating in our economy.

I realize this may sound like the popular story of extraterrestrial beings invading society, but this is not science fiction. This is actual science. The advance of robotics created by people in white coats is unleashing upon society mechanical replacements to do the work in our economy, and, as long as we use the monetary system, because they demand no salary, these mechanical beings could eventually push the majority of us out of work.

And when that critical point is reached the majority of human beings will surely demand a new system of economics that allows everyone to participate in the economy and enjoy the wealth created by both man and machine. And when that happens, to avoid social disaster, society will need to be ready with a well-tested replacement for the monetary system. We may not like the thought, but the advance of robotics is slowly pushing the monetary system into its twilight years.

We can, of course, deny this is happening, or say to ourselves this won't happen in our lifetime, but it will in the case of the younger generation. Science doesn't progress linearly. It progresses exponentially, and, if we're still using the monetary system, sometime in this century people will be

competing with machines able to calculate and perform beyond human capability and work for nothing.

But we needn't despair, for, as we'll see in this book, if we are willing to set aside our emotional attachment to money and put our faith in modern science, science can lead us to a totally new system of economics where economic power is *limited* and we live in an economy run of the people, by the people and for the people. We'll see, thanks to science, if we're wise, human beings can still be the masters of their destiny.

In the opening chapter we'll enlarge on this theme, repeating some points for emphasis. Then, following the scientific method introduced by Francis Bacon, and quoting often from his *Novum Organum*, we'll see how Bacon's new method led John Locke to discover how to organize a political system with *limited* political power to end political oligarchy. And, by following the trail blazed by Locke, we'll find that Bacon's new method will lead us to discover a new economic system that could create a new era of democracy in both politics and economics.

I

Our Fading Economic System

The monetary system adopted thousands of years ago in the Age of Faith to govern our economy doesn't work well in our Age of Science. It has never proved to be a very efficient system of economic government. After all of its thousands of years of operation, half the nations of the world still remain sunk in abject poverty, and, of the half that achieved some prosperity, a third of the people in those nations struggle daily to survive.

The problem is the monetary system is too complex for most human beings to master. The vast majority of society gets lost in the emotional intricacies and power plays of the monetary system. They can't bring themselves to generate the aberrant behavior necessary to operate in the system. And, of course, clever people who understand the emotional intricacies and are willing to do so quietly pick their bones.

And the monetary system is also an unstable system for, designed in the Age of Faith, people must have faith in money for it to function, and, since faith ebbs and flows, the economy ebbs and flows, in one season growing, and in another withering. Today the world's economy is ebbing because people's faith in money is ebbing, and the

outlook for the restoration of faith is so poor that society has fallen into a worldwide depression.

And the monetary economy is always riddled with corruption and injustice. In fact so much of social immorality is linked to money that early Christian writers like Timothy were led to report that “The love of money is the root of *all* evil.” Drug lords, murderers, kidnappers, the politically corrupt, and all sorts of antisocial gangs we read about every day can be directly traced to greed for the raw, unlimited and hereditary power of money.

Our schoolmen want us to believe that all of the inefficiency, instability, and injustice in our economy is created by people who either don't know how to cope in a monetary system or who abuse it. Our schoolmen never blame the monetary system, for, having spent a lifetime promoting it, they want us to assume it is the only system available to govern the economy of a sophisticated society and the greatest boon ever invented by mankind.

But this notion of the schoolmen is not based on fact. We've learned from long experience in politics that it is not people that create social inefficiency, instability and injustice. It is the system of behavior that grants people *permanent, unlimited* and *hereditary* power that corrupts humanity and creates the problems. We've learned from experience in politics that, if we reorganize any

system of behavior to *limit* power, the inefficiency, instability and injustice is limited.

It's incredible to imagine that our schoolmen in this 21st century Age of Science would be still preaching, like Dr. Pangloss in Voltaire's *Candid*, that economic oligarchy produces "the best of all possible economic worlds." This is because our schoolmen are not scientists. They are scholastics merely repeating what they've been told by scholarly masters. It never occurs to them that the monetary system might be causing the problems.

But, despite all of its systematic problems, the world has loped along for several thousand years using the monetary system. We regularly complain about the problems, but haven't demanded a change of the system. Society has bought into the logic of the schoolmen to such an extent, that it seems totally unaware that it is the monetary system creating economic problems, and that society has an inalienable right to replace any system of government that creates such problems. Let's pause a moment to remind ourselves of Jefferson's elegant declaration of that inalienable right:

"We hold these truths to be self evident, that all men are created equal, that they are endowed by their creator with certain unalienable rights, that among these are life, liberty and the pursuit of happiness – that to secure these rights

governments are instituted among men, deriving their just powers from the consent of the governed – that whenever any form of government becomes destructive of these ends, it is the right of the people to alter or to abolish it, and to institute new government laying its foundation on such principles and organizing its powers to such form as to them shall seem most likely to effect their safety and happiness.”

The reason society has bought into the logic of our schoolmen, and not effectively demanded change is that society, as Timothy wrote, is in love with money, and physically addicted to using its raw, unlimited and hereditary power. And, like anyone deeply in love and physically addicted, society is in a state of denial, and emotionally blind to the problems, and can't imagine life without the object of their love and addiction. And society is kept in that blind state by the relentless logic of our schoolmen.

Another reason we do nothing is the monetary system for all of its faults works just well enough to allow the majority of people, about 70% of the population in our society, to achieve some level of prosperity. And, since we live in a political democracy ruled by the majority, the majority has found it too much trouble to worry about problems created by the monetary system that don't personally affect the majority. They're prospering,

and look down upon those who don't as somehow inferior people.

The poor, on the other hand, those who bear the brunt of the systemic inefficiency, instability and injustice comprise only a third of our population and are a minority, and, in a political democracy, the minority vote doesn't count. So year after year we continue to use the monetary system, indifferently allowing a third of our population to suffer poverty and injustice, silently hoping the poor and unemployed won't get violent.

This indifference of the prosperous majority to the suffering of the minority is what Madison called "The tyranny of the majority," and is one of the serious unresolved shortcomings of democracy. So, despite the fact that the monetary system is inefficient and unstable and invites tyranny, if conditions hadn't changed, we might very well go on forever using the monetary system, ignoring the booms and busts and the heartaches it creates among the minority.

BUT TODAY THINGS ARE CHANGING. In the middle of the last century something new appeared that promises to soon make the monetary system untenable even for the majority. Modern science has introduced robotics. At their introduction in the New York World Fair in 1939, robots were touted

as a boon to mankind, because they have the potential of saving mankind from a lot of work.

And the sales pitch has proven to be very true. Robots are relentlessly replacing human beings in the workplace. After the initial cost, these machines demand no salary, never make mistakes, and belong to no unions; so, as the science of robotics improves, robots are proving more desirable employees than human beings in ever expanding areas of the economy.

But, unfortunately, we, the people, are not the beneficiaries of the advancing science, for in the monetary system, if we don't work, we don't get paid. And, if we don't get paid, we can't buy anything to eat, or to wear, or to house us. And, with the steady advance of robotics, very soon robots will exile ever more millions from the economy, and there will be fewer and fewer people buying things.

So, not only are robots hurting people, they are slowly damaging the operation of the monetary system for, since robots and the unemployed don't buy goods and services, the market for goods and services shrinks. And, when the market shrinks, production shrinks, and jobs shrink, and so on. It is conceivable robots will exile so many of us that there will be no market for production, no production, and no economy.

So, where before the advent of robots we could hope along using the monetary system with the majority prospering and the poor minority silent, with the advent of robots the poor may soon become the majority and we'll be faced with a political revolution, or the monetary system may collapse for the lack of a market for goods and services. The fact is the modern science of robotics is slowly destroying the monetary system.

FORTUNATELY, THE EFFECT of robotics upon the monetary system has been slow. Spread over many generations, its effect on society and the monetary system has been almost imperceptible. We got an early indication that something was brewing in the 19th century when The Luddites smashed machinery that took their jobs and exiled them from the economy. But the movement petered out because technological advances then began to increase jobs, making it appear for a century or more that the advance of science and technology was beneficial to the monetary system.

The steam engine caused mills to blossom that required so many new workers that even children were employed. The steamboat created jobs in shipbuilding, crewing and dock handling. Railroads expanded the work force so much that America had to import Chinese workers. The telegraph and telephone, radio and TV created a whole new

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