

The Twilight of the Monetary system

**And Dawn
of a New Era**

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Preface

“Power corrupts, and absolute power corrupts absolutely.”

Lord Acton

The basic problem with the monetary system is it has always created an economic oligarchy. In our society just one percent of our people control our entire economy. We’ve long ago organized politics as a democracy, and we go through the motions at every election, but we haven’t yet achieved government of the people, by the people, and for the people because we have an economic oligarchy corrupting politics.

The oligarchy is created because we govern our economy by issuing *permanent, unlimited* and *hereditary* power in the form of money. And we know from experience in politics that whenever any government issues *permanent, unlimited* and *hereditary* power, a few clever people will ultimately accumulate the power and become a hereditary oligarchy, take control, and ultimately tyrannize the society.

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 hereditary* power of money. And they, too, ultimately end with a moneyed oligarchy ruling the economy and politics. It's important to recognize that it is the monetary system that creates the oligarchy, and not the variations or 'isms' of the monetary system.

Of course, a modern economy needs a medium of exchange, but with today's computer technology a medium of exchange doesn't have to give the bearer *permanent, unlimited* and *hereditary* economic power. Science could design a new medium that grants people *limited* economic power and end economic oligarchy, just as political science designed 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 as we have in politics, is the monetary system allows the majority of people to achieve some level of prosperity. And, since we live in a political democracy governed by the majority, and the majority never worries about a problem that doesn't affect it, we've struggled on using the monetary system and suffering oligarchy.

But in the middle of the last century conditions began to change. Science began producing ever more intelligent robotics that are rapidly replacing human beings in the workplace. Eventually robots promise to swallow so many jobs that sometime in the near future the majority will join the army of the unemployed. And, when that point is reached, the majority will finally demand change, and society will need to be ready with a well proven alternative to the monetary system.

In this book we'll enlarge on this view. Then we'll explore the possibility of replacing the monetary system with a new economic system that issues only *limited* power to create an economy of the people, by the people and for the people, with prosperity and justice for all. This will require readers to be willing to sweep aside their emotional attachment to money, and to look at the facts and be open to change.

We'll be following the scientific method introduced by Francis Bacon, and quote from his *Novum Organum* quite often. Bacon's method led John Locke to discover how to organize a political system with *limited* political power to end political oligarchy. By following the trail blazed by Locke, we'll

discover how to organize an economic system with *limited* economic power to finally end oligarchy in both politics and economics.

“One method of delivery alone remains to us; which is simply this: we must lead men to the particulars themselves, and their series and order; while men on their side must force themselves for a while to lay their notions by and begin to familiarize themselves with facts.”

Francis Bacon, *Novum Organum* (1620)

I

The Urgent Need for Change In Our Economic System

The monetary system designed thousands of year ago in the Age of Faith and used to govern our economy doesn't fit into our Age of Science and advancing technology. 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 monetary system is also an unstable system for it is a faith-based system designed in an 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. We are led to believe by our schoolmen that all the inefficiency, instability, and injustice in our economy is created by people who abuse the system or don't know how to cope in a monetary system. The schoolmen never blame the monetary system, for they want us to assume it is the only system available to govern the economy of a sophisticated society.

This notion of the schoolmen is not based on fact. We've learned from experience in politics that it is not people that create problems. It is the system of behavior granting *permanent, unlimited* and *hereditary* power to people that creates problems. We've learned from experience in politics that, if we change the organization and create a system that grants people *limited* power, the inefficiency, instability and the injustice is limited.

But, despite all of the problems created by the monetary system and urged on by the webs of logic of the schoolmen, society has loped along for several thousand years using the monetary system to govern its economic

behavior, always complaining about poverty, instability and injustice of the economy. Society seems unaware that it is the monetary system creating the problems, and that a society has an inalienable right to replace a system of government that creates problems. Let's 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.”

Unfortunately, the monetary system, as inefficient, unstable, and corrupting as it may be, works just well enough to allow the majority of people in society, about 70% of the population, to prosper. And, since we live in a political democracy ruled by the majority, the majority have found it too much trouble to

worry about problems created by the monetary system that don't personally affect them.

The poor, on the other hand, those who bear the brunt of the inefficiency, instability and injustice created by the monetary system, 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 they 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, we could very well go on another thousand years using the monetary system, ignoring the booms and busts and heartaches it creates.

BUT IN THE MIDDLE of the last century something new appeared that is tipping the balance of the problems, and may soon make the monetary system untenable even for the majority. Modern science has

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