



***The
Rocket Scientists'
Guide™ To***

**Money
and the
Economy**

**Accumulation
And Debt**



By Dr. Michael Sharp

"For the love of money is the root of all evil"
(1 Timothy 6:10)

ROCKET SCIENTISTS' GUIDE™
TO MONEY AND THE ECONOMY

ACCUMULATION AND DEBT

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THE ROCKET SCIENTISTS' GUIDE TO MONEY AND THE ECONOMY: ACCUMULATION AND DEBT

LIFE, THE UNIVERSE AND EVERYTHING

Money, money, money, money.

Money makes the world go round.

What's the problem with money?

Well, money is the root of all evil, or so we are told.

It is the bane of our existence.

It is the source of our despair.

It's bad, and that's the bottom line.

Money, money, money.

As a spiritual writer, it's a tough topic to broach. I like to make the claim that I'm a "world teacher,"ⁱ you see. I teach about Spirit, God, and consciousness and I make the claim that what I teach is the truth (and that's with a capital "T"). It's not that far out. Just about every writer or teacher out there, except maybe the wishy-washy post modernists, will make some claim to truth. No big deal. But for some reason, as soon as I say "I'm a world teacher," as soon as I start to teach about God and Spirit, people start to say things like "Oh, you're a spiritual teacher and you teach about God and Spirit. Well, shouldn't you make your stuff available for free? After all, you can't charge for something as basic as spiritual truth right?"

The question always bothers me and sets up a bit of a conflict.

I agree with the sentiment.

The information that I provide should be *accessible* to everyone who wants it.

But, should it be free?

Personally, I don't think so.

Having spent thousands and thousands of hours writing, it seems kind of disrespectful and insensitive to ask someone something like that. You don't go up to the baker of your daily bread and say, "hand your stuff over Bub 'cause I'm entitled," do ya?

Of course not!

To do that would not only dishonour and disrespect their labour, but it would be insensitive to the fact that in this western world you cannot do anything without money, you can't even eat. I mean, I live in a nice house, but I can't grow food on it because I couldn't afford a yard big enough to grow food. And what's worse, I can't even barterⁱⁱ my services. How am I going to barter my English writings and books for bananas grown by a Latin American worker, or clothes sewn in a Chinese factory?

You see the problem.

If I don't make money from the work I do (which is to write useful spiritual books), my family and I don't eat. In this day and age, we all need money to survive.

Still, like I said, I do agree with the basic sentiment.

The bottom line is, everybody that wants to buy my books should have the money they need to do so.

But, the problem is not that the information is not free, and the problem is not money itself.

In fact it is exactly the opposite.

The problem is *not having* money.

The problem is that despite the fact that we (and by "we" I mean the people of this earth) have amazing technology and amazing productive potential, not everybody on this earth can afford the modest fee I charge for my eBooks — and considering how little I'm asking for my eBooks (basically a couple bucks a piece), that's a crime and it's a crime that goes way beyond the desire to have spiritual information available free. I mean, it's not just books we can't afford. A lot of people on this earth don't even have the money they need to buy food and decent shelter and because of that, a lot of children on this earth go hungry and starve, and that's most definitely a crime.ⁱⁱⁱ

So you see, the problem is not money *per se*. The problem is not having money and the right question is, "Why do so many people lack the cash they need to buy the things that they need on this earth?"

THE NATURE OF MONEY

Well, the lack of cash in the pockets of the people is not for reasons that you might think. However, in order to understand why so many people don't have the money they need, we first have to understand the nature of money.

And what's the nature of money?

Well, that's easy.

Let us start by saying that money is not the paper it's printed on.

Money is not gold, it's not silver, it's not platinum, and it's not those shiny little rocks that people put on their fingers and attach to their earlobes to make others go all "ooh!" and "aah!" and stuff like that.

Money is not a concrete thing at all. In fact, when you think about it, money is simply an idea, and it's an idea that, despite what some people might want you to think, is not that hard to understand.

It's simple really.

When you boil it right down to essence, *money represents time*.

Time is money they say and that's totally true, though there is a bit more to it than that. Money does represent time, but not all types of time. Money has a very specific reference and that is *work time*.^{iv}

Money represents work time.

It's obvious, right?

You work an hour you get paid for an hour.

If you stand around and do nothing, money doesn't fall from the sky.

Money is work time.

But of course, even that's not wholly specified. While it's true that money does represent work time, it's also true that money doesn't **just** represent work time. Money represents a very specific type of labour. The fact is, I don't get paid money for working in my back yard. I only get paid money when I'm doing something for somebody else. When I do something or build something or provide a service that *somebody else* finds useful, then I get money in exchange. Although I might fantasize about it, *you* are not going to give me a single penny for working in my garden growing flowers for my kitchen table. However, I might be able to convince you to give me a few pennies for a flower I've grown for your kitchen table.

If you paint the walls of my house, I'll give you 40 dollars for every hour you work.

You see how that works?

Money, money, money.

The definition of money is this:

Money represents time spent working for someone else. And if we define "time spent working for someone else" as *labour time*, then we can say:

$$\text{Money} = \text{Labour Time}$$

THE ECONOMY

Now, while the whole “money = labour time” thing might not be that obvious to you at this point, but it will be in a moment. To get a better idea of what money is all about; all we have to do is take a look at money in an economy.^v

And what is an economy?

Well, an economy is basically the formal exchange of money and, since money = labour, an economy is basically the formal exchange of labour (i.e. time spent working for someone else with the expectation of fair exchange).

Simple.

Whenever two or more people get together and do something for each other in exchange for something (usually money), you have an economy.

Now of course, there are different types of economies and not all economies need money to function. In our modern world the *official economy*,^{vi} that is the economy that is recorded, monitored, and fiercely policed by those in power, does use money. However, beneath that official economy there are other economies. There is the underground economy, for example. The underground economy is also a “monetized” economy, but it’s not recorded and taxed like the official economy. Alongside the underground market economy there is also the *informal economy*.^{vii} When I traded a complete set of my books to a young man who helped to clean the windows in my house, there was an exchange of labour, but it wasn’t monetized. It was barter. The point here though is not to go into detail about the different types of economies but to simply point out that an economy basically involves the exchange of labour power. Whether that labour is represented by money or barter, or is recorded or not, is irrelevant. The point is, an economy involves the exchange of labour.

We can see this quite clearly if we simplify things and look at an economy of, say, one thousand people. In this simple economy of one thousand people, everybody does something useful for somebody else. One person plays guitar, another sings, another builds houses, one runs a farm, another is into computers, another bakes bread, another processes animals, and so on. They all have a skill (or skills), they all have things they love to do, and they all get up every day and apply those skills in their daily life. In our small economy of one thousand people, each individual has some specialized talents and abilities and they bring these talents and abilities to their community, and that’s great because not everybody is the same. Not everybody likes to build things, not everybody likes to sit all day and write, not everybody likes animals, and so on. But that’s ok because in an economy, we can all exchange with each other for things that we can’t otherwise do ourselves.

And how do we do that?

How do we exchange our labour?

Well, as I said above, we can do that with barter or we can do that with money. Barter (i.e. I build you a house, you give me a lifetime supply of hamburgers) is fine as far as it goes, but it’s quite limited because barter is neither efficient nor flexible. Maybe the local carpenter is a vegetarian and if so, how is the meat packer going

to get a house built when the only thing he has to exchange is a substance that causes the carpenter to retch uncontrollably (i.e. dead meat)?

You see the problem.

Enter money.

Money, money, money.

Money is an improvement over a system of barter because it *abstracts labour*. When the economy is based at least partly on money (i.e. partly monetized), then your options for exchange are expanded. Money basically creates a more fluid and efficient system of labour exchange. Instead of paying the carpenter in dead meat, the meat packer now pays in cash which the carpenter can then use to buy wholesome veggies. It's a win-win situation. The meat packer benefits because now he can exchange with the carpenter even though he has nothing of interest to barter. The carpenter also benefits. For him, money is better since he can take that and buy whatever he wants. He can buy food, he can buy a new car, a tool, or whatever. In this sense money can be seen as an economic lubricant or like blood in the body. As a measure of labour power, it simply makes economic exchange more efficient and fluid.

Money gives life to the social fabric.

So, there you have it.

Money is simply abstracted labour.

Money allows us to exchange labour power with each other in an efficient and fluid way.

Put this way, money hardly seems like the root of all evil as so many people like to think.

THE SOURCE OF MONEY

So, if money is labour, and if the economy is nothing more than a way to exchange labour, then where does money come from?

Well, it doesn't appear out of thin air; but it's also not that hard to understand. Money comes into being in a two-step process. *First, somebody makes it.* If it's paper money, we put paper through a press with special inks and so on. If it's metal money, we stamp it with a logo and some numbers. *Then we agree on a value* and, important to note, whatever you're using for money, whether it be it gold or lead or stone, it doesn't matter. All that's important is that the people who are involved agree that this piece of paper or that lump of metal represents a certain amount of labour time, i.e. that it has a certain **value**, and that's all there is to it. Once you agree that you are going to abstract labour and pour it into some kind of symbol, all you need is a symbol to attach it to, and general agreement about the value of the symbol, and there you have it.

It's all a question of concordance.

If I hand you a piece of blue paper and tell you it's worth one thousand labour units (assuming one labour unit is one hour of labour) and you agree, then we're in business.

THE VALUE OF MONEY

I suppose the question that arises now is, how do we determine the value of money? That is, how do we determine how much labour power is represented by our instruments of exchange? Well obviously, whatever it is we are using as an instrument to convey value, the value isn't intrinsic to the instrument. That is, a piece of paper isn't automatically worth one thousand labour units. That much is glaringly obvious when it comes to something like paper money. A small piece of off-white paper, printed in a huge mill, with automated machinery, at economies of scale, is probably worth something in the order of .001 cents. The same can be said of other instruments of exchange, like the gold, silver, and diamonds that have been made to *hold value* over the centuries. No matter what anybody tells you, gold has no intrinsic value. It has a small labour value,^{viii} which is the total amount of labour that went into extracting it, but it's worthless over and above that. It is only when "we" agree that gold, paper, shiny white rocks, or whatever are worth "something more" that these things take on a *monetary value* over and above the value of the labour that went into processing them.

And how do "we" agree that something has a value over and above its labour value? Well, let's leave that question for later and instead focus on the simple "value of money" question.

So, how do we add value to money?

Well, although there are people who would have you believe such, it's not black magic and it's not rocket science. As noted above, the actual labour value of money is derived simply from the amount of labour that we (and by "we" I mean those involved in the exchange) agree it represents.

And how do we determine the value of money?

Well, it's not random, let me tell you that. The value of money is basically determined in relation to the amount of labour being exchanged in an economy. I know it might sound complicated, but it's not.

It works like this.

Say, for example, you have a small economy of one hundred people and you want to monetize (i.e. add money in a way that displaces barter as a primary form of exchange) that economy. How much money will you introduce? Well, you want to introduce exactly as much money as will represent the total labour output of the one hundred people in the economy. For example, if you measure each hour of labour as one unit of labour (one dollar/unit = one hour of labour), and if most people work four hours a day, seven days a week, then in order to fully monetize our little economy we would have to introduce about one thousand four hundred and sixty (i.e. $4 \times 365 = 1,460$) units of money per person per year to represent an entire year's worth of the labour of your small society. For our small economy of one hundred people, that would amount to about one hundred and forty six thousand units ($1,450 \times 100 = 145,000$) of money circulating in the economy.

As for individual pieces of money, their value is determined in relation to the total value of money in the economy. Assuming you're starting fresh and with no history of "inflation," how much an individual piece of money is worth would depend on what fraction of the total it represented. You could, if you wanted to, circulate the required one hundred and forty five thousand units of money in our small economy using 145 thousand dollar bills; in that case, each bill would be worth one thousand labour units. Or, you could break it up and circulate it as 145,000 one dollar bills; in that case each bill would be worth a dollar. Or you could do a combination, in which case you'd have to stamp the bills so people would know the value of each. Regardless, *the value of the individual bills is only meaningful in relation to the total labour output in an economy.* In other words, in order to determine the value of money in an economy, you have to look at the amount of labour in economy as a whole, and then divide the amount of money into that.

PROBLEMS WITH MONEY

GENERAL

As noted above, there are a lot of benefits to a monetized economy; however, there are also potential problems. For example, in complex economies it can be hard to determine the exact labour value of something and therefore hard to determine exactly how much to pay for a single item. For example, it's easy to know how much a loaf of bread costs. Say, for the sake of argument, that a baker with a small oven bakes nine loaves of bread in three hours including clean-up. In that case, and assuming one hour of labour is equivalent to one unit of money, each loaf of bread will be worth about .33 units of money (it works out to about three loaves an hour of labour) plus whatever the flour and yeast and butter and heat cost. However, it's not so easy to determine how much labour goes into a computer chip. There is design, engineering, manufacture, distribution, sales, and so on. To be totally fair to everyone involved, all the labour that goes into the manufacture of a chip must be factored into the actual cost of the chip. That's a complex equation that I would think can only be estimated.

In addition to the problem of estimating the amount of money to be paid for items, there may also be a problem with self-regulation. Maybe people will not work the required hours for the money given to them to represent their labour power. Maybe people will get ten thousand labour units of money for a year of labour, but only work five thousand hours. This might be especially true of young adults who may be more interested in partying and boinking than working and contributing to society. The problem however is likely minor and relatively insignificant in an emotionally and spiritually mature society and could probably be solved simply by revising our socialization process and emphasizing the true meaning of money (i.e. as a container for labour), the need for mutual contribution to the common good, gratitude for what others do for you, etc.

Not rocket science.

ACCUMULATION

Now as simple as the problems of determining the price of commodities and motivating people to contribute might be, there is a bigger problem with money that is not so easy to deal with and that causes huge problems and distortions in the general fabric of life in our little global community, and that is accumulation.

And what is accumulation?

Well, accumulation basically refers to the practice of accumulating labour power. In concrete terms it is the practice of taking somebody's labour and, for example, putting it on the shelf in your house.

Nothing wrong with that, right?

We all do it, right?

When I went to South Africa with my family, we bought a lot of handicrafts from the artisans down there. We exchanged our money for their labour (i.e. the handicraft that they had created), and then we put their labour on the walls of our house. Although the artefacts in our book shelf look like artistic objects, really what we've done is accumulate labour.

It is nice to surround yourself with fine works of art and handicrafts.

There is nothing wrong with that, as long as the exchange was fair.

Of course, some things are easier to accumulate than others and, by the same token, some things are impossible to accumulate. My wife can't accumulate the massages she gets, for example, and my house can only contain so many elephant carvings and tribal masks before it starts to look cluttered and messy, or I have to buy shelves and storage. It can be done, but it's difficult and this difficulty of accumulating labour generally makes accumulation a non-issue in societies based on barter.^{ix} You work for what you need, accumulate a few things to make your life more pleasant, and it doesn't go much farther than that. In a barter society, there is a built-in limitation. There's really no point in accumulating bread, or hammers, or computers, or handicrafts beyond a certain point.

Ah, but in a monetized economy, it is a different story. In a monetized economy, there is no such built in limit to accumulation. In fact, in a monetized economy, you can accumulate as much labour power as you want. You can print a thousand-dollar bill, a million dollar bill, a billion dollar bill, it just doesn't matter. Since the value of money (i.e. the amount of labour it represents) in a monetized economy is symbolic and based on a simple act of agreement rather than a reciprocal exchange of goods, you can accumulate as much labour (i.e. money) as you want. As long as somebody believes you that a thousand dollar bill is worth so many units of labour, you're set to go.



But why would you want to do something as silly as that?

THE FALL

Well, in order to understand why you'd want to accumulate money, you have to understand something about the nature and possibilities inherent in accumulated labour power and the best way to understand that is with a little story.

Let us imagine that one day, sometime after the monetization of our small economy, somebody gets the idea to charge just a little bit more for their labour than is strictly fair. For example, instead of charging .33 labour units for a loaf of bread (the *actual* labour cost of the bread), the baker (let's call him Joe) now starts to charge .66 units (twice the real cost), or .99 units (three times the real cost), or whatever. Joe surmises that it's not much really, and it doesn't seem like it's going to hurt anything, or anyone, so what's the harm with accumulating a little extra labour?

"What's the problem with taking a little 'profit' for oneself?" he asks himself.

Well as it turns out, it is a big problem.

In fact, it is a *world-ending* problem^x; however, that is not immediately apparent when the machine is just starting up. It takes a while to show up, so let's skip ahead and take a look at Joe a year later to see what's happened with his plan to accumulate.

It's not difficult to imagine.

After a year of charging more than the true labour value of his bread Joe will have accumulated a bunch of extra labour.

How much?

Well, if he charges three times the actual labour cost for his bread, at the end of the year he is going to have accumulated twice as much labour as he actually put into his business. If a typical person expends one thousand five hundred units a year then Joe, having charged everybody triple the cost of the bread will be in the black by some three thousand labour units, instead of having a balance close to zero at the end of the year as he should.

Wow!

That's very cool *for the baker* and it's even cooler when you realize what he can do with all that accumulated labour.

POWER

And once again, it is not rocket science.

Take a good look at that dollar bill in your wallet.

Remember the nature of money.

Money is a container for labour and when it's accumulated, money has the ability to command (i.e. buy) other people's labour.

Pause and think about it for a moment, because this extra money gives our baker man an incredible amount of real, palpable, and measurable *power*. Really, the possibilities are endless for our newly wealthy baker man. With the extra three thousand units of labour he can do whatever he wants. He can take an extended vacation, he can have a bigger house made for himself, he can even employ a housecleaner to clean his home, or an assistant to do his baking for him so he no longer has to work!

Now, how cool is that?!

And, since the money in his pocket represents abstract labour time, as long as he can find someone willing to work for the cash, Joe can do whatever he wants.^{xi}

More importantly, he can do **more** than anybody else around him.

He now has *power* that others do not have.

"It's brilliant," thinks Joe when he pauses at year-end accounting to consider the benefits and ethics of it all. He looks up from his books, he looks around at the world, and he realizes, he is now a bit different from everybody else around him. Because he thought to charge a little extra for his bread, at the end of a year he now has power and capability that no one else has.

"But is that wrong," he asks himself.

"Nobody seems to have gotten hurt and," as far as he can see, "nothing seems to have changed in the wider society."

"So what's the harm," he decides.

"Really," he says to himself, "the only problem that I have now is how to use this extra labour power." Joe thinks about it and after some consideration he decides to spend the extra labour units he has accumulated on a beautiful mansion, twice the size of all the other houses around him, on the top of a local hill, overlooking his little community. Of course, it's not something he could have done a year earlier. Before he started his little accumulation experiment, he wouldn't have had the money to pay for the extra materials, labour time, or extra effort required to haul the materials up the hill.

But now he can!

Now Joe's got the cash and so now he builds a beautiful house on the top of the hill...and that is when his community starts to notice.

That is when the questions start.

"Hey Mr. baker man, what the heck's going on?" ask his friends.

And “how did you manage to build that big house?”

And that stops him in his tracks.

Now he’s got a choice.

What’s he going to do?

Is he going to come clean and reveal ***the (real) secret*** to his success or is he going to hide the truth so that he can keep accumulating labour? He thinks about coming clean but to be honest with himself, he doesn’t like the implications. He figures if he comes clean, the jig is up and his free ride is over. After all, nobody in his community is going to stand by and let him overcharge for his bread. Not only that, but he suspects that his community will be a little pissed at him. Heck, they may even demand restitution and that would suck, thinks Joe the baker. Paying back three thousand units of labour would mean he’d have to work triple time over the next year.

Still, he thinks, despite their questions no harm has come from it.

Everything is still working and despite some minor grumbling, everybody is still happy.

“So what if I’ve got a bigger house than everybody else?” he asks.

“Where is the harm in that?”

A PRIVATE PARTY

So, what does Joe do?

Well, he can’t do nothing.

Everybody in his community is asking questions and he has to respond to them. However, instead of issuing a public announcement like he should, instead of talking to everybody at once and revealing *the secret* to his success, instead of doing the right thing, he tells his community he’d rather talk to only a few people at first.

“It’s complicated and hard to explain,” he says to his fellow community members, “so, if you don’t mind, it will be easier if I talk to a few people at first and after that they can report to you.”

And of course, nobody sees a problem with this.

Members of the community think that if Joe says it is complicated and he needs some space to explain, then that is OK.

Everybody trusts everyone else in this society and so nobody raises any concerns.

And so, that’s what Joe does.

One night he invites a few carefully chosen people over for a very special dinner party. He invites the carpenter (whom he paid extra to build his house) and a few of his closest friends over for a sumptuous and luxurious dinner and he spares no expense. He takes a few thousand of those accumulated labour units and he hires an army to throw a party like no party that has ever been thrown before. It's impressive and magnificent and when it's over, Joe and his friends sit down to the finest cognac. There is idle chitchat while Joe patiently waits for the warm glow from the cognac to spread through the body and mind of each of his guests and then, after a suitable period has passed, he stands up and offers a toast.



"My dear friends," he exclaims. "it is an honour and a privilege to share these blessings with you tonight."

"It has been a wonderful meal, impeccable company, and I am happier than I have ever been in my life," he says.

Everybody nods in enthusiastic agreement.

"But now we should get down to business," he exclaims seriously.

"My dear friends," he says, "if I could tell you how you could have a mansion like mine, and make every night a night like this, would you be interested?"

His friends get excited.

"Of course," they say, "that is why we are here, to find out how you did this."

"Yes," Joe says nodding, "and I will tell you."

"But you know, this only works if you keep it a secret!"

At this statement a palpable shock goes through the room.

There is a buzz of discussion and puzzled looks. The people sitting in the room have never been asked to keep a secret before, so they are justifiably a little wary about it. They start to raise questions and concerns but Joe raises his hand, smiles, pours more cognac into their glasses, and assures them there is nothing to worry about.

"Nobody gets harmed," he says.

"Everybody wins!" he exclaims as he nods his head enthusiastically.

“And I can prove it,” he says.

“But it took me a year to figure it out and so it’s going to take you a year as well,” he says.

“You will have to try it for a year, and then you will understand.”

“Can everyone do that?” he asks.

He keeps the glasses full as his close friends discuss the issue. They raise some objections, really relatively minor, which Joe counters, and by the end of it none of them can see what the harm would be.

“The baker is right,” they say.

“No bad things seem to have come from this, and who wouldn’t want to have parties like this all the time.”

So, they shake hands, toast themselves, congratulate themselves, and sit down to plan.

They agree.

They won’t say anything and they’ll try it for a year.

After all, everybody trusts Joe.

He is their friend and he has assured them it is a win-win situation.

THE TRUTH?

The only problem is the people at the bottom of the hill are expecting a report.

It was the reason for the party, and so they have to do something.

But what?

“What are we going to tell all the others who were not invited!?” Joe asks.

Everybody agrees, it’s a problem that they cannot ignore. So, they consider this problem for quite some time until finally the carpenter jumps up and says excitedly, “I know, I know, I know!!!”

“We’ll tell them the truth!” he says.

There are puzzled looks.

“We’ll say we need to study the problem!” he says.

“We’ll say we need to wait a year, do some research, and have a closer look.”

“And it’s true, isn’t it?” he says, “That is exactly what we *are* doing!”

And of course everyone agrees, it is exactly what they are doing and so they jot down some notes, pick their best public speaker, set a date, and call the community together to reveal the results of their private discussion.

It's very thrilling for the community at the bottom of the hill.

Everybody expects the truth to be revealed.

Everybody expects to learn the great secret to Joe's wealth and so all the people and all their children congregate in the town square excited by what is about to be announced.

The speaker climbs the podium...

He looks out over the gathered crowd and smiles.

"People of our community," intones the speaker, "Joe has stumbled upon the secret to great prosperity."

"The baker has found a way to make money."

The crowd hushes and all faces turn to the speaker at once.

"Unfortunately," says the speaker, "it is complicated and not well understood."

"We have been studying it and we believe it is a combination of the relative fluctuation of commodity indexes, plus the increase in constant pricing of goods and services on the market exchange, over and above the cost of the inputs as opposed to the outputs," intones the speaker in a monotone voice.

The crowd looks confused.

"It is the result of the de-indexing of commodity pricing in relation to the cost of inputs and labour," he says in an effort to explain.

The crowd looks baffled.

The speaker solemnly nods his head.

"Yes," he says, "it is complicated."

"But," he says thumping his chest, "we shall figure it out."

"We have started an institute that we will call The Institute of Fiduciary Investigation, or just The Institute for short" he proclaims, "and for the good of the community, we shall labour day and night until we discover the inner essence of this complicated process and when we understand, we shall share with you so that we will all benefit from this wonderful new way of making money."

"We shall report to you in exactly one year," he says quickly, raising his hands to avoid the emerging questions, and turns to step down from the podium.

Now of course, there is a bit of confusion.

Everybody was expecting an answer to the question “how was the baker able to create a mansion,” but they didn’t get that. All they got was a promise of future revelations. Still, what the speaker had said seemed reasonable enough. After listening to the speaker try to explain things, it certainly did sound like a complicated process, so why not?

Everybody in the community trusted each other and so the people at the bottom of the hill had no reason to distrust or question what the speaker had said. They accepted the explanation in good faith and they all went home quietly to wait for the report. In the meantime, the boys who had been at Joe’s special party gradually start, at the behest of the baker man, to raise their prices.

SOCIAL CLASS

And of course, as soon as the boys from the top of the hill start to raise their prices, the inevitable happens. After only a year of subtle accumulation, all the boys from the original party have built fancy houses on top of the hill right alongside their baker friend.

“It’s great,” they tell themselves at one of their now weekly special meetings.

“And what’s even better,” they say, “Joe was right.”

“Despite the fact that we have all moved up the hill and are now living in better houses, eating fine food, and drinking fine wine, the economy is still working properly and nothing untoward seems to have happened,” they tell themselves.

Unless of course you include the fact that society now seems to be divided into two distinct groups of people with different interests and different lifestyles.

The dividing lines are obvious.

There are the families at the top of the hill with their big houses and their lavish parties, and then there are the families at the bottom.

But that hardly seems significant, at least to the people at the top of the hill.

“What’s the big deal anyway,” they say to themselves.

“Everybody’s still happy” they tell themselves.

But really, how would they know? By the end of the second year the people at the top of the hill don’t socialize too much with the people at the bottom of the hill anymore. They have their own private meetings and their own private functions and the two groups just don’t seem to fit together well anymore.

It’s mostly a question of income and comfort.

The people at the bottom of the hill simply can't keep up with the lavish extravagance of the people at the top of the hill. Compared to their former friends at the top of the hill, they are poor and they feel uncomfortable being around the extravagance.

And, if truth be told, they are not altogether happy about that.

Indeed, if the truth be told, they are starting to get a little grumpy.

All those fancy houses and extravagant parties are a constant reminder to them that they didn't get an answer to their question about the baker's house. All they got was a promise and, in the midst of that promise, all they are seeing is further social differentiation.

"And that's not right," say the people at the bottom of the hill.

And you know, they aren't shy about showing their displeasure, or asking "difficult" questions whenever they meet up with one of the families from the top of the hill.

"What happened at that first party," they say and "how come you are up there with the baker now?"

"What's going on!?" they say as their voices get louder and louder. And it goes without saying that this discontent and displeasure makes the people at the top of the hill a little uncomfortable.

Thank goodness for The Institute though.

Everybody agrees!

The report is almost due.

Surely there will be some satisfaction in that.

THE REPORT

Sadly however, when the report is finally released, there is no satisfaction to be found. The basic problem is, nobody seems to be able to understand it. The report is so full of jargon and terminology, horseshit and gobbledygook that it is a thousand times more confusing than the original speech was. It is positively obfuscatory and by the tenth page, anybody reading it has become virtually unconscious out of sheer boredom and confusion. This means, I suppose, that those who wrote the report could breathe a sigh of relief, since they would not have to answer any difficult questions from the people. How can you formulate questions on material that is inscrutable?

However, it is not *all* gobbledygook. Inserted at the beginning of the report is a one page *executive summary*, and the writing there is as clear as a bell on Christmas day calling us to awaken to the Christ inside.

"The problem is multifaceted," says the summary.

"The situations are complex."

“The variables are indeterminate.”

“More study will be needed,” concludes the executive summary.

INTELLIGENTSIA

Now of course, if you are one of those people at the bottom of the hill reading the report and hoping for satisfaction, you would likely find it hard to hide your disappointment, confusion, and anger. After all a couple of years have passed and the only thing that seems to be happening is that the people at the top of the hill are getting richer, more extravagant, and more lavish all the time.

Frankly, it's a little hard to stomach.

Still, most people at the bottom of the hill simply bite the bullet and go back to work. After all, they trust the people at The Institute when they say they are working on the problem. What else would they be doing?

Still, a few of the people at the bottom of the hill don't go calmly back to work.

A few are unhappy about the whole thing and they frown, grumble, complain, and ask questions like “what's going on?” and “why is it taking so long?” and “if they don't know what's going on, why are so many new mansions being built?” And of course all these questions, and all that anger, make the families at the top of the hill a little nervous.

“It was clearly stated in the report,” say the nervous families “that more study is needed.”

“So why are they getting all agitated?” they ask indignantly.

“Why can't they wait like everyone else?”

For the people at the top of the hill, the agitators are a definite problem and something clearly has to be done.

They can't just let the agitators keep agitating.

That would be a mistake.

The people at the top of the hill can see that as the agitators agitate, others are becoming agitated as well.

The agitation is growing and if left unchecked...

Well...

Who knows where that might lead and so the boys call a special meeting of their Boys' club to discuss the problem. As usual, after a butler serves a dinner of fine wine and food, the chairman (i.e. Joe) stands and says...

“Most honourable and dignified gentlemen of the inner most circle of illuminated back scratchers, we have a problem.”

“As you know, the report did not provide satisfaction or clarity,” says Joe.

“The problem is multifaceted,” he says echoing the conclusions of the report.

“The situations are complex.”

“The variables indeterminate.”

“Obviously,” he says, “more study is needed but unfortunately, *some* people from the bottom of the hill do not seem to understand that.”

“But what can we do?” Joe asks.

“Until The Institute reaches a point of clarity, there are no answers and there can be no satisfaction.”

“Still,” says Joe, “the people at the bottom of the hill are having a hard time understanding and accepting this.”

“They are agitating for immediate answers, and their discontent grows every day,” he says.

“And who knows where that might lead...” his voice trails off.

“But I have a proposal,” quips the baker.

“I have a possible solution,” he says nodding his head.

“Those agitators...” he says pausing for effect.

“The ones who aren’t satisfied with the report...” he continues..

“The ones getting everybody else agitated...”

“I believe,” says Joe, “that they are simply a little smarter than everyone else.”

He nods and smiles.

“And you know,” says Joe, as his eyes scan the faces of the gathered dignitaries, “we could *use* people like that to help out at The Institute!”

“We could use their brain power and hopefully, with a little direction, they can help bring clarity,” he says smiling.

And of course, everyone agrees.

It is a brilliant idea.

The agitators want answers, so why not co-opt them and put them into a position where it is their responsibility to provide them.

“It will satisfy the agitators,” says Joe, “*and* it will remove their influence from the bottom of the hill.”

“The only problem is,” says the baker, “how to get them to The Institute?”

“Why would they add their voice to something they already see as problematic?”

But Joe has an answer for that.

“We’ll do what we always do,” he says, “we’ll just tell them the truth.”

“We’ll tell them that we need their help.”

“We’ll tell them that we haven’t been able to bring clarity.”

“We’ll tell them we’re just a bunch of dim-witted business people and we need their intellectual prowess to save the day.”

“How can they say no to that?” asks Joe.

“And just to sweeten the deal,” he says, “we’ll give them a small bonus.”

“We’ll pay them a little more than the people at the bottom.”

“Give them a taste of what it’s like,” said Joe.

“Not too much though.”

“We don’t want them as neighbours at the top of the hill,” he said.

“It’s too crowded as it is.”

“But there’s lots of space in the middle,” he says cheerfully, “so we’ll help them get set up there.”

“It’s an offer they won’t be able to refuse,” concludes Joe nodding his head.

And so the letters go out, the bonuses are offered, and the agitators and their families pack up their bags and begin the short trek up to employment at The Institute, and life at the middle of the hill.

INDOCTRINATION

Now, when the new intelligentsia arrive at The Institute there is, of course, a magnificent ceremony of welcome. There is fine wine, there is gourmet food, and there is a charismatic keynote speaker, hired to address the newcomers *and* set the tone for the work they would carry out. When everybody has filled their bellies with fine wine and food, the speaker climbs the podium and says to the assembled guests...

“Honoured guests... Thank you for coming.”

“Thank you for accepting our invitation.”

“Thank you for agreeing to help us.”

“For two years we have struggled” says the speaker.

“For two years we have laboured into the night,” she says.

“We have collected data...”

“We have poured over charts...”

“We have analysed patterns...”

“But still we lack clarity.” she said shaking her head.

“But now we are hopeful.” she says smiling broadly and raising her hands towards the audience.

“Now *you* are here and now we are confident.”

“With your help, we will bring clarity.”

“With your fine minds, and your deep motivation for truth, we will succeed” she declares.

“But first,” says the speaker, “there must be a period of ‘study’.”

“A couple of years at the most,” she says raising her hands to fend off the questions that start to percolate through the assembled guests.

“It is necessary,” nods the speaker.

“We have laboured for two years,” she says, “and in that time we have made much progress.”

“We have developed new ideas and discovered new concepts and these ideas and concepts inform our studies and help us communicate our findings.”

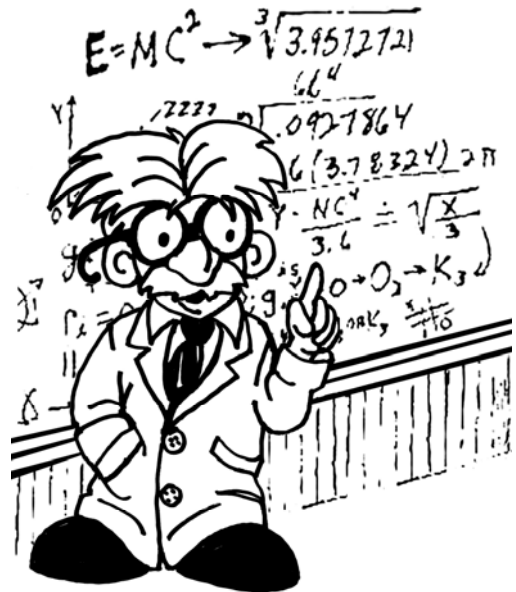
“But,” she says, “there are many new concepts and it is a complicated language and therefore you, our honoured guests, must learn to speak that language.”

“No sense in reinventing the wheel,” she smiles and shrugs.

And of course, the honoured guests agree.

Why would they not?

After all, they might be a little unhappy with the performance of The Institute, but that is what they are here for. They are here to help. Beyond that, they trust the good faith of their colleagues and agree that it will be



most efficient if they build on what has gone before. Therefore, they will enter a period of study and learn the language and the concepts used at The Institute. So, with the decision made they finish their meal, drink their wine, and shuffle off to bed in order that they will be bright and fresh for their first day of study in the morning.

EDUCATION

When they wake up the next day, they study.

And the day after that, they study.

And the day after that, they study.

And for two years they study and in that time they learn how to think and talk just like The Institute founders. And when the founders of The Institute are satisfied that the agitators will think and talk just like them, they set them to work.

And the new professionals labour into the night.

They collect data...

They pore over charts...

They analyse patterns...

...but at the end of each day they still lack clarity.

Something is always missing.

Something just doesn't fit.

Still, they work diligently within the conceptual framework provided by The Institute, and every once in a while they issue a report. And, since the newcomers have learned to think and talk like the founders of The Institute, the report always says basically the same thing. Amidst all the specialized jargon, technical concepts, and economic "hoax us poke us" that seem to get more complicated every year, and which nobody at the bottom of the hill can ever understand, the report always says...

It is complicated, and more study is needed.

And of course, every time the people at the bottom of the hill hear that, they are very disappointed.

But that is OK.

The people at the bottom of the hill know that the best minds they have to offer are working on the problem and they believe that if anybody can do it, they can do it. So, for the most part, they bury their disappointment, trust their comrades, and go back to work while the people at the top of the hill continue their accumulation experiment.

And of course, it isn't all wine and roses for the people at the top of the hill.

Each year, whenever The Institute report is released, there are always a few people at the bottom that can not hide their disappointment.

But that was OK too because each year the people at the top of the hill scout the people at the bottom, identifying the agitators, and inviting them to work at The Institute. It is a perfect system and it works brilliantly until one day The Institute grows too big and the financial strain on the people at the top of the hill becomes too much and on that day, Joe calls a special meeting.

TAXATION

"Most illustrious and honoured brothers," he says, "I call you here today because of a problem that is emerging."

"Up until now we have, as a benefit to the people..."

"And out of kindness of our hearts..."

"...funded The Institute."

"It has all been out of our own pockets," he says with voice rising.

"And that has worked," he says.

"But now The Institute is growing and its costs are increasing and we can no longer afford this kindness on our own," he says.

"Of course," he says, laughing, "getting rid of The Institute or scaling back operations is not an option."

"Not only does The Institute provide us with invaluable yearly reports," he says, "but it provides a great place to put people who aren't happy living at the bottom."

"Still," says Joe, "something must be done to relieve us of the cost while ensuring The Institute continues to function," says the baker.

He looks around at the anxious faces.

"However," he says, "do not worry."

"I believe I have a solution."

"We shall get the people at the bottom of the hill to pay for it" he says smiling broadly.

"After all," he says, "The Institute serves them and not us."

"We," he says spreading his arms to encompass the wealth that surrounds them all, "do not need The Institute."

“And as always,” smiles the baker, “we’ll just tell them the truth.”

And of course, upon hearing his explanation, everyone agrees and so they hire the best public speaker money can buy and call an assembly of the people at the bottom of the hill.

The speaker climbs the podium and speaks...

“These are times of great potential,” he intones.

“These are times of great promise.”

“Look,” says the speaker as he points to the mansions at top of the hill, “at what is possible with industry and fortitude.”

“Look,” he says pointing to The Institute, “at the work that we are doing to bring that potential to you.”

He raises his hands to the audience as if pushing someone away.

“But there is no need to thank us,” the speaker says.

“We do this not for gratitude or prestige but because *you* are our brothers and sisters.”

“But,” he says, “we can no longer do it alone.”

“Each year The Institute has grown and each year the cost becomes more unbearable for us.”

“We need your help,” he says reaching out his palms to the people.

“It won’t be much,” he shakes his head.

“Just a few pennies a week.”

“You’ll barely feel it and if you want,” says the speaker, “you can always make it up by working a little extra each week.”

And of course, everybody at the bottom of the hill agrees.

Why would they not?

They trust the people at the top of the hill.

They trust the people at The Institute.

They have eyes.

They can see what is going on.

The people at the top of the hill *are* paying for The Institute out of their own pockets and the people at The Institute *are* working hard to bring clarity, prosperity, and progress to all people.

The people at the bottom of the hill agree, the people at the top of the hill should not be made to shoulder the burden themselves.

It is only fair that they contribute.

“And if it means working a few extra hours a week,” say the people at the bottom of the hill, “then surely this is a small price to pay for the benefits that will eventually accrue.”

And so they agree, and with that the people at the top of the hill create a managing body, which they call a government, and this government is charged with taxing the people at the bottom of the hill in order to fund the now *public* institute.

And the people at the top of the hill rejoice, for they understand that now that the funding of The Institute is linked to the labour of the masses, The Institute can now grow without bounds.

Which is exactly what it does.

Every year The Institute releases a new report.

Every year there are new agitators.

Every year The Institute expands.

At first it is economics, a discipline designed to help understand the economy.

Then it is engineering, a discipline designed to increase production expertise.

Then it is philosophy, a discipline designed to help understand why the world is divided between those at the top, and those at the bottom.

Then it is history, a discipline designed to tell the story from the perspective of those at the top of the hill.

Then it is religion, a discipline designed to provide justification.

Then it is psychology, to control the workers and keep them docile and pretty soon The Institute is everywhere, which is great because with The Institute operating to manage discontent and provide obscure explanations, everything is working fantastically. And, with everything working so well, the boys at the top of the hill now have time to deal with other issues besides system maintenance and so, finally, they turn their full attention to the thing they love the most.

PROGRESS

Accumulation!

One day at a meeting, after a particularly lavish dinner, Joe the baker stands and speaks.

“Didn’t I tell you?” he says raising his glass for a toast.

“Didn’t I say?”

“Nobody has been harmed,” he smiles with great satisfaction.

“In fact,” Joe says, “quite the opposite has occurred.”

“Look around you at the changes we have brought!”

“We the people at the top of the hill have created a better world!” he exclaims dramatically.

“Our homes are the pinnacle of architectural innovation,” he says.

“Our gardens are the summit of creativity and beauty.”

“And The Institute,” he says, “is our crowning glory.”

“Congratulations to all of us” Joe says raising his glass and toasting the room.

“Congratulations!” he cries.

“We the people have brought progress to this world.”

He pauses for a moment and then begins to speak slowly.

“But,” says Joe, “we can do more.”

“With enough resources, we can improve everything.”

“With enough resources, we can lead this world to utopia.”

“We could bring a new world order that would bring progress and increase our wealth and prosperity a million fold,” he says.

“And all we need is the money to do it,” he concludes.

PRODUCT DIFFERENTIATION

“And I know how we can do it,” Joe says.

“I know how we can fund utopia.”

“All we have to do is increase the rate of extraction, and I have found a way to do that,” says the baker triumphantly.

“Instead of making only one kind of bread,” he says, “instead of making only the finest bread that I am capable of making, I can make a cheaper bread with cheaper ingredients and less care and attention, and I can sell that to the people at the bottom of the hill.”

“If I do this,” he says, “I will save money on ingredients and labour and therefore I will accumulate more.”

He looks around the room at the attentive, smiling faces.

“There’s more,” he continues.

“I can also make special bread with the finest ingredients and the most care and attention and I can sell that special bread to the people higher up the hill for a premium,” says Joe.

“Instead of three times the cost, I could sell it for five.”

“And yes,” he says anticipating their questions, “they will buy it when I tell them it is special.”

“But of course,” says the baker, “there is a slight problem.”

“When the people at the bottom of the hill come into the shop and find they can only afford the cheap bread, they will probably grumble and complain,” says the baker.

“And of course,” says the baker, “we know where that leads.”

“But,” says Joe smiling, “I have learned, that in order to curtail their grumbling, I simply need to tell them the truth.”

“When they complain I will tell them, ‘this is the price that you have to pay for progress’ and that will quieten them down because nobody can argue against progress.”

“And of course,” says the baker, “I’ll tell them it is all in their hands anyway.”

“If they work a little harder...”

“If they pinch their pennies...”

“If they save their money...”

“Then they too will be able to afford the special bread.”

The baker looks around the room smiling.

“In the name of progress?” he asks raising his glass.

“In the name of progress!” cry his brothers as they toast the baker and quaff their wine.

DISTORTION

And so, in the name of progress, the people at the top of the hill begin to look for ways to increase their rate of accumulation. And they don’t stop with product differentiation. After all, the goal is “progress” and the more efficient they can make accumulation, the more progress there is. So, each week they meet with one another and share their ideas for more efficient accumulation. One week they come up with *planned obsolescence* and *product lifecycle*. Instead of designing products to last, those who can get away with it design products to break, or go out of fashion after a suitable period of time. In this way they ensure that *consumers*, as the

people at the bottom of the hill have come to be known, are tied constantly into product purchase. Of course, planned obsolescence and product lifecycle means the people at the bottom of the hill have to work harder and longer in order to fund The Institute, buy the special bread, replace worn out products, and afford each year's new fashions. And it also means an expanding strain on the resources of Mother Earth as shoddy consumer goods and broken products saturate the landfills and devour resources. "But these things" says Joe, "are small prices to pay for 'progress,'" and so they continue.

One week they come up with an idea to *lower labour costs* by paying people at the bottom of the hill less for the work they do. Of course, this isn't a very popular idea amongst the people at the bottom of the hill because it requires them, their spouses, and sometimes even their children to work harder and longer just to get by. However, the people at the top of the hill are persistent and in the name of "progress" they find ways to force the issue. They deskill labour, tie the workers to assembly lines, keep demand for key professions lower by restricting access to education, and even use child labour in countries where they can get away with it. And of course, the people at the top recognize the unpleasant nature of these things, but there is always a price to be paid for progress, they tell themselves, and so they continue.

One week, the people at the top notice that a lot of people at the bottom of the hill are still using the informal economy to exchange labour by barter. They think about this and conclude that this is a bad thing because when people barter it is impossible to accumulate labour, and when they can't accumulate, there is no progress. So, the people at the top of the hill decide that bartering should be reduced and eventually eliminated. Of course, the people at the bottom resist. In their eyes barter has always been a legitimate form of trade and to give it up would put them at a further disadvantage. But the people at the top of the hill are persistent and, in the name of progress, eventually find a way to reduce barter. With the help of The Institute, they commission a report that says that activity outside of the main economy is detrimental to the progress of the nation. They then instruct the government to begin counting all forms of economic activity. Finally, they reorganize production. Instead of having small, locally self-sufficient economies where informal exchange and barter is easy and natural, they force a separation of production and make whole countries specialize in single product lines. They grow bananas in one country, build cars in another, get grain from a third, and so on. It is brilliant. In a globally dispersed marketplace where you get your food from farmers who live thousands of miles away, barter becomes impossible, and life becomes precarious.

And so, in the name of progress, on it goes. Each week, the boys from the top of the hill, meet to discuss how to bring progress to the world, and every once in a while someone comes up with a new and better way to make progress. And through all this, the people at the bottom of the hill work harder and harder just trying to keep up. "But that," say the people at the top of the hill, "is the price we pay for progress." But then, one day, a problem begins to emerge, and the problem is money. As it turns out, all the effort that the boys at the top of the hill are putting into developing efficient ways to create progress is creating an uncomfortably rapid flow of cash.

The problem is, it is collecting in filthy and mouldy piles.

It is ridiculous, not to mention ugly, dirty, and unsanitary and initially the boys at the top of the hill don't know what to do. So, they call a special meeting to discuss the problem and, to make a long story short, they find a better container for their money.

METAL AND ROCK

It is the stonemason who figures it out.

One day, at one of their special, private meetings, the stonemason sheepishly raises his hand and says to the assembled brothers, "I think I might have a solution to our problem with money."

He calls them into a circle.

He beckons them to look as he reaches into his pocket to pull out a beautiful gold ring with a huge shiny rock in it.

He shows it around the room as he begins to explain, "About six months ago my cash flow was such that I no longer had to work for a living" (pause while the members of the club raise their glasses and congratulate his hard work and good fortune).



"But I was bored," he says, "and I needed something to fill my time."

"So, being a stonemason by trade, I started to play with rocks and metals and I discovered that these shiny rocks could be cut into these beautiful sparkly diamond shapes."

"And," says the stonemason, "I discovered that I could take this soft metal and bend it and shape it."

"And," says the stonemason as he raises the diamond ring in triumph, "I discovered that I could combine the two."

Everybody admires the rock in his fingers.

"It's not much work," he says, "but it does take a steady hand."

"And look how pretty it is," he says.

"And isn't this much better than a pile of money?" he asks.

And of course everyone agrees.

It is much prettier than a pile of money.

"But how does this solve the problem of money?" somebody asks.

“Well,” says the stonemason with a smile, “it’s like this...”

“We can store as much accumulated labour into one of these little metal wrapped rocks as we want!”

“Remember, the value of paper money is merely a question of agreement and so we can store tens, hundreds, even thousands of labour units into individual bills.”

“There is no limit!” he says.

“And so it is with this pretty ring!”

“All we have to do is agree on a value...” the stonemason’s voice trails off.

As the stonemason finishes talking, there is silence.

Brows are furrowed and frowns appear on some of the faces.

A buzz of discussion arises and after a few minutes, smiles begin to emerge.

Somebody whispers, “it is brilliant.”

But there are questions.

“What will we do with the money that we store?” asks one.

“And how will we agree on a price?” asks another.

The stonemason smiles and raises his hands.

“I have anticipated these questions and considered a solution,” he says with satisfaction.

“As for what to do with all the cash, we can build a central storehouse or ‘bank’ and we can store the money there.”

“As for determining the value of our gold and diamonds,” he says, “we can appoint our most trusted brothers to a *council* and they can determine the price.”

“This council, this ‘cartel’ if you wish, will tell us, ‘a carat of weight is equal to one million labour units.’ and we will agree and as long as we agree,” he says with a smile, “we’re in business.”

The brothers consider this for a moment and they all have to admit, it sounds pretty good. In fact, they can not see any downside and so they decide to do it. They create a bank, they create a precious stones and metals cartel, and the stonemason gets to work creating beautiful and extravagant ways to store accumulated labour.

Problem solved and, back to business!

The people at the top of the hill continue their drive for accumulation, distortions pile up, and the people at the bottom of the hill work harder and harder just to get by. It seems like a perfect arrangement and it works beautifully, according to the people at the top of the hill, until one day, out of the blue, there is a crisis.

CRISIS

And when that crisis hits, it is a doozy!

All of a sudden, for the first time ever, people at the bottom of hill are out of work, and not in the fancypants leisured way of those at the top of the hill, but in a plain ol' "can't buy enough to eat, lose the house and home" sort of way.

When this happens, it is a total surprise.

One day the economy is working, the next day it isn't.

One day people are exchanging goods and services, the next day they aren't.

And I won't lie to you here, as this crisis hits it is huge and ugly.

People suffer.

Children starve.

People die and sadly, nobody at the bottom of the hill understands why it is happening to them.

But the people at the top of the hill, they understand. They can see the problem as clearly as the diamonds on their fingers. Over the course of their little experiment, the people at the top of the hill have accumulated so much money that they have literally siphoned off all the lifeblood (i.e. cash) from the economy and *unemployment* is the obvious result. (duh!).

If nobody has money to buy the things they need because all the money has been sucked out of the economy by the people at the top of the hill, and if overspecialisation has made barter impossible, how are people going to be able to sell their goods and services?

The answer is, they cannot.

The bottom line is, if you keep extracting money out of an economy you are gradually taking away people's ability to exchange their labour.

If you do that for long enough...

...or aggressively enough...

...and if you don't put back what you've taken out...

Then mass unemployment, recession, and eventually economic depression sets in.

It is logical.

It is inevitable and because the ability to barter has been taken away from their economy, potentially catastrophic. Millions, even billions, could starve and there is simply nothing, short of ending the little accumulation experiment, and giving it all back, that anybody can do to stop it.

Don't believe me?

Let's try a little thought experiment.

Imagine for a moment a small economy of ten people.

Now, imagine that each of these ten people has one hundred dollars and that they use those one hundred dollars to exchange their labour with.

Now imagine, that one day, one of them, let's call him Fred, starts to extract money out of the economy a little bit at a time.

Maybe he does it by taxation.

Maybe he does it by profit.

Maybe he just muscles people into it.

How the extraction happens doesn't matter because the end result is always the same. Sooner or later, depending on how aggressively the money is extracted, people will no longer be able to exchange their labour because nobody will have any money left to use for exchange.

All other things being equal, (i.e. if Fred does nothing to put the money back into the economy) at some point Fred is going to have all the money, and everybody else is going to be *unemployed* (i.e. unable to exchange their labour), unless they are lucky enough to work for Fred.

And what does Fred do at that point?

How does Fred solve the economic crisis?

Well really, the only thing Fred can do at that point is give the money back.

The pure and undiluted truth is, if Fred wants to avoid all the nasty human suffering that attends unemployment and recession in an economy that he's sucked dry of its very lifeblood, he puts all the money that he extracted back into circulation so that people have the resources they need to exchange their labour.

It is the right thing to do.

Nothing else will solve the problem.

Now of course, he doesn't have to do this.

If he wants, he can convince himself that the money belongs to him, or that he has worked hard for it, or that he deserves it because he is superior, or "clear," or whatever. However, if Fred decides to keep the money and

maintain his privilege, then the best thing he can do is provide band-aid solutions. Ultimately, unless he starts to do the right thing, unless he stops sucking the lifeblood out of the economy, nothing he does is going to prevent general systemic failure and death.

And if he doesn't make that change?

If he decides not to do the right thing?

Well, let's look at some of the options our friend Fred has then, shall we?

One option that Fred has is to do nothing. After all, Fred has lots of money and can buy whatever he needs to survive. Not only that, but after a while people will be so desperate that they will work for peanuts (thereby extending Fred's "buying power") just to have enough to feed their families. But really, that approach can only be taken so far. Slow death by starvation doesn't go over well with large groups of heavily armed people.

Just ask the French Aristocracy.

If he keeps all the money for himself to the point where the only thing that's left to eat is cake, the people are going to eventually be so hard up, and their families in such distress, that they will build a guillotine in his honour.

Chop chop!

And of course, that's a mistake he won't make twice.

So, what does he do?

Well, if you can imagine that you're Fred, and you want to avoid losing your head over the whole thing, you'd have to put some money back.

At a certain point it can't be avoided.

Of course, giving it back has to be done cautiously.

I mean, you can't just "give" it back.

You can't just go up to the people in your economy and say here it is, start again. If you did that, people would immediately start to wonder why they were giving it to you in the first place, and maybe learn to refuse to go along with your extraction activities, thereby putting an end to your privilege, but avoiding the chronic cycle of suffering caused by your greediness.

Hmmm....

Therefore, if Fred wants to maintain his little "secret," he has to find a sneaky way to put the money he's stolen back into the economy, without it looking like he's giving it back. Thankfully, there's a few ways he can do that that won't "tip off" the population as to the nature of the beast. One is war, the other is money lending. We'll look at lending first.

Now one great way to put money back into the economy, thereby reducing unemployment, without giving the real secret away, is to lend it.

If you lend it, while saying “this is mine and you have to pay it back,” then the illusion that the money is yours is maintained, and you still get to insert a much needed transfusion into the system. But it is not a permanent solution, especially when you’re really greedy about it and charge interest on top.

Consider:

After extracting all the money from the economy, and putting the economy into cardiac arrest, Fred goes up to all the people in his country and says “hey everybody, I can help. I’ll lend each of you a hundred dollars so you can get your businesses going again” (general cheers and applause) “...as long as you pay me back with interest,” he says.

“I’ll give you a hundred bucks, and you’ll pay me back one hundred and ten.”

[puzzled looks].

“But why interest?” the people ask.

“Well,” says Fred, “I figure that since I’m letting you use my money, I’m making a huge sacrifice because while you are using my money to put yourselves back to work, I won’t be able to enjoy it myself.”

“So it’s only fair,” he says, “that I get something in return.”

And so, because they have no other choice, the people agree.

And it does seem to make sense.

And it does seem to work.

Fred lends out his money, blood is back in the veins of the economy, and everybody is back to work again.

Unfortunately however, the new found circulatory health doesn’t last very long at all.

In fact, economic ruin happens once again, in about half as much time as it did before.

The problem?

Fred has got his fangs into the economic bloodstream in two ways now.

On the one hand he is still engaged in his regular extractive activities, thereby slowly draining the fluid



out of the body, while on the other hand he's getting loan AND interest payments as well.

You can see the problem, and the predictable outcome. Fred is now extracting money from the economy twice as fast as before so now, collapse occurs in half the time, but with one critical difference. Even after Fred has extracted all the money from the economy, the balance sheet is not zero! That is, even when all the money is back in Fred's hands, because Fred lent money at interest, the people still owe him money.

DEBT

Fred has discovered the perversity of debt, and it's a problem.

It is a problem for the other nine people who are faced, for the first time ever, with the grinding absurdity of debt *and* it is a problem for Fred because at this point, and even though the economy is collapsing and people are suffering, Fred has become very reluctant to lend out more of his money to save the people who are suffering.

Why?

Well, he's not stupid.

He's already come up short on his last loan, and he can see that everybody is now broke, so it would be kind of dumb to start lending money to people who can't pay it back. You could say Fred has "lost confidence" in the people's ability to pay him back; he has lost confidence in the economy.

It is a bit of a quandary.

Even though Fred doesn't want to lend any more money because he knows for certain he'll never get it (and the interest) back. He knows he's got to do something otherwise the people will get hungry, desperate, and maybe even violent. And that would ruin his breakfast.

So what does he do? Well, when the economy is in crisis and Fred has lost confidence, there are basically two things he can do. He can either ignore the problem and let the people suffer, or he can jumpstart the economy by putting money back into it.

In order to see this more clearly, let us expand this thought experiment a bit so that we imagine Fred to be in control of a national, or even global, economy.

If he ignores the problem, he's going to need to use force and indoctrination to keep the people down otherwise they'll do what starving people do everywhere. They will rise up and take what they need to survive. Of course, he's not going to call it "force" and "indoctrination." That would just leave people bitter and unwilling to work. Instead, he'll probably call it *keeping the peace, security, education, and cinematic entertainment*. And of course, he'll give them all sorts of reasons why they have to put up with it. Maybe he'll blow up one of his own buildings, or put a dozen police dramas on television convincing them of the need for security. Or maybe he'll scare them with tales of horror in the night. However he does it, the outcome will be

the same. When the people start looking at him with hungry eyes, all the surveillance, police, armies and technology he's gathered under his control can be easily used to suppress the anxious and agitated population.

And this approach will work, to a point.

However, as those Frenchmen with guillotines demonstrated, Fred can callously disregard the suffering of the masses for only so long before it all ends in tragedy.^{xii} So, no matter how much he might want to keep everything for himself, at some point he's going to be forced to initiate a transfusion, and possibly a defibrillation, of the donor.

And how does he do that?

Well, since Fred won't even consider the right thing and just give the money back, and since Fred is the only one with money to lend, Fred basically has to restore Fred's confidence in the people's ability to pay Fred back, so that Fred will feel comfortable enough with his "return on investment" for him to lend again.

And how is Fred going to restore his own confidence and, ergo, his willingness to lend?

Well, there are number of tried and tested things that Fred can do to help restore his confidence in the economy, thereby giving himself the freedom to lend again. One of the things he can do is "reset" the economy. He does this, simply by letting the economy collapse, and then "re-possessing" all the things that are "his." Fred reasons it out like this. When people borrowed money from him, they went ahead and bought some things (houses for shelter, cars to get to work, food for their families, etc.) that they needed to survive and thrive. Since they didn't pay him all his money back, Fred reasons that all the things they bought with his money now belong to him. So, he takes "what's his" and clears the debt this way. Getting *his* money back, through the re-possession of goods bought with his money, basically restores Fred's willingness to lend. It's ugly though, especially when children are involved, since it leaves the people in the horrible position of having to start all over from the bottom again but "c'est la vie," right?

Now, the second thing Fred can do to stave off economic collapse is to print money and let it enter the economy. Printing more money is a great way to stave off economic collapse because it basically makes the essential (in an economy subject to constant accumulation of labour) process of transfusion (i.e. putting back that which has been drained away) a permanent thing. Of course, just as Fred is not going to give away his own money, when he starts the printing presses he's not going to just give away the fresh mint either.^{xiii} Just giving the money away would lead to inflation and the steady de-valuation of *his* money.^{xiv} So to avoid that, he charges interest on the new money as well.

How much interest?

Well, let's just say it is not an exact science.

It is a bit of a guessing game, really.

If interest rates are too low, this leads to lost opportunity^{xv} and (more importantly) inflation. On the other hand, if interest rates are too high, extraction and loan payments cripple the economy too quickly. So, Fred

tries to create a balance point keeping both inflation (caused by the entrance of new money into the economy) and unemployment (caused by lack of money) to “reasonable” levels.

And does it work?

Well, sort of.

Connecting the economic body up to a permanent, interest bearing cash intravenous (IV)^{xvi} does stave off the inevitable economic collapse caused by the extractive and lending activities of Fred, but only for a time. Eventually debt builds up, Fred loses confidence, and the money flow stops. In a small economy, the process is totally obvious. However in a huge economy, it is less obvious. In a huge economy typically what would happen is debt would pile up in one or two areas of the economy, a “correction” would come (i.e. debt would pile up to the point where people couldn’t pay back the money), Fred would panic, the economic intravenous (IV) would be shut off, businesses in that sector would collapse, people would be thrown out of work, and so on. At that point Fred would “reset” that sector of the economy by repossessing assets until he was comfortable to lend again at which point he’d lend again until debt built up somewhere else and the whole thing would happen again.

And is this a bad thing?

Well if you are one of the ones that lose everything as a result of the “reset,” then yes it is a bad thing and it doesn’t take much imagination to figure out why. You lose your house, your children go hungry, your self esteem takes a hit, your family falls apart, and life becomes a grind house of pain and stress. On the other hand, Fred benefits. From his perspective, recession (i.e. the “reset” caused by Fred’s extractive activity) brings a necessary financial correction that allows him to recoup his investment, return himself to confidence, and raise the value of his money which has probably taken a hit as a result of inflation. It is all good for Fred who probably thinks that if the worst thing he has to deal with is cyclical recessions,^{xvii} he’s happy. Unfortunately, cyclical recession is not the worst thing that Fred has to deal with. While he is celebrating his good fortune, recessive crises happen with more and more frequency, grow deeper and deeper, and become harder and harder to get out of.

The problem, as always, is debt.

The thing you have to remember is, Fred is always “lending” money at interest and extracting money at profit so **no matter what** Fred does to put money back into the economy, whether it’s a bail out or a stimulus package or a tax break or whatever, debt (i.e. the owing of your labour power to someone else) **always** accumulates. It starts like a little cancerous tumour that Fred can manage with a band aid or two, but it grows and grows and grows and unless Fred outlaws interest and gives the money back, there is really nothing Fred can do to stop the catastrophic collapse of his economic system. Eventually, maybe right now, maybe in three or four years, a point is going to come when debt is so bad and so pervasive that nothing that Fred can do will restore Fred’s confidence in the economy and when that point comes the dominoes will fall and the entire economy will go into full scale cardiac arrest.

And the funny thing is, Fred knows this. Because of his privileged vantage point, he can see it coming better than anybody and he knows that when it happens, people are going to experience incredible hardship, unemployment, long term deprivation, starvation, and slow, grinding death, which perhaps explains Fred's affinity for military technology, security, armed forces, RFID, and things like that. Of course, he's not going to use that stuff if he doesn't have to. Fred's not a bad guy after all. But it does make him sleep better knowing it's there if he needs it.

So, when the time comes and the economy goes into complete cardiac arrest, what is Fred going to do?

Well, as always, Fred has a choice.

On the one hand, Fred can wake up and see the twisted nature of the system he's been living with, give back the money, outlaw accumulation and interest, and allow the country to live happily ever after. If he does this, then we can all sing "for he's a jolly good fellow" and go dance in the streets because if Fred makes that choice, it will mean a permanent end to poverty and suffering and the global emergence of shambhala and utopia.

On the other hand, Fred could continue in the old ways and try to hang onto his money. If he does that, things will just get worse. As I already said, it will be like a domino chain. When it finally comes, the collapse will be rapid and dramatic and there will be nothing Fred can do to stop it. It will start in a single sector of the consumer economy with a "normal" recession. However, because the rest of the economy is so mired in debt, the recession will not stay confined to a single sector. Even a little drop off in sales will trigger bankruptcy and default in other sectors, panicking Fred into shutting off the IV, and when that happens, the whole chain of dominoes will fall rattling down with disastrous consequences for the majority of people in Fred's economy. It will be so bad that no amount of surveillance and indoctrination will calm the agitated masses and at that point Fred is, once again, only going to have two choices. He'll either have to come clean and do the right thing, or he'll have to go to war.

Why war?

Well, as people like Fred discovered a long time ago, war is a great way to channel aggression and pull an economy out of economic depression. Not only does war allow Fred to inject *mucho* \$\$\$ into the economy in a way that doesn't give his precious secret away, but it also allows him to channel the aggression of the young, able bodied, and potentially dangerous men. He calls somebody "evil" and then sends all the able bodied young men out of the country to fight the evil.

Simple!

And of course, we're not talking about a little war here.

At the point of total economic collapse, Fred is going to need a real war, a global war, with gadjillions of dollars in military spending leading to bajillions of dollars in economic offshoots into the economy to solve the problem and that means, of course, that a lot of innocent people are going to die. Of course, Fred needs an enemy to fight. But that's easy. After centuries of indoctrination, the world is so divided up by religion, by skin

colour, by nation, by gender, by culture, and by region that starting a global war is as simple as dropping a single nuclear bomb.

So, what are you going to do?

Well, I personally don't recommend you sit around and do nothing.

Even if the next world war does manage to solve our global economic crisis by re-monetizing the global economy, we're rapidly reaching a planetary environmental wall. If we don't fix the numerous ecological, psychological, political, and social distortions that are caused by the lunatic fringe leading this lunatic economic system we live in, humanity won't survive to do it again. And besides that, we're not fighting with sticks and stones anymore. With the type of technology that can be deployed to kill with these days, and the global interconnectedness that threatens to unify the planet, billions could die before Fred regains his confidence.

I also don't recommend guillotines and violence. That never really worked anyway because, as we have seen, if you kill one Fred, a new Fred comes along to take his place. And besides, the old saying is true: "violence begets violence". You can't repair a broken world by using repressive strategies.

I also don't recommend you stand around waiting for a big alien ship to take you away into the sky, or your "Sirian brothers" to come fix the problems on this earth. I know some people out there are doing that but I'm telling you now, that ain't gonna happen. Trust me on this one. If the alien high commander of the Annunaki fleet was speaking to you right now, he'd be saying exactly what I'm saying to you which is, "this is your problem and you have to fix it before we can help you. So get to it."

Finally, I do not recommend you stand around waiting for "the saviour" to come and save your butt either. I have no doubt at all that if the saviour was standing in front of you and speaking to you right now, he'd be telling you exactly what I am telling you which is, "you are a powerful co-creator and brilliant spark of the divine creator God, and you have the power within you to change this world. All you have to do is wake up, take your power back, and learn how to use it."

I suppose though, in the end, it's your choice.

You can make up some excuse and sit around waiting for Fred to do the right thing, or you can realize that after so much indoctrination, war, fighting, division, depression, and suffering you have got to take matters into your own hands. If your choice is number one, then the best you can do is hope that what I've told you today is not true. However, if you want to do number two, I recommend you visit me at <http://www.michaelsharp.org/> where I can help you get started on the awakening and empowerment part of the solution. Keep an open mind though. Remember, I'm a spiritual author so any solutions I have to offer for this mess we call planet earth will be spiritual solutions. If you think you're ready for that, then by all means, drop by for a visit and let's see what there is to see.

*On reaching Jerusalem, Jesus entered the temple area and began driving out those who were buying and selling there. He overturned the tables of the money changers and the benches of those selling doves, and would not allow anyone to carry merchandise through the temple courts. And as he taught them, he said, "Is it not written: My house will be called a house of prayer for all nations? But you have made it a den of robbers." The chief priests and the teachers of the law heard this and began looking for a way to kill him, for they feared him, because the whole crowd was amazed at his teaching. **Mark 11: 15-18.***

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ENDNOTES

ⁱ For me being a “world teacher” simply means I write about topics relevant to the spiritual awakening and empowerment of everyone, in an accessible and grounded way, with no hierarchy, and no implicit or explicit exclusions.

ⁱⁱ See <http://www.thespiritwiki.com/index.php/Barter>

ⁱⁱⁱ It is a blasphemy in the eyes of God if you like.

^{iv} http://www.thespiritwiki.com/index.php/Labour_Time

^v <http://www.thespiritwiki.com/index.php/Economy>

^{vi} http://www.thespiritwiki.com/index.php/Official_Economy

^{vii} http://www.thespiritwiki.com/index.php/Informal_Economy

^{viii} http://www.thespiritwiki.com/index.php/Labour_Value

^{ix} This is not quite true of course, but the problems associated with accumulation are not as pronounced in economies that are not monetized, or that are not monetized to the extent that the current global economy is monetized. In fact in barter based economies, accumulation tends to be discouraged. See for example the native practice of *Potlatch* where the goal is to give away as many things as you can. <http://en.wikipedia.org/wiki/Potlatch>

^x By “world ending” I literally mean “world ending.” The dynamic that is set up by the initiation of accumulation leads, if left unchecked and in place, to the inevitable end of human civilization. The pressure on the environment, the anger and desperation that it causes leads, in the long run, to the collapse of human civilization. These might seem like strong words now, but it will become quite obvious to you that accumulation does lead to the end of the human world once you read through to the end of this little pamphlet.

^{xi} Interestingly enough, power doesn’t necessarily enter into monetary relationships. Assuming equality of conditions (i.e. I have all the money I need and you have all the money you need), power cannot enter the equation because if you ask me to do something I do not want to do, I don’t have to do it because I have enough money. However, if for some reason I need your money, if I am unemployed, if I am broke, if my bank account is drained by interest, if I need to feed and protect my kids, or keep a roof over my head, and you control the money, then you have the power. If you ask me to do something then, because I need the money you have, I will often do things I would not even think of doing if I didn’t *need* the money. You may want to think about prostitution and pornography in these terms, as well as other less than appealing occupations. Even think about the job you are doing now. Do you love what you do? If not, why do you do it? And if you had enough money to do what you wanted to do, what would you do instead? It’s an awesome question to ask because it gives you an indication of what life would be like in a properly monetized economy. If an economy is properly monetized (i.e. if money hasn’t been greedily extracted to the point where there is not enough money to go around), a lot of jobs that people currently do would no longer exist because we wouldn’t be forced to do them. This is something to keep in mind as we wend our way through this short economic treatise.

^{xii} See my *Black Book* due to be released on the WWW Dec 25, 2012.

^{xiii} Unless maybe he's trying to "bail out" his buddies, who are also feeling the pinch from default on debt caused by a drained economy.

^{xiv} How does inflation devalue Fred's money? Well, imagine our little economy of ten people, each with a hundred dollars. After Fred has managed to extract all the money out of the hands of his nine buddies, he lends it back to them at interest. The problem is, because Fred is extracting money in two ways (regular profit generating activities, plus the loan and interest payments) this time the money is drained faster. To avoid having to reset the economy so fast, Fred decides to print extra dollars and lend that into the economy as well. The problem is, with the extra printed money, now there is two times the amount in the economy than there once was and that leads to instant inflation and a devaluation of Fred's money.

How?

Well, this goes all the way back to the beginning when we talked about the nature of money as an abstract representation of labour. Remember what I said? I said that a properly monetized economy will have one unit of money for each unit (i.e. hour) of labour. Imagine that the average number of hours worked per day in a healthy society is four. You are therefore allotted four units of money a day to exchange for labour (for a total of $4 \times 365 = 1,460$ units per year per person). In this case, if somebody works an hour for you, you would give them fair exchange of 1 unit (e.g. one dollar) for their labour.

Now imagine that all of a sudden the economy has twice the amount of money in circulation as it had before. Instead of 1,460 units per person per year, there is now 2,920 units. What will happen?

Well, there will be a short period of disequilibrium and inflation caused by the extra cash, but the natural process of inflation will gradually return the economy to a point of equilibrium.

Huh?

It's like this.

Imagine that all of a sudden, as the result of some sort of fiscal magic, you are suddenly making twice the amount of money per year as you were before. What are you going to do with that extra money?

Well, at first everybody is going to go on a spending spree. That is, people are going to BUY the labour of others twice as often as they did before. As a result, everybody who works is going to be super busy. The economy will *heat up*. With twice as many units to spend, you'll go to your local potter and buy twice as many pots. This increased demand for pottery will keep the local potter very busy, too busy in fact because he won't be able to keep up with the demand (unless he sacrifices his own time and his family's). So, what's he do? Well, he's a healthy lad with a burgeoning family and he doesn't want to spend all his time making pots for total strangers, nor does he want to put his children to work. So instead he raises his prices per pot to twice as much as before.

The result?

Inflation!

And that is great for everybody except Fred because as soon as people double their prices (to reflect the presence of extra cash), as soon as “inflation” balances out the blood flow, business drops off and everything returns to normal with no damage done to anybody—except Fred. Unfortunately, Fred has a problem. You see, because of his profit and interest extraction activities, Fred has all the money he needs so he can’t really can’t justify taking any more money (unless of course he can convince people of the need for a bail-out—but that is another story). Therefore, when he prints and lends money (at interest) into the economy, he doesn’t take any of that money. It doesn’t sound like a problem up front, but consider this. There are nine people in the economy and everybody has 100 dollars (giving them the ability to buy 100 pots each, for example). Fred prints money and lends everybody an extra one hundred dollars and then goes away on holiday. He comes back in a year and inflation has brought the economy to equilibrium (i.e. the potter has doubled his prices) but now Fred’s one hundred dollars only buys half as much as before!

Poor Fred, ☹ inflation has devalued his cash and made him poorer as a result.

Of course, it’s a little more complex than this but the idea is basically the same. While inflation is actually good (and if not good, at least not bad) for everyone else, it’s bad for Fred, whose gross accumulated wealth is slowly whittled away as he lends new mint into the economy. Obviously, Fred is going to have to want to keep a tight control on inflation and he’ll do that by, as we see in the main text, using interest rates to control the intravenous flow.

^{xv} According to Fred, it’s always better to lend money because the more money you confidently lend, the more interest you can collect.

^{xvi} Perhaps through a privately owned central bank with the authority to print money.

^{xvii} A “recession” may be defined as a small scale economic collapse that arises due to the unavailability of currency, usually caused by a restriction of credit brought about by the catastrophic build up of debt and collapse of investor confidence.

ABOUT MICHAEL SHARP

I am a sociologist and mystic and I've written several books on topics ranging from cosmology and theology, to chakra activation, ascension, and awakening of the physical unit. I have created the SpiritWiki (<http://www.thespiritwiki.com>) as a repository of my own spiritual, psychological, and sociological thought.

Before writing this book, I didn't have a clue about economics. I took an Economics 100 course as the first class, in the first year, of my failed engineering degree. I dropped that class after only one hour of lecture (couldn't stand it) and was subsequently RTDed (i.e., required to discontinue) for failing all my other courses. Learning from my mistake, I registered in university a second time and stayed as far away from the economics and engineering departments as I could manage. I subsequently went on to finish a PhD in Sociology.

Visit me on the WWW at <http://www.michaelsharp.org/>

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