

Re: The Citizens' Guide to Money

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- *From:* "J.H.Boersema" <joshb@xxxxxxxxxx>
 - *Date:* 08 Jan 2008 10:30:29 GMT
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On 2008-01-08, sameer <sameerjalnapurkar@xxxxxxxxxx> wrote:

Thanks for the reply. I have one comment:

On Jan 7, 5:11 pm, "J.H.Boersema" <jo...@xxxxxxxxxx> wrote:

Should it be handed over to the
Government to use on pork-barrel projects?

Democratic Government: yes. As loans to useful enterprises, who will pay back, at which point the money can simply be destroyed causing the money to become more valuable again – zero sum.

Pork-barrel: of course not, why do you say that ? Why do you immediately need to put a negative marker on "the Government" ? Because maybe you really know that it is the Job of Government to *spend* it, and not only regulate the total supply !

The Pork-barrel is only useful to deal with emergencies and special circumstances like the crippled and old.

It is all so obvious, it is all so obvious ... why can't you all see it.

How do we make sure that
the new money is used in the most worthwhile way?

Democratic control over Government, the inescapable way
– binding referendums
– bottom-up state representative democracy
– state investments are public knowledge
– the Government the slave/servant of the People, tied hand and foot <http://www.jhwh.be/~joshb/constitution-short.html#3>
Inescapable public power over all of Government including money supply in total and all investments in particular, by Constitutional law.

A reasonable answer to this quandary is that the Central

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Bank should not simply hand out the money, but loan it. The interest rate on the loans should be market determined. This will ensure that the money will go to only those who can use it most productively.

"Most productively" ? Give me 500 people, a whip an AK-47 and ammunition: I'll starve them first, and then work them to the breaking point at gun point. You'll see I'll make a hell of a return on that investment. But is that useful for an economy ? Do the people exist for their own sake, or for the games of the money markets ?

Your answer is wrong. There should not be money markets to whoever takes the funds at highest return. Why would that bother anyone that the return is highest, it only needs to be zero sum in the end, thus maintaining the money supply as a stable entity.

Bzzzt, wrong, no cigar. Good writing style though. Once you understand/agree how it should work you should write a book about it, no doubt it would be as legible as this was.

You trust a democratic government to spend the new money well.

Thanks for your interest. There's a number of things with the idea if it is good/bad what democratic government does, with money or otherwise.

0. The People are the most numerous entity by definition, they exist in every corner of the system and therefore know most, useful if only all the input could be gathered.

1. If a democratic Government makes mistakes, the People in majority are most exposed to the problems created, which leads to the strongest possible interest to get it right, compared to any other minority group. The 51% of the People is a very large group.

2. If a democratic Government makes mistakes, it is the People who ultimately made the mistake and feel it, and therefore the People are going to learn from this. If someone else makes mistakes, you can get angry or whatever, but if you made them, I guess there's no alternative but to learn and do better next time.

3. Singling out any subgroup, to place them above the People, I'd say that such an act alone disqualifies that higher group, and makes them untrusted by definition because how can they be trustworthy while denying the People their power and awarding it to themselves, and taking the spoils of that power position (rather than administering all it in the general interest, taking out an equal share, which they aren't doing and never have been able to do).

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I thought there was an interesting effect though: on the one hand if you place wealthy people above everyone, they have an interest in holding the nation together. And they will, because it is tremendously profitable for them. If a nation disintegrates into misery and anarchy without that self-interest stability point, it is in the end best for all to have a top-group of greedy people, and try to pressure for as much social working conditions as possible. This assuming that the ruling elite is not the cause of the disintegration, which it ofcourse frequently is, through limitless need for more.

If you compute the cost of a 5% top group in a People at great wealth, the cost of that group is huge on every single individual. Yet many of this top-group participants are husbands and wives and children and colleagues and hangers on to the people who have the real power and hold the nation together in their self-interest.

I thought there was a lot to gain there: placing a single elected person for decades or even its life at the head of a Nation, giving it great wealth and palaces and whatnot, but disallowing it to make other people rich so that it will just be that person, the total cost of that single rich person is negligible compared to the total economy. 5% very wealthy ruling class is an unbearable burden on everyone (that's what modern nations tend to do now), but one person tremendously rich is hardly noticeable.

But what should that person do ... making it the dictator probably means he/she will grow up a wealthy class around it, and deny the people their democratic power, which is how it has always worked out. These things can be solved in law, not a problem: have this King / Queen like person in its position, from which its maintainance voice will definitely be heard. Since its great wealth, it has that inherent self-interest in keeping the Nation together. Now all you need it to elect someone with at least some leadership capacity to get the job done when needed. If a nation threatens to crumble, then quickly this King / Queen can be given actual Government power, turning the Nation into a Constitutional Dictatorship under that elected King / Queen, until the situation is stabilized. Since a crumbling Nation is bad for everyone, chances are people will even start to listen to their King / Queen before disintegration starts, also knowing they shortly would be forced to by law if the crumbling goes on.

Such a system (see my laws, I have too many laws around this issue to easily explain in a few sentences) would provide the natural stabilizing effect of that "hugely wealthy entity" at the top, while not making that top overweight – just one person – while not denying the people their democratic power for as long as they manage it within certain limits of law and order !

The good things: democracy, central focus against disintegration,

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without the bad things: power abuse, denial of people's influence/power. The more proficient people become with democracy, through learning from mistakes – for instance bad fiscal policy and maybe setting up pork barrel projects for all which will make people too lazy – the better it will work, while this King/Queen position is waiting in the wings as a back-up in case of failure/chaos, after which the democratic system reboots itself for another go (this is all described in law precisely, I'm not making this up right now). If the Country is in order and democracy functions, the top person is left to ... enjoy itself ! If the King / Queen takes true power, that does not imply its wealth increases, it stays exactly the same – at least as long as the Constitution is not broken, which of course may cause yet more disintegration and destabilizes the position of the King / Queen itself, which is itself dependent on the Constitution. Hence, even the King / Queen would only want not to have power, because it is less work for the same pay. Naturally one can quickly depose the King / Queen and elect another, and there are mechanisms outside this King / Queen which can quickly depose it in case of power abuse. Also, after 1 year of power, there are automated re-elections for the King / Queen position – the King / Queen better deliver if it wants to stand a chance. (I really mean to see this system in action.)

<http://www.jhwh.be/~joshb/constitution-short.html#3.1.c-1.8> (King Elect)

<http://www.jhwh.be/~joshb/representative.html>

4. I think the People are quite capable to make sound policy decisions, I think they are incomparably more loyal to Justice, Peace, truth and sound fiscal policy than any political group / elites now in power.

I estimate that, despite all the reasons to give the People the power regardless of merit (certainly given some back-up system to deal with chaos), the People will initiate and sustain excellent fiscal policy. They will probably go for a rock-solid coin in most nations except the very underdeveloped ones who can learn a lot while making mistakes, and I think that is a great idea (both). They will not go for pork-barrel, because people really don't support that IMHO. Most people work, it's their tax dollars/Euros/... at work, they don't want to give that money away for no reason to people who don't work like they do, and they are right. The problem sooner lies in the reverse: they want to spend money in their own interest, maybe parties and football, and disregard certain aspects of social insurance (unless they themselves need it). We'll have to see what happens, it is usually the People who demand social improvements.

I think

a government should indeed spend on social projects, but that should be funded primarily by taxation (and secondarily by borrowing).

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I do not believe any Government should ever borrow. A government can do a number of things: tax people more, print more currency, call on other Nations to help in case of disaster (good will). Why should a Government ever want to borrow, when it has and should have the power to simply take the money and spend it in the common interest ? A Government that lends is really: the present day Government is stealing the power of future government, who are then faced to deal with the bad fiscal policy of their predecessors. Which they probably would do well to deal with in the simple fashion: default on all loans. Loans between Governments are probably bad practice as well, and these can also be defaulted on, in return for good will for instance.

"Social projects": I'd say in a way everything Government does is a social project, from maintaining Justice to making roads to making sure there is adequate insurance for everyone. The common interest is a social project, IMHO.

Giving

bureaucrats and the excitable masses to print and spend money is dangerous.

Bureaucrats obviously should not have that power uncontrolled, it should be in the hand of the actual Government: representatives and Referendums, tightly controlled by the general public, who know everything. Laws such as: the Government keeps no secrets, Referendums are binding, Representatives can be removed and replaced any day. By the way, my system does not have representatives on a National ballot, but they are delegates of quite small groups (100 persons), so there is a tight bond between real people and representatives, unlike the current representative system. You can and should really talk to your representative, and you can decide any day to replace him/her with just 51 persons, so that is real and practical power. This even holds for the National Government, the delegates are always hanging on a thin thread, I thought that would be a good idea, don't let them get comfortable in their power – they can lose it any minute from a variety of directions. Keeps them on their toes I think.

The "excitable masses" may decide to print a lot of money for a great project. But is that wrong ? I think no, because if it messes up, it is the People who pay the bill anyway. It's their game. Power elites: that's dangerous. They cause corruption and war.

The government should, however, be in the business of making laws that ensure that you cannot enslave 500 people with a whip and an AK-47.

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Exactly ! And we should have laws that are devised in such a way that enslaving people with whips is not the inevitable natural outcome of the economy system, which it now is because of for profit money selling and soil markets. Soil and money markets have to be cut out, and replaced with soil distribution and political investment, simple & obvious.

But as far as allocate resources efficiently is concerned, it is better to use the mechanism of market-determined interest rates.

Money should be spend and loaned by mechanisms that are non-profit and in the common interest, it should not be set up as a free trade system, there should not be businesses/individuals gaining profit from lending money. If there is, it should be marginal and not dominate. The bulk of the investment money in an economy, particularly for businesses, should be invested there where it serves the needs of the People, and not where it serves the need of a for profit investor, who ultimately is just a gambler, not working at a rate comparable with to the money involved, and not delivering an accountable product/service. A non-profit investor delivers a service, a for-profit investor is a gambler and causes damage. Las Vegas isn't the gambling capital of the USA, Wallstreet is, the money markets. The problem is that profit-seeking money goes more to abusive bosses, and that this is actually very profitable, and you end up with banks who do that who reap great financial rewards from that, and these come to dominate the financial markets, it is the natural law of the system. People abusers are people abusers, you don't want them as bosess, you don't want them in control of banks, or else. At the same time, the exact reverse system: public control over non-profit investment, has every reason in favor of it. I don't see a way out of this argument, and no reason to find one either: it is a closed equation with one answer.

This results in: 1. nationalization and politication of the entire financial sector, leaving barely anything, except some marginal person to person lending of 15,- and such, 2. real democratization of the government, because that is currently way underdeveloped, 3. restructuring of land ownership system (laws). (I advice the current power elite not to resist, because that may only get you killed. If you don't resist, you don't give us a reason to lock you up.)

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<http://www.jhwh.be>

#70 <http://www.xs4all.nl/~joshb/no-id-theft.html>

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