

Re: AMI Free Monetary Seminars in Seceral Cities

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- *From:* "J.H.Boersema" <joshb@xxxxxxxxxx>
 - *Date:* 02 Apr 2008 08:43:59 GMT
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"Mark M." <markm@xxxxxxxxxx> wrote:

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Guess what? Someone finally mentioned on National Television the key overlooked element in resolving the crisis: Floyd Norris economics writer of the New York Times to Charlie Rose: "We need a restructuring of the financial system" Charlie Rose replies: "Does anybody know whats going on?"

Well folks the American Monetary Act is just such a restructuring.

[...]

Then don't be afraid but include the basic theory in your post (rather than lots of expert/think-tank invites ?). Grace Usenet with your content !

Not the AMI plan, but my monetary reform plan:

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The need for investment return is eliminated by state provided health care, education, and full pensions. These provisions accompany state decreed sweeping debt cancellation. FDIC funds up to 100k per entity are transferred to Treasury, with an account set up for each citizen. From here, a greenback monetary system takes over with increases in money supply distributed to Personal Treasury Accounts on a per capita basis. PTA's also function as free, non interest bearing checking accounts, thereby keeping great aggregations of normal exchange money out of banker's mitts. Nationalized Fed absorbed by Treasury continues to function as check clearing service. Concurrent tax reform of location rent taxation, mineral extraction fees, and electromagnetic spectrum rents, are supplemented as needed by per capita tax. Other taxes are eliminated. Land rent taxation destroys selling price of land, the financial cornerstone of the Debt Web. Banks service PTA's for a fee paid by government, and aggregate risk capital for investment. No more interest bearing bank accounts without risk. No more consumer lending at interest (usury). Capital investment goes to fund real goods ie tools, machinery, buildings used to produce.

Thanks. It seems your ideas are somewhat of a subsection of my own ideas. It looks like you want to eliminate the bank's power to use deposited money to make loans. I want to do that so we agree on that. You say the Govnmt should pay the banks for this service, I say the costumer pays the bank, and the Govnmnt audits the banks for 100% reserve compliance.

If we do the other parts of the plan we eliminate the need for 100 percent reserve regulation. The banks will have no opportunity to profit from fractional reserve banking.

There should not be fractional reserve banking because it is needlessly complicated and unnecessary. When things are complicated, they are hard

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to keep proper. Everyone will understand 100% reserve banking (because it is normal money usage, a coin is a coin and that's that). Maybe a maximum of 20% of the people is capable of understanding fractional reserve banking, or to put it differently: is willing to investigate the empty machinations of a finance industry. That is inviting corruption IMHO. But you don't even want private account–servicing banks at all, so the reserves issue – fractional or not – should be non–existent, and all would be 100% reserves anyway (right?), which is OK IMHO.

We agree on this goal, but not on the method of how to set it up. Each person having a central bank bank–account is one of the possible options that could work, but I'd think that bank–account services could probably be a competitive service industry once audited sufficiently (a matter of taste to some degree I guess).

The Personal Treasury Accounts would be the way for government to collect taxes, disburse entitlements, and distribute new money on a per capita basis. Each citizen would be required to keep a minimum balance. Beyond that, the account holder could invest money in private projects.

Absolutely. It has only one minor drawback: you lose your anonymity wrt the Govt wrt bank–account money transactions. For people valuing this anonymity they can start using cash more, so it is a minor problem. If you allow private account–service banks there can be a bit more anonymity. Minor issues probably little importance. I thought that you could have concurrently private account service banks, and every person a treasury account, then people can choose what they like best. These service businesses would need to be audited for 100% reserves. These businesses would simply combine money on one treasury account, and split that out in their own accounting between their costumers, thus providing some anonymity and perhaps other services. Something like this can later be set up if there is a need.

I disagree with your land idea because land should be distributed, not sold freely in a market in such a way that one person may end up with nothing and another with a lot.

In practice, ground rent taxation causes land to be distributed more equitably. When collected rent taxes are used for mutual benefit the effect is the same as a value–based equal division of land followed by a per capita tax.

I don't see it, do you mean ground rent taxation with extremely progressive rates per amount of soil, to make hoarding more land self defeating ? If so you still end up with lots of people who

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have no land. I like direct distribution better.

Natural resources are a unique issue in the economy, they are not themselves the product of effort. An economy should work by selling the products of effort, natural resource control should not factor into that as it becomes a power position that will be exploited so that the owner will do less effort but be able to sell high.

Agreed.

[...]

I propose to combat this problem by distributing to each an equal natural resources ownership right that is inalienable. Equal means about equal economic value, which will need some real time adjustments through time. The only right you have is to swap it with other people, and to rent it out.

This is exactly what ground rent taxation will accomplish without directly nationalizing land. Land essentially becomes a lease market with rent paid to the government.

Could you explain this further ? Is it better or worse then direct distribution ?

[...]

I disagree with your consumer lending that it should be eliminated: consumer lending is useful, even if you have to pay for it. Sometimes you need something now but you can only pay for it later. Going through an acquisition/loan/repay cycle should not yield problems IMHO. Homes are a good example: you need it now but can only pay it off after decades, the builder needs the money now to pay off everything. Adequate competition in a finance market between private creditors could work.

At the least consumer lending rates must be government regulated down from the ruinous levels of today.

The Govt can for instance start its own consumption-credit facility (to real people) at an acceptable rent rate, simply out-competing everyone who sits above that rate, forcing their rents down from competition. If the rate is not too extremely low but say marginally above what a surviving business needs, you can have a free market for fairly priced credit, and prevent the Govt from becoming a dominant

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player in that market. The Govt can also use money to invest in the better behaving credit businesses. Regulation is also an easy option.

I think that as long as people can fairly buy a home the need for consumption credit is marginal. If people accept ruinous interest rates, maybe they should not lend to begin with. What do they need credit for, to buy food and shelter or to buy luxury; I figure it is almost always for empty luxury. Those loans aren't relevant IMHO, if these people suffer so what, maybe they learn something, which would be a plus.

[...]

Your sweeping debt cancellation scheme might produce problems, consider a person who has bought a lot, maybe he/she is even a rich person buying even more on credit, and then the debt is cancelled: get to keep it all. Others who have been more responsible are put down again. In a heavily degraded/disparity economic (like the USA) I think you could augment sweeping debt cancellation with a temporary Government acquisition of all a person has significantly above average. Then a Government person will come by the richest people first, ask what the people want to keep under the average–ownership–privilege rule, and offer them to buy back their own things from the Government. The reverse be done with the poor, starting with the poorest: ask them what they want to keep under the average–ownership–privilege rule (which would include everything as they have less than average), and then offer them to acquire wealth up to average. Once you've gone through this process you end up with a low disparity situation in the Nation. If it has gone far enough according to the taste of the People you can stop with this wealth redistribution and set the economy free again.

Sweeping debt cancellation is not a perfect solution but a practical and necessary one. There is simply no other way out.

You won't fix the problem just with a debt cancellation. Once you've cancelled all debt, you don't end up with a fair Nation. You still have bad distribution of physical wealth. You can use a new debt/money distribution to cancel this problem.

Example: John Doe has a total debt of \$120.000,–, lives as a construction worker in a trailer park. Mary Dohorthy lives in a 15 room palace, owns with her husband a yacht, and they have a debt of 5 million.

Cancel the debt.

How has the situation improved ? John still lives in a trailer park, still hasn't got a real home (if that is what he desires). Mary still has a 15 room palace and a boat. Is John really better of ? I doubt it: John goes on working in construction, while Mary sells the boat and whips up \$50.000, with that she funds a new construction business:

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some tools, 2nd hand trucks. She then hires John to work for her. After 10 years John still lives in a trailer park, Mary still lives in a 15 room palace without doing comparable effort to John work. Debt cancellation isn't enough IMHO.

How about this though: Cancel the debt. Then Govt official rings the door of Mary, tell Mary she owns in total about 300 000 average work hours more in replacement–value then the average person, which is the small palace, the boat, and certain high value movable goods like cars. Govt official says he will possess the home, the boat and some of the movables, but Mary can at least keep all the low value trinkets (pots, pans and paraphernalia). Govt official says he will take away almost everything that Mary had above average, excluding what Mary decides at that point to buy back on a loan. John on the other hand only owns a total replacement work value of 500 hours (for instance, numbers are fiction), while the average in the nation is, say, 10 000 average work hours condensed into products. John is asked whether he would accept a cash equivalent of $10\ 000 - 500 = 9500$ average work hours. Say that an average wage is 20,- that means $9500 * 20 = \$ 190\ 000,-$. Does that money buy anything: sure it does because from the over–wealthy a lot of goods have been liberated henceforth on sale by Government, from rich people deciding not to buy items back.

Can Mary sell her boat to start a construction business now ? No, the boat is either already lost for her, or she is paying the loan down and a sale would only collapse that loan with little/nothing left. Can Mary start a boat–business, she could if she has a loan on the boat, but so could John who has \$ 190 000,- to buy a boat, or buy a home, or start his own construction business with some colleagues. At that point you are really rebooting the economy and something different has a chance to come out. You won't get there yet with merely a debt cancellation.

It would be wonderful to go to a poor working family and say: hello, do you accept \$ 200 000,- in monthly installments of \$ 15 000,- which is enough to get a mortgage on a reasonable home ? It would be equally wonderful to go to a lazy rich family and say: hello, do you want to buy back this wealth for \$ 5 000 000,- at 5%, and if so can you show how you will generate that kind of income, or do you want to move out ... we are trying to have a nice average home waiting for you on a fair mortgage if you can generate some reasonable monthly income. At that point the wealthy could be confronted with their own policies in the Nation, because if they haven't build homes for real people, they won't find any to live in themselves if they have to vacant their miniature palaces. If there are no homes available, you'd have to scale down your demands until you find something. In that case they could end up in trailers. Presumably they would have to sell their labor to pay for that, just like everyone else. The mini–palaces are probably too expensive for everyone, but they can certainly be put to some use. A 15 room mini palace can be home to a number of families, several rich families could converge inside one mini–palace and pay the price

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together if they can. If they want that that's fine of course, probably one of the better options for them if they can't pay. It isn't about hurting rich people, only about justice in the economy. Such a nice policy will improve support for the plans, makes implementation easier. The rich could the rework that mini-palace into several distinct homes. Only if a rich family ends up adequately successful in a real market could they afford a significantly larger home. Under improved rules that requires productive effort (&| luck). Under the improved rules, the unfair inequality that remains should draw itself down, society would stabilize in the long term, rather then destabilize.

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Schematic of capitalist trade economy, how it goes wrong and why:

<http://www.jhwh.be/~joshb/capitalism.jpg> [232 KB]

Part of this investment-game:

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

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