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“Emancipate yourself from mental slavery, None but ourselves can free our minds.”

From Redemption Song by Bob Marley

Have you ever wondered why as the human race becomes ever more productive our personal lives become ever more demanding and our financial well being ever more precarious? Is this just the natural state of affairs or have we set our own trap? This is the key question. Are the economic conditions that the world faces something that we must suffer through or are the experts wrong? Is there a ghost in this machine that is haunting us, taunting us with promises of plenty and nightmares of perpetual crises? Come take a ride with us and we will answer these questions.

Economics as a science has been around for over 200 years and there is a reason that it is called the dismal science. Half of the world’s population is sentenced to a crushing poverty about which we may do nothing without upsetting the invisible hand. It was Adam Smith who first alluded to this phantom creature, this specter. Smith claimed the invisible hand miraculously transforms individual competition into a seamless series of incentives and punishments upon which all that is good depends. But this mysterious appendage is very sensitive. We are told that it can only operate with complete freedom of action. Any restraint on naked self-interest is derided as foolhardy or despotic or even unchristian in certain modern circles because the invisible hand would be weakened. We are encouraged to learn to love our lot and let the invisible hand have its way with us, because though invisible, this hand is not blind and not without method or purpose. It is the source and midwife of wealth, our savior and
protector. Surrendering to its signals will keep the wolf from our door, or at least some of our doors. We must learn to live with it or perish. But is this the truth? Is passive acquiescence to this invisible hand job our only alternative? I think not.

I do not question the existence of the invisible hand. I believe it is real, but real in the nature of a chemical reaction, or thermodynamics, or electricity. Chemistry can be a great boon to us, making our lives easier and our world more livable. Chemistry can also be used as a weapon of war, producing ever more destructive bombs. Electricity can power our daily life or execute us. The invisible hand is a similar phenomenon and is completely dependant for direction upon its cybernetic matrix, money. Money is the life’s blood of the invisible hand. Money in its many forms also supplies the brain, the power grid, the hydraulic system and the very heart of the invisible hand. Compared to money, all other human tools shrink to insignificance. The invisible hand has elevated the various monetary measures (price, wage, rent, and interest) to the principal parameters of our lives. These measures dominate and subsume war, marriage, religion, and politics. But is the invisible hand to blame for the problems that many lay at its fingers? Does it have volition? Does it have self-awareness? Can it be as loyal a servant as it is a master?

I believe the invisible hand can be harnessed for the good of all. In fact harnessing the invisible hand will not be a new exercise. It has been harnessed for some time. It has been directed and controlled for the benefit of the few. And it has completely lost its invisibility to those who now employ it as a weapon. It is the mission of this book to make the invisible hand manifest to all, and thus end its reign of terror. I will contend that the invisible hand has potential far beyond what is currently attributed to it. That potential so exceeds what is now believed that it enters the realm of mythological constructs akin to James Clerk Maxwell’s famous Demon. A properly “harnessed” invisible hand offers the promise of perpetual motion, a machine that never runs down and needs no outside power source.

Understanding and achieving this transformation of the invisible hand will require a total understanding of the source code of its operating system, money. Money exists in both the imaginary world of number and the real world of food clothing and shelter. Money is at once an academic abstraction and a life or death precipice. Money can be vitality, money can be hate, money can be love, but
money at its essence is information. For money to be redeemed it must first be purified. This purification will take place by shining a bright light on money in all its forms and functions. This pure money must then be perfected. We will move money to an open source code, transparent and comprehensible to every participant. Money will become nothing less than Perfect Information.

This is thus the nature of this undertaking. It is a cosmic treasure hunt. It promises the transformation of our society, our culture and our planet. The goal is the complete liberation of everyone: every man, woman and child, every nation and religion, every person on earth. This new money, this Perfect Information will bring about the elimination of the scourge of poverty. And not within a generation, and not next year, or even next week, but instantaneously. Today. That is the potential of which I speak. That is what I want to shout from every rooftop in the world. Any day that we wish to end the nightmare under which we now find ourselves we may do it. This book is a key to.

Establish Real Free Trade
Eliminate all Government Debt, everywhere.
Secure the blessings of Monetary Creation to the People
Provide an Equal Basic Income/Dividend to Everyone
A system of taxation that is fair, equally applied, and unavoidable
A price structure that is stable and universal
Reward those who are productive and creative
Support those that care for the young, the old, and the infirm.
Support the old, the young, and the infirm

The intellectual and spiritual quest that culminated in this book began in earnest in the spring of 1984. I met John Puglisi two years later and together we have been perfecting the secret knocks that will open our doors of perception and make money a useful and benign tool. On our journeys we have met many interesting people and left many reminders to mark our way. We invite you to come along and relive that journey and go forward with us to the culmination of this work.
JDP: Since the advent of the Internet and the subsequent proliferation of information on any number of topics, we’ve been keeping tabs on what’s on the web that’s related to alternative money systems. We’ve also been posting our fair share of your own ruminations on the topic on your jaspersbox.com website. Through out this time period there has been little, if not scant, material about this historical figure that is so seminal to your ideas on money. Can you explain who Del Mar was and why he is so important to your concept of money?

SCC: Alexander Del Mar discovered the secret of understanding money. It is a very simple notion. The unit of money is the sum of all money. If you do not understand this simple notion, you are vulnerable. You can be cheated, fooled, robbed, and impoverished and never have a clue as to how it happened. The modern world hides this concept from you, because it is the one piece of information that would raise your understanding of what is going on in the economy to the same level as those who now run the monetary world. It is a vaccination against the cons and scams they now run with impunity. With this clue you will put yourself in a position to understand when someone is trying to pull a fast one. You will be on an equal footing to negotiate an increasingly difficult and competitive world.

JDP: Can you give me an example.

SCC: Here is a simplified example: To fully comprehend the price of any good you need two pieces of information, the negotiated price in dollars (or pesos, or yen), and the total number of dollars (or yen or pesos). Without knowledge of both of these numbers the information
is meaningless. For example if a new car costs $30,000 and the total number of dollars in circulation is $30,000,000,000,000 the price of the car is 1/1,000,000,000 of the unit of money. If the price of the car the next year is still $30,000 and the total numbers of dollars in circulation has risen to $60,000,000,000,000,000 then the price of the car has fallen to 1/500,000,000 of the unit of money. The price has been cut in half. If you have a salary of $100,000 a year and the total amount of money in circulation is $30,000,000,000,000 your salary is 1/300,000,000 of the unit of money. If your salary remains the same and the total numbers of dollars in circulation has risen to $60,000,000,000,000,000 your salary has fallen to 1/600,000,000 of the unit of money. Your salary has been cut in half. The reverse of both is true as well. If the dollar price stays the same and the total amount of money is cut in half, the price has doubled.

If the powers that be can keep you focused on the dollar price without your knowledge of the total number of dollars in circulation you can be cheated. If the increases and decreases in total money can be alternated over long periods, they can shake you down.

JDP: How did you come across Del Mar?

SCC: Sometime in the mid 80s I began to read Ezra Pound quite extensively. I don’t remember exactly how I came onto Pound, but I think it was through studying the Social Credit movement. Pound led me to Alexander Del Mar. Pound had three major influences on his monetary writings, C.H. Douglas, the founder of Social Credit, Silvio Gesell the inventor of Stamp Scrip, and Del Mar. According to Earle Davis in his book, Vision Fugitive: Ezra Pound and Economics, Pound spent the final years of his life pouring over Del Mar, convinced that he had found the world’s leading authority on money. I think he was right.

Del Mar’s uses his thesis “the unit of money is the sum of all money” to demonstrate that money is a system. The currency divisions of the system have meaning only in relation to all money. This puts his major emphasis for the management of currency on creating a precise definition of what is to be accepted as money, a strict accounting of how much money there is, and a limiting of who can create it.
It was through Del Mar that I began to understand that keeping the purchasing power of currency divisions stable is not necessarily fighting inflation. That is, keeping the purchasing power of individual dollars steady by increasing or decreasing the amount of money is not fighting inflation, it is masking it. Any examination of comparable prices over time must take this into account, i.e. price is a ratio, price in dollars/ the sum of all dollars ($/\Sigma$).

These precepts call into question all analysis of indexes that purport to give us a read on constant dollars by referring to another commodity. Money is already an index, and all such analysis is fraught with issues of autocorrelation.

**JDP:** As I understand it, Del Mar’s concept that “the unit of money is the sum of all money,” is a foundational element for your thoughts on both the reality of how money currently works as well as how money might work in the systems that you are proposing. This idea, though, is a hard one for the common man or woman to get their minds to connect to. Most people walk around thinking about dollars as the most important monetary unit in their life. Do I have a dollar to buy a cup of coffee? Do I make enough dollars each month to pay my bills? Once they get into the bigger numbers in their lives; mortgages, car loans, etc… the individual dollar becomes less helpful and their understanding becomes more murky. If you had to give a brief lesson on this concept and why it’s so important to the common man, what would you talk about? Or is it only a conceptual tool for economists or Ph.D.’s to toy with?

**SCC:** The importance of the idea could not be over stated. Knowing exactly how much money there is, knowing when new money is created and by whom, and knowing when money is destroyed, are all as important to your long term economic health as the price of a hamburger.

Sad to say, this is not currently in the conceptual tool chest of anyone except for a few readers of Del Mar. Whether or not the powerful people who manage the monetary system on our planet are aware of it or not, I cannot say. But I believe that the ability of the financial world to keep the people’s attention focused on the purchasing power of dollars, yen, francs, etc… while at times creating
vast amounts, and at other times destroying vast amounts of money, is tantamount to a massive con game.

A concept closely related to this is the notion of 100% Money, which is a practical, policy idea. Money should be strictly “defined,” strictly accounted for, and only “defined money” can act as money. I’ll get to this later with Irving Fisher.

What Del Mar offers is a comprehensive theory of the internal mechanics of money: he defines price as a ratio inside the system and the dollar figure agreed upon by buyer and seller is the numerator of that ratio and the sum of all money is the denominator. This allows the comparison of price over time, and between the macro and micro aspects of the economy. This allows economics to become a science, by giving it an objective unit of measurement. Comparing dollar prices over time is useless, and all indexes that pretend to represent constant dollars by using other existential referents, i.e. a single commodity or a basket of commodities is fatally flawed. Money is as precise as a thermometer, if one knows how to read it. Essential to the true reading of money is that the knowledge of the denominator must be as precise as that for the numerator.

**JDP:** As an educator, I have come to understand that context is everything. It’s so important to know the details of an author’s life and times in order to place their work in some conceptual framework or another. As previously mentioned, there’s not much information out there about Del Mar. Can you explain what you know about the man and perhaps comment on why there’s so little taking-up of his work.

**SCC:** As with everything else, the web is starting to explore Alexander Del Mar. Though once a relatively obscure figure, generally known only to the devotees of Ezra Pound, because Pound uses him as his theorist par excellence in the later cantos, references are now popping up all over cyberspace. The great irony is that Del Mar was Jewish. Pound’s ultimate irony I guess. The stench of Pound’s psychotic anti-Semitism has in some ways contributed to Del Mar’s obscurity. For years Del Mar has been little more than fodder for obscure Pound scatology and an inconvenient, and totally miscast, icon of the Jewish Money Conspiracy camp. This caricature is the ultimate injustice, and Ezra Pound is to blame.
The best I have gleaned from random sources describes Alexander Del Mar as a mining engineer and the head of the Bureau of Statistics immediately following the Civil War. He was put in charge of organizing the American money system. Money was a mish-mash at the time due to the introduction of Lincoln’s Greenbacks during the Civil War. I know little of the details of his tenure, but he went on to become a monetary historian and theorist. He wrote favorably of the Greenbacks, and became part of the Free Silver Movement. I cannot say how these movements coincided theoretically, except that both favor an expansion of circulating medium. Del Mar wrote many books (see appendix) about the history and nature of money. They have all come back into circulation in the last five years. I copied his “Science of Money” at the University of Arkansas Library in 1985 and that was my total possession of information about him for a good while.

I’m not the only one to think that his work has not received proper attention. George Tavlas, senior policy advisor at the IMF and a director of the Bank of Greece and Joseph Aschheim of George Mason University wrote a great article “Alexander Del Mar, Irving Fisher, and monetary economics.” In it they wrote “Alexander Del Mar was one of the most original U.S. economists of the 19th century.” Tavlas and Aschheim go on to demonstrate that Del Mar was the initiator of monetary economics in the United States, and that he wrote succinctly about the affects of the volume and velocity of money for over forty years in the late nineteenth and early twentieth centuries. As far back as the 1860s “Del Mar developed the notion of a precession of prices, whereby changes in the money supply affect the prices of goods, financial instruments and labor, according to their marketability.” This demonstrated the mechanism by which a change in the volume of money affected the prices of different types of commodities over time, with wage rates being the last to respond.

They credit Del Mar with positing the length of time for a doubling of money to yield a doubling in prices to be ten years, a period later echoed in the writings of Fischer and Milton Friedman. Tavlas and Aschheim go so far as to claim that this was the first formulation in the literature of the Keynesian monetary transmission mechanism. They note that n the 1880s, Del Mar argued that the money supply should increase commensurably with the annual increase in output, which he calculated to be 3 1/3 percent. This was the first articulation of Friedman's money supply rule in the literature.
They note that his work had a profound impact on Irving Fisher and that recently, Jeffry Tobin has called Del Mar "a great scholar" and one of the three important U.S. predecessors of Fisher in monetary theory (along with Simon Newcomb and Laurence Laughlin). But they note “Del Mar is not referred to--let alone discussed--in any textbook in the history of economic thought. His work has rarely--if ever--been cited--let alone discussed--in HOPE. This paper explains why.”

These economists are not off the reservation radicals. They paint an accurate and coherent picture of who Del Mar was and the contributions he made to economics. They also cite that one of my other heretics, who was an accepted member of the profession of economics was the only one to actually cite and use Del Mar’s ideas, that is Irving Fisher. They begin with a very negative review that Fisher wrote of Del Mar’s “Science of Money” in the 1890s and end with his very favorable comments that Fisher made about Del Mar in his writings in the 1930s. The article is rich and informative and I recommend it highly. If I do nothing else in this book I want people to read Alexander Del Mar, and Professors Tavlas and Aschheim deserve credit for putting their professional reputations behind this neglected thinker.

I can’t tell you whether Del Mar’s obscurity was due to the stench of Pound’s anti-Semitism or the fear that Del Mar struck in the hearts of those accustomed to controlling money, and then reaping the lion’s share of the benefits that arise from that control: but that obscurity borders on the tragic because he is truly a key thinker to the understanding of money.

JDP: Let’s take stock here for a moment and summarize where we’re at so far in this conversation. Following the American Civil War, a mining engineer, who happened to be Jewish, was appointed to a high public office in the bureau of statistics. This man, Alexander Del Mar, went on to apply his analytical abilities to several books about monetary history and monetary theory. Through this activity he developed a comprehensive conceptual system to understand how money works. Among the rudiments of his framework is the idea that one must be cognizant of the relationship of the individual unit of currency and the total amount of all money in circulation (the unit of money is the sum of all money). This concept then has significant
ramifications for the concept of “price” as well as for the way we 
distribute our money through banking. 

Can you explain what Del Mar had to say about what we 
should be doing as far as price control or regulation as well as what he 
had to say about banking?

**SCC:** In terms of price, Del Mar is readily distinguishable from most 
other economists. What he stressed time and time again is that 
properly designed money measures value with precision. (The only 
one close to him is Frederick Soddy (See Chapter III). Del Mar saw 
price as a ratio. The dollar figure price is the numerator; the sum of all 
dollars is the denominator. Our concept of price rarely takes us past 
the number of dollars we pay for something. We a have a vague 
understanding of something called inflation, but we don’t know 
whether prices have gone up due to more money in circulation, 
increased demand, or scarcity. Del Mar’s money, with an extremely 
defined and transparent total amount of money, would yield this type 
of information. As for banks, Del Mar totally opposed the idea of 
banks issuing money through the letting of loans (extension of credit, 
fractional reserve credit). Del Mar opposed the Gold Standard as well. 
He felt that banks should be no more than safe keepers and transferors 
of money. He thought that money should be issued by the government 
and kept stable and predictable. Money, in this realm, would be a 
faithful, humble servant, as opposed to a cruel and unforgiving task-
master.

**JDP:** This conversation has certainly paid homage to Del Mar as a 
mysteriously obscure, truly brilliant, and original thinker on the 
workings of money. We’ve talked many times in the past about the 
need for our collaborations to create artifacts and simulative models in 
order for other persons to be able to more readily get outside their 
frames of reference and misconceptions about money. If Del Mar’s 
money world was enacted tomorrow, what would it look like? Do his 
ideas fall short in some areas? I also wonder where your ideas and Del 
Mar’s part…

**SCC:** Del Mar would institute a reform that has come to be known as 
narrow-banking, in which the retail banks we patronize as consumers 
would be spun-off the rest of the banking industry. They would
strictly hold and transfer money. The loan business would be separated. The discount window would be closed, that is the loan agencies that would remain could only loan the money that they actually had possession of. The U. S. Treasury would issue money similar in nature to Lincoln’s Greenbacks, i.e. un-backed, government issued dollars. Del Mar is not here so I’ll have to speak for him. He sought a better money system that would yield a fairer market place in which the industrious would enjoy the fruits of their own labor, instead of being prey for the “investment class.” Del Mar believed that the amount of money in circulation should grow at a rate of 3 ½ % per year, to keep pace with the improvements in productivity, but does not advocate a deteriorating currency in the realm of Silvio Gesell (12% per annum) or myself (178% per annum). This and the provision of a Universal Basic Income/Citizen’s Dividend are the main differences between myself and Del Mar. I consider Del Mar’s ideas necessary but not sufficient.
ECONOMIC HERETICS OF THE PAST

CHAPTER TWO

Silvio Gesell

**JDP:** Over the course of our economic journeys together, I know that Silvio Gesell stands as a giant among men for you. You have described him as someone with the right ideas about money who was also bold enough to put them into action. I recollect that his deteriorating form of currency was actually used in Austria until the authorities put an end to it throwing Silvio in jail. Can you describe this historical monetary experiment?

**SCC:** Well, yes his currency system, known as *stamp scrip*, was tried in the Austrian town of Worgl, with great success until the Austrian authorities shut it down. And he was arrested, but they weren’t the same incident. He was put in jail for taking part in a revolutionary government in Bavaria following WWI. He was Minister of Finance in the Munich Putsch led by Gustav Landauer. Gesell was the Finance Minister. They were both charged with treason and put on trial. Gesell was acquitted, but Landauer was murdered in jail.

Worgl was an Austrian town that began issuing its own currency in the mid thirties. It was based on Gesell’s invention of stamp scrip. The notes had the requirement that a stamp equal in value to 1% of the denomination of the bill be affixed each month: thus the money paid for itself in 100 months. Worgl was undergoing a renaissance, spending the money into circulation by building public works. Money was circulating until it was declared illegal by Austrian authorities.

**JDP:** Why do you think they shut the stamp scrip down?

**SCC:** Well to put it bluntly, it started to blow their cover. You see money is supposed to make our lives easier, make it convenient to trade, lighten our loads in this world. It actually started to do that in Worgl. The city government of Worgl printed its own stamp scrip and the stamps that were to be affixed, and began. They built a bridge, did
other road maintenance, generally spent the money into circulation on civic improvement projects. The money then circulated through the economy at large. Worgl’s prosperity caught the attention of the Austrian Central Bank. Worgl’s issue of money challenged the bank’s monopoly and called into question the very basis of the bank’s existence by changing the nature of money.

Central banks manage money so that it maintains its purchasing power and yields a return; interest. Stamp scrip actually does the opposite. Money deteriorates over time and actually yields a dividend, revenue from the stamps. While conventional bank money can be withheld to wait for better terms, Stamp Scrip has a built in impetus to circulate. It is “use it or lose it money.” In Worgl’s experience it was well used but lost due to circumstances imposed from the outside.

**JDP:** So who was this stamp scrip innovator, Silvio Gesell? What’s his personal story?

**SCC:** Gesell was a German-Argentine businessman who made his fortune in trade between the two countries. He was deeply involved in the political and cultural lives of both nations. His business experiences left a bad taste in his mouth with respect to the organization and control of money. He saw the capitalist market as anything but free. Gesell believed in competition, as the economic realm was to him the new milieu of evolution.

> “Those who wish to ensure the full miraculous effects of the laws of natural selection must base their economic order upon competition under the conditions really decreed by nature, that is with the weapons furnished by nature after the exclusion of all privileges….Children must owe their success, not to money, not to paper privileges, but to ability, strength, love and wisdom of their parents.” (The Natural Economic Order, 1906, Gesell, Silvio)

He was a great admirer of the French Anarchist Pierre Proudhon and detested Karl Marx. To him the authoritarianism of Marx was as bad as the lack of justice under capitalism. Liberty was of equal importance to him as justice. This put him in the camp of the libertarian socialists. In fact, the German government that Gesell struggled against was a socialist government. They offered him a
position in their regime, but Gesell refused and joined the anarchist revolt in Bavaria, putting his own life in jeopardy.

**JDP:** Over the course of our dialogues on money, you’ve often cited a particular era’s anarchist movement as central to your own ideas on money as well as your predecessor’s views. I’m wondering if you might describe these anarchists and their alignment with Gesell. I’m sure they’re not the same anarchists who currently endeavor to throw rocks and vandalize stores at International Monetary Fund and World Bank conferences.

**SCC:** No, the anarchist movement that began with the Frenchman Pierre Joseph Proudhon is no more essentially violent than any other ideology. They have always had their rock throwers but the gist of their philosophy is the absence of coercion and special privilege in both the public and private arenas. They are socialist without being state-ist.

I have always considered Gesell more at home among the money reformers Del Mar, Soddy, and Fisher, though Gesell clearly identified himself with the anarchists, especially Proudhon. He dedicated his great work “The Natural Economic Order” to Henry George, hardly an anarchist, as follows, “To the memory of Moses-Spartacus Henry George, and all who have striven to create an adequate economic basis for peace and goodwill among men and nations.” That about sums it up.

**JDP:** Let’s return for a moment to the actual mechanics of Gesell’s stamp scrip idea. Why is it so important for money to deteriorate? Doesn’t money lose value over time now?

**SCC:** The purpose of deteriorating money is to encourage its circulation by making it expensive to hoard. Money is now “managed” to maintain a target rate of return. There is in reality no money “market” because its creation is undertaken by privileged participants. Gesell believed that by shifting the creation of money from private parties to the public interest, and imposing unavoidable holding costs on money, stamp scrip creates a circulating medium of exchange that cannot be withheld from circulation without the holder experiencing negative consequences. The fact that such money also
yields revenue to the state is a bonus. It makes it impossible for money to go on strike. Like workers who must eat, sleep, and have shelter, whether employed or not, money must move or slowly die.

**JDP:** It seems to me that the idea of dreaming of a *Money Heresy*; a way that money might work differently than it does, is an act in search of social justice. From what you know of Silvio Gesell and his life and times, what caused him to embark on such a pursuit even to the point of risking incarceration and perhaps his life?

**SCC:** Gesell is a little difficult to peg in modern terms. The late 19th and earlier 20th century were dominated by several intellectual influences, the greatest being Charles Darwin and his theory of evolution. Human kind was seen as moving away from the superstitions of the past and moving into the “scientific age.” This age was to open new vistas for humanity by applying the scientific method into every aspect of human life. The social sciences had their origin in this era and many of the outstanding thinkers approached their inquiries with this in mind. Whether or not their methods were strictly speaking scientific, they saw themselves as scientists, and took pains to persuade others that this was the case. Gesell was a man of his age in this way.

Another strong movement of the era that influenced many people was the revolutionary socialist movement. Marx and Proudhon had struggled in a vicious battle for the soul of socialism. Marx was thoroughly authoritarian in philosophy and practice and had gone so far as to split the movement by expelling from “the Internationale” all those who would not knuckle under to the Marxist view. Gesell definitely sympathized with Proudhon and the libertarian view, and worked his entire life to bring justice and liberty to the human race.

Gesell’s third major influence was Nietzsche. Gesell saw life as an epic, historic struggle to transcend the mundane routine that is the day-to-day existence of the meek and accepting. Like Zarathustra coming down from the mountain, Gesell sought truth for its own sake, to stand on truth because it was true, and damn the consequences. Gesell was a free man, a consciously free man.

Lastly, Gesell was a businessman, with all the knowledge and confidence that comes from providing a product that others voluntarily buy. While Gesell felt sympathy for the downtrodden, it was the
stranglehold that the pseudo-market of capitalism had on the ambitious, creative, and productive people that really ticked him off. Capitalism has no interest in maintaining a free market; it has an interest in maintaining capital. The free market is a socialist entity to Gesell, and only anarcho-socialists could bring it into existence. He saw the latent capacities of the “have-nots” to be of such a tremendous potential that if given the right to compete in a fair and predictable money system, they would easily mop the floor with the privileged peacocks of the gilded age.

**JDP:** So I see Gesell’s stamp scrip as his economic creation aimed at making the world a better place for everyone; the common man or woman as well as the businessperson. You’ve mentioned previously that your ideas about a deteriorating currency differ somewhat from Gesell’s stamp scrip? If a country, say like Argentina, were to employ Gesell’s stamp scrip today, what do you think would be the fall-out and how would your Salmoney differ and why?

**SCC:** Well there are three principle differences between myself and Gesell with respect to a deteriorating currency. First, how the deterioration would be put into effect: Gesell would do it through the imposition of a charge on the holder of currency, and I would do it through diminution, i.e. the steady increase in the amount of money. Secondly, Gesell would issue money through the undertaking of public works whereas I would issue it as an equal dividend to all participants in the economy. Third, we differ on the rate of diminution, Gesell favored a rate in the range of 6 to 12%, and I would favor a rate of 178%. While most advocates of stamp scrip are closer to Gesell on the question of the rate, the lone Congressional effort to introduce stamp scrip in the U. S. was much closer to my rate. Senator William Bankhead in his 1933 Bill had a rate of 2% per week, which if compounded, comes in at 180%. He was accused of not understanding the nature of the process, but I think the obverse is true. Money is numbers, which in and of themselves have no existential reality. What is important is how the money is introduced, i.e. who gets the new money, and the effects of that money on the price level. Money need only be predictable. If the rate of increase of money is steady and completely transparent, then all participants can adapt their trading strategies appropriately.
I introduce a new measure of price, the trued price, which refers both to the particular amount of money in a transaction and the total amount of money in circulation. It is a far more revelatory piece of information than the current focus on the various national currencies. Stamp scrip would yield equally fine, tuned price information if it were introduced through a dividend rather than through public works.

The notion of introducing either form of deteriorating currency into a modern economy is somewhat problematic in that the horse is already out the door. The banking establishment now has the ability to flood one region with massive amounts of currency while emptying another. That ability to create money must first be denied to the banks, or a currency war would ensue. With that proviso I believe my idea of diminution is far more practical in light of the modern electronic nature of our economy. In regions where physical cash is still king, stamp scrip would probably be more readily acceptable, but in arenas which have moved into a virtual realm, diminution has practical advantages in execution. The affixing of stamps to every piece of money on a regular basis is a tremendous task, and could be avoided by simple diminution.

JDP: Getting back to the issue of what might happen in Argentina, what effects was Gesell looking for in terms of the deterioration of currency and impact on people’s relation to money? Are they the same as what you are seeking?

SCC: Gesell’s goal in deterioration is to force holders of money to circulate it. He does not seek to change the overall nature of a medium of exchange, read money; just make its amazing properties of articulation and allocation available to humanity at large. Adding a citizen’s dividend, using the proceeds of the deterioration as a universal payment in cash takes money into a new realm. It creates an existential referent that is not only an impetus to circulate but an open entry for all to participate in the economy. The greatest barrier to entry for the mass of people in the world is not just that money is flawed, but they are also broke. Gesell went so far as to favor stipends for mothers and children: but by making it a universal grant, a type of Ante-money is created. Putting a universal cash grant to all participants in the great poker game that is the world economy, and
using a deteriorating currency to fund it, insures that everyone gets dealt a hand on a regular basis.

If stamp scrip or some other form of deteriorating currency were to be put into effect in Argentina or any other modern country I think it would go as follows. The powers behind international finance would declare jihad against that country and do everything they could to bring them into line. So first of all they would be on their own, they would not be able to trade with the outside world. If they could weather that storm I think things would begin to improve immediately.

There would be a complete full employment immediately, regardless of whether the money was introduced through the government undertaking infrastructure improvements or through a citizen’s dividend. This full labor market would cause wages and salaries to increase dramatically. The middle class would grow significantly, and it would include all types of labor, manual, clerical and professional. Poverty would decrease and the economy would flourish.

Competition would weed out the inefficient and incompetent. The advantage of insider connections would be minimized if not eliminated. There would be a shortage of domestic labor for the rich, and the maintenance of a life of complete leisure would become very expensive. The productive in society would be engaged in a mutually beneficial process of trade that would follow what is described in classical economics.

The use of a citizen’s dividend would have a greater affect against poverty and the welfare of children and families, but either path would benefit both greatly.

If other countries in their region followed suit the benefits would spread and be wider in scope. The competition would also be keener. Everyone would prosper where they were. Opportunity would be everywhere.
ECONOMIC HERETICS OF THE PAST

CHAPTER THREE

Frederick Soddy

JDP: Over the last twenty years we’ve often discussed the fact that sometimes the most potent and lucid heretics in different fields come from outside the inner sanctums of the chosen subject. Thomas Kuhn’s texts on revolutions in science are wonderful at describing this process. As I remember Soddy from the cast of heretical characters you regularly refer to, wasn’t he too an outsider to economics?

SCC: Soddy is the monetary “crank” with the greatest level of accomplishment in another field. He was awarded the 1921 Nobel Prize in the area of Chemistry. His field of research was radioactive decay. He coined the term isotope. The irony is that by the time he was awarded the prize he had already left behind his research in chemistry/physics to devote his energies to research into what he called the “economic paradox.” He apparently had an epiphany after witnessing the horrors of WWI and sought to seek the cause behind the carnage.

He was so incensed by what he discovered that he thought reform was not nearly enough; he thought that the financial leaders of the world should be jailed. He saw the entire financial structure as a criminal combine designed to expropriate the fruits of human productive endeavor through the shell game of fractional reserve credit. Soddy paid the same price that others have paid for questioning the status quo; he was marginalized and ridiculed. But what shines through his writings are the keen intellect and scientific mindset that brought him to prominence in the physical sciences. His prescriptions hit raw nerves in the so-called business community and he never achieved acceptance or recognition in the academic field of economics.
JDP: So what did this scientific genius have to say about how money was working in his time and how it might work for the betterment of mankind?

SCC: Soddy draws a distinction between wealth and what he calls “virtual wealth”, which is measured in money. While traditional economics views money as just another commodity, Soddy rightly saw that money was different from all other trade goods. Money is neither a good nor a service. It is a claim on the community’s goods and services. You can’t eat money but you can buy food to eat. You can’t run your car on money but you can buy gasoline with it. You can’t build a washing machine with money but with enough money you can build a factory that will. The real wealth of the community is subject to the laws of physical decay, a process he had studied and elucidated. Money, however, follows the rules of mathematics that are under no such constraints. Interest, money begetting money, causes money to do the opposite of all other goods, it actually grows. Soddy asserts that this growth is not inherent in money, but simply an aspect of the design of the money that prevails in “accepted circles.” He believes that money can be designed to operate differently and has the potential to yield far different outcomes.

Soddy would take control of the creation of money for the benefit of the general public, to be run more as a public utility than a business enterprise. He would monetize the national debt, and require that banks have one to one reserves for all deposits. He would manage the currency to keep prices stable and eliminate perpetual debt completely. This he believed would free the creative capacities of human diligence and eliminate the business cycle of boom and bust. It would allow for the just distribution of the massive production that would occur.

JDP: It seems that two themes are highlighted when we consider Soddy. First, the idea that banking (then and now) is rigged against the benefit of all mankind; and secondly that economics and the management of money might benefit from a more scientific, efficient, and accurate system. Why do you think these arguments have failed to find “traction” as they currently say in the political vernacular?
Soddy calls into question the two groups that would have some say over how money is managed, the financiers (bankers, stock brokers, speculators of all types) and the academicians that support their practices as the natural evolution of money. Economics has never done any more than shed some light on human activities between the great collapses that have occurred regularly throughout history. As Thomas Kuhn pointed out for all scientific disciplines, even when clear and persistent anomalies occur, the disciplines ability to comprehend is limited by their own academic training. Even though their theories are clearly insufficient they simply cannot see and accept patterns that come from outside. The financial community exercises real power and reaps huge rewards from that power, which they are not wont to surrender. The academics have their careers to think of. Soddy was kind to neither. There are few cases in the history of mankind in which anyone has voluntarily surrendered power: the world of finance and the discipline of economics are no different.

What about the average man? When a Nobel Laureate like Soddy or other established fellows propose such changes to the money system that they believe will make things more fair for the average person or average voter, why do you think a grass roots or political effort has yet to take up Soddy’s notions?

There have been movements, grassroots, intellectual, and political. Some were quite prominent. Social Credit took up many of Soddy’s ideas and he theirs. The Increment of Association, the Cultural Heritage so wonderfully presented by the followers of C. H. Douglas spread the “Money Question” throughout the English-speaking world. They even achieved political power in the Canadian Province of Alberta, only to be foiled by the Canadian National government in their attempt to issue a citizen’s dividend in the 1930’s. There were dozens of local efforts to institute Gesell’s stamp scrip in the United States in addition to Senator Bankhead’s National Bill to issue a billion dollars in the new form of money. Senator Jerry Voorhis introduced a bill in 1939 to monetize the U.S national debt. The bill had 130 co-sponsors when introduced, but was never voted out of committee. Maurice Allais, French Nobel Prize winner in Economics, finds no difference between bank credit and illegal counterfeit, almost the same conclusion as Soddy.
A. R. Orage and Ezra Pound took the ideas of Del Mar, Soddy, Fisher, Gesell, and Douglas to the avant-garde literati of their day. The poetry world sings long and hard about the genius Pound and his profound influence on literature but almost completely ignore the only thing he considered worth using his considerable intellect on, the nature of money. His magnum opus, The Cantos, is gibberish without an understanding of his underlying monetary theme. Eliot’s “Wasteland” takes on a new clarity when you understand that Pound, Eliot’s editor on the piece, pushed the stench of monetary corruption onto the stage of the post WWI England literary world. A. R. Orage, perhaps one of the most influential publishers and editors of the “Lost Generation” was a great proponent of Social Credit.

Perhaps the greatest blow to the continuity of this intellectual thread in Western Civilization was Orage’s decision in the early 20’s to leave his position as Publisher/Editor of the New Age, which he and Pound had put out double-handledly throughout the teens. Orage went to seek enlightenment with the Mysterious George Ivanovich Gurdjieff. Orage was Gurdjieff’s representative in America. He stayed with Gurdjieff through the twenties, until he had a break with his teacher. Orage came back to the struggle with a BBC nationally broadcast radio address on money reform in the early thirties. Tragically, he died the night after the speech. He was the one man who could have made a difference had he lived, and alas without him the Monetary Reform Movement never again achieved the level of intellectual rigor and public esteem that it had under Orage. Gurdjieff’s followers reported that their master cried on hearing of Orage’s death, the only such occasion they had ever witnessed. And Pound wrote his true epitaph, “He carried his weight.”

Then there’s Pound’s virulent anti-Semitism and embrace of fascism. As I noted earlier about the article by George Tavlas and Joseph Aschheim in which they make a good case that Del Mar was ignored and ostracized in his own time, at least in part, due to anti-Semitism. Alexander Del Mar was Jewish, and I must stress again that one of the great ironies of all time is that I believe Del Mar was ignored and ostracized in the modern era due to his being promoted by Pound. Ironic on two points, that a great thinker, who happened to be a Jew, is ignored due to his being associated in the public’s mind with the fascist anti-Semitic Pound. And secondly, to illustrate, after years of praising Del Mar, Pound on being informed that Del Mar was
Jewish, commented something like “well if he’s got the stench of the Kike, nothing good will ever come of him.” That Ezra Pound worked his whole life to alert mankind to the nature and failings of money, made the entire monetary reform movement guilty by association with him. He was a stink worse than money.

**JDP:** Later in our conversation, I think it will be very informative to explore some of the political forays of Money Heretics in greater depth. For now, though, I’m interested in returning to Soddy’s notion’s on Banking. If banks were restricted to the limits that Soddy would impose on them, what would be the most significant outcomes? What would be different about what people did with money?

**SCC:** Soddy’s main bugaboo was interest, especially compound interest. He saw interest as the tool by which the financial class robbed society. He also strongly objected to the boom and bust cycle that he felt was caused by the banks. He likened money to a concertina (Mama’s got a squeeze box, daddy never sleeps at night). He felt the banks created a boom by flooding a particular area with credit, until the incestuous nature of the self-fulfilling prophecy is realized. Debt becomes impossible to service, loans are called, panic ensues, and the lemming rush to ruin is begun.

Soddy would tame the business cycle and eliminate interest through the management of the money supply. First step: Monetize the National Debt by simply creating the money, and paying it out. Simultaneously he would prohibit fractional reserve credit. All money would be created by the government and banks would have a 100%, or one to one, reserve requirement. Only the government would be allowed to create money.

To get a clearer picture, let’s take the position of the USA at the present time. We have what, a $9,000,000,000,000 government debt? The government would pay it off with printed notes or non-interest bearing bonds while simultaneously clipping the wings of the banks, eliminating their ability to issue money through letting loans. These actions would balance each other out. Banks would be forced to call loans and retire the money created by those loans. Their former customers would have to borrow money from someone who actually had it, like the recipients of the government debt pay off. If deflation occurred, the government would issue more money. If inflation
occurred, the government would bleed money off. Money would be managed with an eye to price stability and smoothing of the business cycle.

The money created by paying off the national debt summed with the remnants of the existing supply of money after the banks have been neutered will form the measurement matrix of society’s virtual wealth.

Soddy jettisons Adam Smith’s three factors of production, Land, Labor, and Capital, and puts in their place Discovery, Natural Energy, and Human Diligence. The factor of Discovery is his most insightful. Discoveries alter the human condition permanently, i.e. they make the application of human diligence far more productive over time. Soddy believed that this “more with less” (an early statement of Buckminster Fuller’s ephemeralization) would allow for an increase in money, and increased consumption without inflation.

I do not believe that these are sufficient remedies by themselves. Gesell’s stamp scrip is a far better vehicle to bring money more in line with the physical world, i.e. it would deteriorate. Social Credit’s “citizen’s dividend” would do far more to assure the fair distribution of society’s bounty than a managed currency. But to do justice to Soddy, all he sought was engagement with the economic and business community so that he could respond to criticisms and develop his notions further. That engagement has yet to occur, and our world is the poorer for it.
ECONOMIC HERETICS OF THE PAST

CHAPTER FOUR

Irving Fisher

JDP: In the last chapter we discussed an outsider economist-scientist with heretical views on money. Irving Fischer, however, was an established economist wasn’t he? Who was he and what were his big thoughts on money?

SCC: Irving Fisher was many things at once, which is what makes him so interesting. One of the founding members of the profession of economics, he took a Ph.D. in mathematics at Yale University. The Concise Encyclopedia of Economics cites Fisher as “the founder or president of numerous associations and agencies, including the Econometric Society and the American Economic Association.” He began his studies into the economy right before the turn of the 20th century, also at Yale, where he remained for his entire life. He was an inventor, making a fortune off of his invention of what we now know as the Rolodex, circular index card holder. This was in anticipation of his later work on price indexes. He was one of the originators of this field of economics and spent years developing price indexes for most of the major currencies of his day. He was also the founder of what has become to be known as the Monetarist School in economics, and reintroducing the Quantity Theory of Money. This school’s leading proponent of the modern era is the conservative economist Milton Friedman.

He had expanded his fortune made from the sale of the Rolodex to something in the area of $9,000,000 by 1929. He was a promoter of the great bull market of 1920’s and encouraged people to stay the course and stick with their stocks. He did so himself, right up to the crash. He lost everything, though, and never recovered financially. He had argued that stocks had reached a new stable plateau, and that they would not fall. This experience was seminal in his thought process for the rest of his life, and a personal and professional albatross as well.

Prior to the crash Fisher had down played the importance of bank credit, and the demand deposits that they generated. He believed
that the quantity of demand deposits (check book money) maintained a more or less constant ratio to the amount of currency in circulation. His suggestions for currency reform had included a variable gold standard, which would keep the dollar tied to gold, but by an elastic tether. Money would still be redeemable in gold, but the government would have the right to lower the quantity of gold redeemable to fight deflation and raise the quantity to fight deflation.

The trauma and severity of the down turn triggered his reassessment of all things monetary. Upon reflection, he came to see that in prosperous times lending increased and prices rose until a tipping point was reached and investors began to liquidate. This liquidation caused a fall in prices, a further calling of loans, and drastic decrease in the money stock. Fisher thought there must be a better way to maintain price stability and economic momentum than the system which brought us the great depression.

Fisher’s solution was expounded in his 1933 book “100% Money.” He would impose on banks a 100% reserve requirement on all demand deposits. This is fairly close to Soddy’s solution, in fact I can find little to distinguish the two, except that Fisher makes his proposals from the center of the Economics Establishment. His jargon and knowledge of the financial structure made him more accessible to the profession, and his ideas had a major impact on his contemporaries and his successors. He came to believe and energetically promote the necessity of removing the right to create and destroy money from the private interests of finance and posit it with the government. Ronnie Philips shows that the conservative Chicago School adopted almost identical views and advocated them in political discussions of the times. Fisher advised Texas Congressman Wright Pattman and California Congressman Jerry Voorhis in their 1939 bill to monetize and eliminate the national debt. I actually saw some of his margin notes on a draft of the bill in Jerry Voorhis’s papers at Pomona College.

Fisher also took up the ideas of Gesell and wrote a book “Stamp Scrip” which advocated this innovation for periods of economic distress, but not as a permanent solution. He saw in Gesell’s idea the first economic tool that could affect the velocity of money’s circulation, which is one of the key elements of the monetarist school.

In addition, Fisher was involved in political and social movements of his day. He was a great promoter of a healthy diet and
exercise regime, a vocal advocate of alcohol prohibition and the eugenics movement. In all, one of the great characters of the American landscape.

**JDP:** I find it intriguing that his own personal losses in the crash of 1929 caused an about face in his economic ideas. We’ve talked many times in the past about political windows of opportunity. It would seem that the crash was a great chance for people to see that we need a different money system. Why do you think his ideas were ignored in his time? And even more important, do you think we’re in a window time now for such thought? It would seem, from our web searches, that the quantity and quality of literature on monetary alternatives is peaking.

**SCC:** I wouldn’t attribute his about-face completely to his personal loss. I think he was also embarrassed by the loss others had suffered due to following his advice, an occupational hazard for seers, and just plain offended at himself at how wrong he had been. He set out to find the root cause and he felt he had found it in 100% Money. But to his great and enduring credit, he did not stop there. In an effort almost totally alone in the economics world, he engaged Gesell heartily with both praise and criticism. Gesell is thus firmly vetted in the monetarist school’s DNA whether it wishes to acknowledge it or not.

As to windows of opportunity, crashes and bursting bubbles are great motivators in the public’s willingness to consider new and innovative ideas. But they are also moments of panic, when often opposing groups hold power and undertake mutually canceling efforts. The middle is churning, but it isn’t thoughtful. If an idea like money reform is put forward it will have many advocates and opponents. Care must be taken that your idea is not wedded to oppressive or confiscatory taxes. If those taxes are justified by a basic income it can cause the two to be tied in the public’s mind. Of course there will be Trojan Horses as well, i.e. the welding to it of other parts that may be intentionally destructive to a good idea. In spite of all this I think the opportunities are already ubiquitous, the poorest countries would not be risking much in following some of these ideas.

Local currencies are burgeoning throughout the world, and though they have yet to completely challenge the current currency flow, they are creating circulation and awareness. These are the keys
to money, circulation and the awareness of circulations numbers, rate of turnover, and total numbers of money. The great opportunity will occur when those in the middle recognize that they will benefit a great deal more protecting the poor from the rich rather than vice versa. The man in the middle must make common cause with the man at the bottom. The free market is a socialist entity, the most liberal of all institutions. The man in the middle must decide whether he wishes to be house staff to capital or a captain of industry. When the bourgeois realize who their customers are, and the left understands that what the poor need is money, we won’t need no stinking safety net; we’ll have a safety trampoline. When this is done, they won’t need a man at the top. Then real opportunity will arise.
PART II

THE POLITICS OF MONETARY REFORM

CHAPTER FIVE

Lincoln and the Greenbacks, Social Credit, Jerry Voorhis and Wright Patman, & the 1972 Election

JDP: Our last few chapters’ worth of discussion regarding four exceptional thinkers from the past has logically landed us in the domain of action or inaction that I think of when I consider politics. Along with your study of economic heretics past and present, I know you have also pursued a historical understanding of various political contexts that have proposed or enacted monetary reform. Can you begin this chapter by providing the reader with a brief overview of instances when politicians have proposed reform initiatives that are consistent with the monetary ideas described in previous chapters?

SCC: In many respects of our national life, we live in Lincoln’s America. In the world of monetary reform, there is before Lincoln and after Lincoln. Lincoln took the plunge. When the banks dragged their feet on financing his war effort he went over their heads. He issued what has become known as the “Greenbacks,” un-backed fiat currency. Un-backed, in that they were not redeemable in gold. They led such a controversial and twisted existence that the man who paid them into circulation, Secretary of the Treasury Salmon P. Chase, also was the person who declared them unconstitutional in his later role as Chief Justice of the Supreme Court. The Greenbacks scared the living daylights out of the banking world. After Lincoln’s death they were subjected to the familiar manipulation of status that allowed the pump and dump speculators to make two or three fortunes before their demise. But not until Lincoln had won his war and spawned the industrial giant that is modern America.
Alas, Lincoln’s legacy in monetary politics is incomplete. Would he have finished the job, going to federally-issued, 100% reserve requirement, un-backed currency? We will never know, but I tend to believe so.

JDP: If Lincoln was the American pillar of political monetary possibilities, what place in your mind does the Social Credit movement hold in the larger North American monetary landscape?

SCC: The Social Credit Movement was begun in England and is very important to the movement for monetary understanding and monetary wisdom that is only now coalescing on the web. The originator and principal architect of Social Credit was British engineer C. H. Douglas. Douglas mounted a blistering attack on the banking establishment. He proposed a government take-over of the issue of money, forbidding fractional reserve banking, and introduced a new solution to what he perceived to be the problem of insufficient demand, the social dividend.

Douglas felt that the two biggest factors of production were The Cultural Heritage and The Increment of Association. The Cultural Heritage is the sum total of all human invention and culture to which no one in the modern era can claim credit. The Increment of Association is the increased productivity that each individual and the society as a whole experience through the ability to specialize and trade freely with others, and again this increment is provided by the system at large, and yet is completely appropriated by capital in the so-called free market. This appropriation was accomplished by the money creating banks and their capitalistic economy which Douglas considered to be a criminally run roller coaster designed to shake all the value of the Cultural Heritage and the Increment of Association out of the pockets of the thrilled and terrified riders.

Douglas’s trump to the money power was the social dividend. This was a legal payment to all citizen’s (I’m using this word in its broadest sense) of a regular, unconditional sum of money, just like a stock-holder would receive a dividend from stock. It was designed to keep the economy moving, payments could be increased in hard times, and allow the copious product of human diligence to be spread on a
fair basis. Douglas was the first to bring this concept to the fore and it is a tool I adopt completely.

Two of the critical components of Douglas’s monetary analysis, The Just Price, and A plus B, have not resonated with me. I can neither argue against nor support them. I am not sure if this is due to my own lack of understanding or their flawed nature, so I’ll leave it to the reader to explore them on his/her own. I know this however, the Social Credit Movement popularized and kept alive the notions of The Increment of Association, and The Cultural Heritage, and kept good portions of the populace of the English speaking world thinking about, writing about, and voting about the role of money in our world. That is quite a legacy.

Social Credit’s advocates built this legacy by becoming more than an intellectual movement; they became a political movement. In the throes of the great depression, the Canadian Province of Alberta elected a social credit government that stood poised to astound the world. They were going to issue money, on a per capita basis to the people of Alberta.

Douglas’s rise to prominence had begun in the pages of The New Age, the leading intellectual magazine of the teens and early twenties. The first, or at least first serious, publisher of numerous major figures in English literate world, the publisher, A.R. Orage, cast a broad net in the magazine’s efforts to take a large look at culture, in all its aspects. Orage believed that no aspect was more important than money.

He so detested the capitalist zeitgeist the he believed its entire raison d’être was to insure that the moneyed elite had a sufficient supply of desperate people to starve to death if they were not brought their tea on time. He was vicious in his analysis, laying at the feet of modern “finance” the brutality and inhumanity of their hold on the peoples of the world. Economics for Orage, and his main assistant Ezra Pound, was the relentless search for information and wisdom about the purpose, function, structure, and use of money as it related to art, literature, justice, and the human condition in general. Oiko Nomos (Economics) for Orage was truly the management of the entire human household, not just the fetishes and monstrosities of its ambitious and unethical control freaks. The ideas of The Cultural Heritage and The Increment of Association exploded into this milieu and both Orage and Pound became life-long advocates for, and in his
critical early days, patrons of C. H. Douglas. Social Credit enjoyed the maximum exposure and road the cutting edge cultural chic to an extent still not matched by any other economic reform movement in the twentieth century. General awareness of Douglas spread rapidly in an environment that paired the obvious populist nature of a new negotiation space for the common man with intellectual backing from the leading shoot of the avant-garde

Pound took it further still with his Cantos. Casting himself as a new and better version of Dante, he began a tour of the hell that the world had become and began a life long crusade against the twin bitch goddesses of Usura (the unnatural nature of money begetting money) and her fawning, compliant sister Avaricia (greed). These themes and their conscious and subliminal revulsion towards the modern world were omnipresent in the literature of the twenties, and stayed with Pound throughout his long and controversial life. In the Cantos, Pound takes a tour of history, especially American history, with a look to the metaphysical battle that raged for the heart and soul of mankind between the forces of light and darkness, read money power. His pantheon of heroes include John Adams and Thomas Jefferson, Andrew Jackson and his brain, Martin Van Buren, and especially Abraham Lincoln.

Lincoln and his greenbacks were the shining ideals of Pound’s Eden, and the ticket out of hell. This is most inconvenient because of Pound’s repulsive racial attitudes and open admiration of the American Confederacy, Benito Mussolini, and even Adolf Hitler. Pound’s devil was the Jew, as personified by the Rothschild banking house. Pound blamed the Rothschild family for virtually all of the evils of the world. His ravings fit into the petty prejudices of his day and virtually all of his work is sullied by it. Most admirers of Pound have little knowledge of the distinctions between Pound’s views on money and his views on race. Pound himself muddies the distinction, especially in the Cantos, mixing virulent anti-semitism with subtle, deeply intricate analysis of the concept of money.

Earle Davis points out this great tragedy in his brilliant book, “Vision Fugitive, Ezra Pound and Economics.” Tragic because of the great promise contained in this set of ideas and what happened to them under Pound’s overarching influence. The literati, who are still writing Ph.D. thesis on Pound’s innovative use of language, have completely dismissed the ideas he championed to be the crackpot
ravings of an unrepentant fascist. That the ideas behind the Cantos are flushed down the same toilet as his other predilections is one outcome I have already mentioned, but there is a way around it. Pound also wrote clear and concise prose in which he takes a topic and explores them in plain verse. What Is Money For? and Gold and Work, will stand forever as some of the cleanest, most profound musings on money ever written, and you don’t need a degree in English literature nor a comprehensive knowledge of every obscure historical fact he could dredge up in order to understand what he is getting at. I still want to punch him in the face, but if you hold your nose, they are worth reading.

As I mentioned before, Orage left the New Age to follow G. I. Gurdjieff. My introduction to Gurdjieff came in the mid seventies with that girl friend of mine who had the same name as your good friends sister, just a nod to cosmic coincidence control. She took me to a movie in Portland that was showing “Meetings with Remarkable Men” which was a film version of part of Gurdjieff’s writings. We were coming out of the theatre and met some friends and I went into a rant about how ridiculous and bad the movie was. It involved Gurdjieff’s travels in central Asia and the many Magi or Sufis or Angels, call them what you will, that Gurdjieff had encountered. They were a group of apparently miraculous beings who were living intentional, fully conscious lives in an otherwise sleeping world.

Well needless to say, it was not my best moment, and it took me a minute to realize that as with many of my rants I was doing nothing but appalling the other three members of the conversation. It was one of those slaps to the face, and a serious personal question, “Is there something going on around here that I know absolutely nothing about?” I was in a complete personal nether land. I had rejected my parents fundamentalist church, never joining, and never being “saved.” I was old enough now that my folks had stopped sicking the preachers on me when I came home, and so I lived in a spiritless agnostic, and pure egoistic hell hole. My study of economics had been a somewhat late attachment in which I felt the real competence of intelligence intelligently applied. I was good at it. I was a natural at it. It put me back in touch with math, a love I had floated away from in the sixties, and now it had become my world view. I was a utility maximizing bit among other utility maximizing bits, just maximizing away.
I kept remembering losing an argument with Kris Halverson back at Rocky Mountain College. I had advocated the side that all decisions were ultimately economic because people just did what made them feel good. Kris argued that all decisions are religious because they reflect our ground of being, or some such other massively true piece of cosmic trivia. He was 100% correct; every act is from the core. Under these disquieting swirls of growing recognition I knew that something indeed was going on that I knew nothing about. Economics does not supercede ethics and our ground of being, it simply elevates them to a different milieu. The measurements of money are not nature, they are a reflection of our souls, and our souls are every bit as much at risk once the knowledge of the macro level has been breached as is our personal treatment of the people we come into physical contact with.

**JDP:** Well I hate even to interject at this point because you are on a roll of explaining much about your orientation to the profound issues involved in people’s relationship to money. Understanding money requires a depth of understanding of the context and history surrounding a person’s actions regarding money. You’ve mentioned Orage and Gurdjief. I know these characters are also seminal figures on your thinking about money and also your world-view. Politics is about making law and policy. It’s also about taking actions in the civic world. You’ve connected economics, religion, and now politics in a framework we can utilize to consider big picture people-system functions. You’ve also suggested the idea that the money system operates in people’s mind at an unknown sub-conscious level that we are connected to but barely aware of, much like Sufi and Gurdjief-en notions about people’s sleep ridden existences. That’s why I found the political aspects of this conversation intriguing. They bring the monetary thought and behavior to the forefront where decision-making and worldview occasionally come to the surface and operate on super-awake levels.

We both know, however, that these convergences of monetary heresy and spiritual, political, or ethical thought have often times expressed themselves in people and movements whose notions and concepts of money are as visionary as their motivations and moral blind spots were corrupted and bent. You’ve touched on Pound’s
problems in this area. Can you discuss the problems that some social credit proponents have had in this area?

SCC: I think that was where I was headed, but got a bit side-tracked. I think Orage underwent a similar crisis when he turned his back on The New Age and accepted the tutelage and authority of the spiritual teacher Gurdjieff, except at an even more removed stage of human consciousness that deals with the nature and essence of human existence. But unlike Orage, Pound did not disappear in the twenties, and did not die in the early thirties. He lived a long life, and the mental derangement that he suffered continued and spread to and infected everything he touched.

Social Credit was a creature of its age, and anti-Semitism was rampant everywhere, but especially around the subject of money. The Jews were an easy target for hatred and persecution. They seemed to survive economic downturns better than other ethnic groups. The Jews were vilified as shrewd businessmen, who would demand their "pound of flesh" from the poor virtuous gentiles in order to maintain their own. The caricature of the "Shylock" was almost universally accepted and hardly ever questioned. But one thing I am quite sure of is that any idea or prejudice that has the staying power of anti-Semitism must have some basis, and it did. Jews did survive the ups and down of the business cycle much better than other economic groups, but not due to any greater level of shrewdness than other groups. And Jews were early and important participants in the modern world of banking, but not because of any flaw in their nature.

The Jews have been the most circumscribed minority group of the last two millennia. Forbidden participation in the prestigious professions and businesses, having to gather the crumbs fallen from the table of the gentile world, they developed into a cohesive and self-reliant social unit. During bad times the Jews would receive no help from the authorities of the various countries in which they resided. They knew that the Calvary would never come to their rescue, quite the opposite. In fact during hard times they were more likely to suffer pogroms, and have their property seized or destroyed, and be run out of their houses. This history built a discipline and cautious response to hardship. This combined with the Torah’s requirement to aid those in distress, made the Jewish people far more resilient than their neighbors, and this brought on envy and hate from their neighbors.
The obvious answer should have been emulation instead of envy. I’m not advocating a full kosher diet, but there is no economic wisdom on earth superior to the sabbatical and jubilee cycles, and we should all follow them. It wasn’t just professors who took sabbaticals in Jewish custom, it was the whole society. All debts forgiven every seven years. All slaves freed every seven years. Everyone to rest the seventh year, let the fields lie fallow, and let the animals rest as well. And in the Jubilee Year, after seven sabbatical cycles of seven years, thus the fiftieth year, all property was to return to its original owners, essentially starting the economy over. A beautiful self-regulating, debt clearing, privilege leveling way of life.

As to banking, the story is in two phases. The early Christian Church continued the ban that Mosaic Law had against charging interest on loans. The Moslem world still observes it. The Levitical ban of the Jews had an exception, an exception that was to be exploited to its maximum by the cities and states of Europe. While a Jew could not collect interest from another Jew, they could collect it from a Gentile. Middle age money had devolved from its systematic form, Nomisma, into the category of Moneta, the confusion of money with precious metals. This caused money everywhere to be scarce. This created great opportunities for a person with liquid cash. If money could be obtained at the proper moment, huge profits could be gained. They could not coax other Christians into lending at interest, because it was forbidden, but they could pay it to Jews, and neither religion was offended. Thus money lending became the sole province of the Jewish community, by law, and they began to prosper greatly. The Catholic Church saw this and eventually relaxed the ban against interest in the middle ages; they wanted their cut. This thorough transformation of Usura was recently taken even further by Pennsylvania Senator Rick Santorum. Santorum elevated compound interest from its former status as mortal sin to its new status as a “miracle.” Little Ricky believes that all we need to do is let everybody partake of it in their social security accounts. And then we could all be above average. Gee, Thanks Rick.

Social Credit suffered from its association with Pound and its, at times, seeming toleration of anti-Semitism. But it is not a racist creed. The sooner all aspects of it are wiped clean, the better.
JDP:  Lets move our discussion of money and politics a little closer to the present and discuss some Americans who have offered up some monetary reform to the halls of congress. I know you’ve spent some time researching in university libraries on the unusual political efforts of men such as Jerry Voorhis & Wright Patman. What did they put forward in the way of making our money system work better for the people?

SCC:  Jerry Voorhis and Wright Patman are great American Heroes, and if I do nothing else but call attention to these men, my efforts would be justified. They co-sponsored the last serious effort at monetary reform in the United States in 1939. They were both New Deal Democrats, Patman from Texas and Voorhis from California. They tried to move their party to make a full examination and renovation of money. Irving Fisher advised them on the bill, which was essentially an implementation of his 100% Money proposal. The Bill called for a buy-out of the Federal Reserve System, The Monetization of the National Debt, with government notes and non-interest bearing bonds, and the institution of a 100% reserve requirement on demand deposits. The bill had more than a hundred supporters when introduced, but that support evaporated and the proposal died in committee.

Voorhis kept up the fight with his book “Out of Debt, Out of Danger”, which attacked the logic of government paying private banks to create money out of nothing and loan it to them at interest. In 1946, Voorhis was targeted for defeat by a combination of interests opposed to his money ideas and their hand picked candidate Richard Nixon. The lesson was not lost on other Congressmen, and the silence surrounding money became ever more deafening, except for the continued presence of Wright Patman. Voorhis began his second career as a leader in the Cooperatives movement, but Patman was returned to Congress by his Texarkana District into the 1970s. He continued to hold the feet of the “Financial Community” to the fire (If you want to read some good copy, get any congressional record with Patman questioning anyone from the banking world), defending the firewalls that had been in place between the various investment markets, stocks, bonds, insurance, and commercial banking. It was after he retired in the mid-seventies that the chicanery of the modern era began. The looting of the savings and loan industry and the dot-
com bubble would not have occurred with Wright Patman on the job. He was truly the last adult in the room, after him Carter, Reagan, Bush, Clinton, Bush, and every safeguard against a rapacious plutocracy has been destroyed under the guise of deregulation.

This is not a right-left issue, it is serial, national level larceny, with figures that dwarf all other human activity. This is truly a world turned upside down. We are about to reap what we have sowed, and we are virtually defenseless to stop it short of wholesale reform. We are being presented with two options, sudden catastrophic chaos, or a long slow degradation, if we cheerfully accept our lot. But this is a false choice. Our options are broader than living as toadies to the new Robber Barons or holding a faceless place in line in the liberal welfare state. Voorhis and Patman believed in the American Revolution as a living, idea generating, hope inspiring, well-spring that is far from spent. We must, as a people, begin a serious national study of money. Read Voorhis, Read Patman, Read Gesell, Read Irving Fisher. We must take control of our own destinies or the bureaucrats and fat cats will surely control it for us.

**JDP:** Well, I hope that is what this book is all about. Taking up some of the issues that lie at the foundation of our monetary and societal problems as well as exploring some historically grounded solutions. I see it as doing some of what we can do along those lines. Clearly, Voorhis and Wright Patman “put their money (or careers) where their mouths were.” If that makes them heroic, for in today’s world this type of political courage is in great scarcity, then so be it. This chapter, however, began with a character more commonly thought of in heroic terms, Honest Abe Lincoln. You mentioned earlier that his greenback initiative at the advent of the civil war, was a dividing point in your mind as regards American political activity and monetary reform. Can you touch on this division and perhaps link it to the point we’ve chosen to end this political chapter on, perhaps the other side of the coin of heroism that emerged in the 1972 American presidential election?

**SCC:** Before Lincoln, money reformers knew what they were against in terms of policy, but few knew what they were for. The idea of an un-backed paper currency had taken a terrible beating in the late 1700s with the issue of the Continentals. The Continental Congress had
issued them to help pay for the war effort against the British. The notes did well to begin with but fell on hard times as the Continental Congress kept issuing more to pay soldiers and procure weapons. The government’s problem was that they had no power to tax. Their only revenue source was printing money, none of which they could ever recoup.

The newly united “states” each considered themselves independent countries. That is what state used to mean. They were very jealous of the power to tax, so they denied it to the central government. By late in the war the Continentals had become almost useless, losing about 95% of their purchasing power, and the saying “Not worth a Continental” was in vogue. At the advent of the constitution in the late 1780s Alexander Hamilton advised his friends and associates to buy up the continentals. When this had been accomplished the new National Bank of the United States redeemed them at face value. A 2000% profit was earned by the holders of the notes, profit made at the stroke of a pen.

Del Mar writes about it in his book, “History of Monetary Crimes”, as an example of how there is money to be made by changing the status of money instruments. The veterans and provisioners of the revolutionary war were furious, as they had sold their Continentals for pennies on the dollar. All the propaganda from the financial community had emphasized the flawed nature of the Continentals until the right people owned them, and then they changed their tune. What the Jeffersonians and others of the Democratic-Republican party took from the incident was that the concentration of power in the central bank created by Hamilton was an invitation to corruption.

Hamilton’s First National Bank charter expired but was renewed for 25 years in 1811. The destruction of the new central bank became one of the driving aims that emerged in the new Democratic Party and its standard-bearer and first President, Andrew Jackson. Jackson went to war with Nicholas Biddle, president of the bank, and it was truly a war. Biddle was not afraid to kick ass and take names. He had natural allies in the elite circles and was brutal in coercing support from those who might not actually see things his way. If a state or region was seen as against the bank, Biddle would call all loans and remove all federal funds from the area. He was willing to send half the country into depression to keep his bank (I have termed
this practice biddling, from the verb to biddle: to screw one’s opponents by currency deprivation). Apologies to the Biddle family.

Jackson won. The Bank of the United States went into the trash bin of history, and the nation drifted towards civil war. The money situation was a mishmash in those years with private banks issuing notes that were redeemable in gold, but with the same old practice of issuing far more notes than they had gold, which always worked really well when things were rosy, and went to hell when too many people showed up at the same time demanding their gold, of which there was never enough.

Lincoln comes on the scene with the government falling to pieces around him. As I mentioned before, the terms that the various state and local banks and the international financiers offered the American Government were not to Lincoln’s liking. Lincoln was always more of a Declaration of Independence President than a constitutional president. If the country was to undergo a second revolution, Lincoln thought he may as well get the money issue settled on the right terms. He issued the greenbacks despite the howls of the banking world. But Lincoln had something that the Continental Congress did not have, the power to tax. This meant that all Lincoln needed to do was to make the Greenbacks acceptable for the payment of taxes (See Chartelists later on). This gave the Greenbacks a guaranteed steady customer that the banking establishment could not bring to heal. The Greenbacks won the war and spawned the greatest industrial development that the world has experienced.

This was the same period that Britain, France, and Spain had invaded Mexico to force payment of debt, an invasion that Mexican President Benito Juarez eventually defeated. An invasion that would not have occurred if Lincoln had not been otherwise occupied. Lincoln had been a strong critic of the war of conquest that the USA had fought against Mexico in the 1840s, losing his seat in Congress over that stance. He helped the Mexicans all he could, including “losing” arms near the border for the Mexicans to use. He surely would have done more after the Civil War was won, had he not been shot.

But Lincoln was shot. And his Greenbacks had lost their father protector. After Lincoln’s death, the status of the Greenbacks as money was attacked; are they legal tender? should they be redeemable in gold? should they be repudiated? This allowed the value to begin to
fluctuate wildly, the ideal milieu of speculators, who could buy near the bottom and sell near the top. The end of the process came after Salmon P. Chase’s supreme court had declared them unconstitutional. When this decision had been allowed to drive them to their lowest value, the well connected swooped in and bought them up. Shortly thereafter the government did an about face and redeemed them at face value, and quietly retired them.

All these shenanigans had taken place in the full light of day. The public had seen the greenbacks function as money every bit as efficiently as the notes that banks issued through loans. The difference was that the bank notes all had a meter running on them. They were let at interest, and the interest had to be paid by someone. The Greenbacks were just there. They went out, moved around and eventually came back as tax revenue. There was no one else taking a cut.

The Greenbacks were such a powerful force in the public’s mind the even inspired their own political party, The Greenback Party. The people fought the financial elites with some vigor for the next half century. The Greenbackers, along with the Free Silver Movement, sought to break the monopoly that the banks had on money. The Democratic Party eventually absorbed some of them, while Lincoln’s Republican Party devolved into the “Businessman’s Party,” and did their best to never speak of them again. The knowledge and history of this episode is there for anyone who wants to do the slightest digging.

JDP: So what became of Lincoln’s monetary reform legacy?

SCC: Lincoln had selected former Democrat from Tennessee, Andrew Johnson as his running mate in 1864, so he became president on Lincoln’s death. He was despised by the Republican Party, and the country was run by Congress for the remainder of Lincoln’s second term. The Republican Party used the power struggle between Johnson and the Congress to wring every possible advantage in their manipulation of the status of the Greenbacks. It was after Ulysses Grant’s election in 1868 that they retired them.

The Republicans held military control of the South and political ascendancy in the North. They contented themselves with the spoils of war. This was the beginning of the military-industrial complex. The Grant Administration was the most corrupt until the
current one of George Bush. They exploited their control of the south for private gain and began the integration of corporate and government power through a series of internal improvements, railroads, dams, canals, and the emergence of America as a colonial power.

The Democratic Party, realigned by 1876, put forth a winning coalition and took the presidential contest behind their candidate Samuel J. Tilden. The Republicans who had held near dictatorial power since the war were determined to maintain control and claimed victory for their own candidate Rutherford B. Hayes. Negotiations followed and the Democrats conceded the election in exchange for the removal of the troops from the south and an end to Reconstruction. Hayes became president. The former slaves were abandoned and the Democrats instituted the Jim Crow regime in its place.

The late nineteenth century saw a great realignment in the political parties. The Greenbacks were dead, but the genie was already out of the bottle. Reformers turned their backs on the two major parties. Splinter parties emerged. The Progressives and Populists were the most prominent but this was also the era of the Free Silver movement and the Greenback Party. All of these groups exerted influence on the American Stage. Henry George, wrote during this period, promoting his notion of unitary tax on land rents. George’s book “Progress and Poverty” was the best selling book of the age. Alexander Del Mar wrote in support of the free coinage of silver to increase circulating medium.

This period also saw great labor unrest with the IWW (Industrial Workers of the World) and the organization of small farmers in groups like the Grange. They fought the power of the railroads and other large corporations. While they were successful in certain states and regions they never achieved national power.

The monetary reformers, ironically, were absorbed into the Democratic Party that culminated in William Jennings Bryan’s candidacies at the close of the century. The farmers eventually struck a separate deal for their own personal welfare system and became good Republicans. The laborites became socialists and did field national candidates, the most successful being Eugene Debbs in 1920. He got 10% of the national vote for president while in prison.

After Lincoln, the idea of a fiat currency, a full legal tender issued by the government, without redeemability in gold, could no longer be dismissed out of hand. Lincoln did it, and not only did it not
destroy the financial system, it made it function in a fairer, more
efficient manner. Lincoln is the father of the modern era of money,
and a good father he was.

Parts of the Democratic Party stayed on the mission and the
culmination of their efforts was the Patman-Voorhis Bill in 1939. And
I guess that’s the best connection to the 1972 election for me. For
others it is most notable for Watergate, but it makes me think of Jerry
Voorhis and Karma.

While Voorhis’ efforts in the 1930s to get the banks out of the
money creation business failed, he had made himself some pretty
powerful enemies. These enemies shopped around for a candidate and
came up with a young returning veteran, Richard Nixon. The Nixon-
Voorhis election of 1946 launched the career of America’s most
important politician in the second half of the last century. Big money
from all over the country came in supporting Nixon. Voorhis’
supporters were harassed and “communist” was whispered. Nixon 1-
America 0. This election is the greatest of Nixon’s sins. He and his
backers began the long decline in the level of dialogue in America’s
political realm. Jerry Voorhis was the one voice that American could
not do without, and he was lost to us.

In 1972, Nixon was facing a reelection “challenge” from
George McGovern, the charismatically challenged Senator from South
Dakota. Unusually, the election offered one issue that both parties
landed on the same side of. The democrats came up with a proposal for
a guaranteed income of about $1,000, or $4,000 dollars a year for a
family of four. The Republicans’ proposal, the Family Assistant Plan
(FAP), was essentially the same but set at a figure of $2,600 for a
family of four. They were basically following the idea of conservative
economist Milton Friedman who had called for a negative tax, that is,
as we descend the income ladder one’s tax burden drops, but instead of
stopping at zero tax rate, we begin to give people money. This was
seen as a replacement for the largely dysfunctional welfare system,
and it would have been a great improvement.

I remember seeing McGovern on television trying to explain
how he was going to get enough money to pay everyone in the country
$1,000. He hemmed, hawed, and essentially looked about as stupid as
any person I’ve ever seen who sought my vote. I was a twenty year-old
college student at the time and I knew more about it than he did.
McGovern hadn’t the slightest notion that not everybody got the
$1,000, and that the money saved from the bureaucratic miasma that was and still is welfare, would more than compensate for its cost. That said, it would have put more money in the pockets of those who needed it, instead of in the pockets of such scurrilous recipients as bureaucratic supermen like Joe Califano. I pick on Califano because he created quite a scandal by having his own private chef while administering the welfare system. But he is indicative of who really benefits from all such programs, the bureaucrats who run them and the corporations who quickly learn how to scam them.

Nixon won the election, but then inexplicably failed to get FAP enacted. Maybe the Republicans didn’t want things to get better. That oft cited vision of a welfare mother in a big Cadillac was potent stuff for Ronald Reagan in 1980. The reality is that the real welfare queens in America were and are white males driving big combines (paid for in tax dollars) in their wheat and cornfields. Protected from “over-production” by being paid not to produce. Now that’s queenly treatment.

**JDP:** I remember the 1972 election too. I was eleven at the time and living close to the beltway. Later, but still connected in my memory, came the endless television broadcasts of Sam Irvin and the Watergate hearings. As we think about the politics of money and politics in general, it seems that the consideration of anything as challenging to the establishment as monetary reform, is so very far from a real possibility. It’s my sense and experience that politicians in this country, from both sides of the great fractured polarization of red and blue, have become more and more like Nixon and less and less like Lincoln.

That leads us to political and economic activity of our current time, the beginning of the 21st century. As we’ve noted previously, the Internet has certainly provided a platform for a great growth of writing and dialogue on a variety of “big idea” topics including monetary reform and money heresy, as I like to call it. In the chapter that follows we’ll talk about what’s happening out there and hopefully get your thoughts on what actually might get implemented. Before we leave the past and push into the present and future of money heresy, I am wondering if there’s anyone out there who you see as the next Lincoln, if only in relation to their monetary-policy courage?
SCC: I think the first thing to say about Lincoln is that he was not a hero who rode in and saved the nation. He was far from it. Lincoln’s election precipitated the crisis that turned into the civil war. Lincoln was part of a movement that sought to solve the slavery question for all time. The nation had stumbled from one show down to another, with the slavers demanding an equal footing with the non-slavers in the congress. Every time a new non-slave state was admitted the slave states demanded that it be balanced with a slave state. They were also pushing to be able to travel in the free states and take their slaves with them. The U.S. Supreme court finally agreed with them in the Dred Scott decision. This drove the abolitionists in the north absolutely nuts. But Lincoln and the movement he had helped found was not abolitionist. The Republicans simply wished to halt the spread of slavery, i.e. no new slave states.

In the early 1850s a group of politicians that included Lincoln, Charles Francis Adams, William Seward, John C. Fremont, and others formed the Republican Party, whose main plank was to put slavery on the road to ultimate extinction. They did not believe that they had the right to enter into existing states and abolish slavery, but they did believe that they had the right and duty to prevent its spread. As I said before, Lincoln was a Declaration of Independence American, not a constitutional American. They hearkened back to the old school Whigs, who believed that governments were instituted by the people and the people had the right to periodically reinstitute those governments. The republicans were particularly strong in what we now call the Midwest, Illinois, Ohio, Iowa and Minnesota.

The Republicans took their principled stand to the voters. Their ‘56 candidate, Freemont, lost badly. But in 1860, due to the deep divisions in the country, and the splintering of the vote among four parties, Lincoln won the Electoral College vote. He was definitely a minority President, with less than 40% of the national vote. On this tottering platform, Lincoln took the country to war. Now the heroic Lincoln comes to the fore, and his conduct was, I believe, super-human. But it was his preparation for the crisis that made his response possible, and I think that will shed some light on where our Lincoln will come from.

Lincoln spent his years in the wilderness, both literally and figuratively. Born in Kentucky to a hard-scrabble farm family Lincoln was virtually self-educated. From a religious background that stressed
predestination, God calls you, not vice-versa. Lincoln approached his life as a search for that destiny. He didn’t wait for it to come, he prepared for it. He became a back woods lawyer, and sought to be a man of some substance. Lincoln had ambition but he played the cards he was dealt, never believing that a corner cut here or there would be inconsequential.

He witnessed slavery first hand, and he knew that whatever else he did, he was responsible for the knowledge he had. He went to the House from Illinois as a Whig, and helped found the Republican Party. He ran for Senate against Stephen Douglas in 1858. All along the way sharpening his skills and arguments, refining the core of being that God had given him. When he hit 1860 he was ready because he had prepared. I don’t think this era’s Lincoln is in the public eye yet. I think he or she is somewhere out there living the life of an Aquarian Conspirator, and no it’s not me, although I wouldn’t mind serving in his or her cabinet.

The current American political landscape has hit another all time low for venality. The political process is a sham, with two corporate parties putting on show campaigns every two years that offer less and less real choice. I take Nixon’s defeat of Voorhis in 1946 as the beginning of the modern era. It is the replacement of reasoned argument with public relations and advertising. The candidates are packaged just like canned ham and spread before the people in a continuous movable feast. People with real ideas, especially ideas that threaten the status quo, are marginalized, ridiculed, and if necessary, completely destroyed. Their substitutes are virtually all Trojan horses, who are financed and put forward for either their weakness and malleability, or their outrageously destructive bent. They eventually will bring discredit to themselves and the ideas they associate with.

Lenin, Trotsky, Mussolini, Hitler, all had the backing of moneyed interests, because these interests had a longer range view and could wait for these ideas to self destruct and then come in and pick up the pieces, at a profit. Our last three presidents Bush-Clinton-Bush, earned their “credibility” in the savings and loan looting. They took the heat, all the heat that the corporate controlled press could throw at them, and they never ratted out their big donors.

The savings and loan debacle was anything but an accident of history, it was the hugest inside job ever put over on the American people. William Greider wrote two whole books about it detailing that...
the perpetrators were virtually the entire financial establishment. They may as well have backed trucks up to the S&L’s and unloaded them in broad daylight for all the press coverage they received. The only real snapshots we have are of the current president’s brother, Neil, who when confronted with the $100,000 bribe he took to aid in the looting of Colorado’s Silverado S&L, called it a loan to get into an investment opportunity, except if the investment went bad he wouldn’t have to pay back the loan. That’s Bush family values for you, he apparently learned at the feet of masters. Maybe that’s how his brother George feels about the huge deficits he’s building up.

But the Clintons were no better. Their business partner robbed the Madison County S&L, and they were shocked, shocked when they “found out.” Hillary was making $100,000 in a day in the future’s market. Where do they think this money comes from. I’d love to see the accounting of Madison’s books, where did the money go, itemize the commissions on deposits that New York brokerages earned putting money there, the sham developments, the bribed directors. I now live in Madison County. Madison Guarantee was my Grandfather Jasper’s bank. He rode a mule there from Newton County. I wonder what Jasper would have to say to Mr. & Mrs. Clinton.

I think the last president who was actually in charge of the government was Eisenhower. Nobody dared screw with him, but he let things go on pretty much as usual until his final speech. Beware the Military Industrial Complex. Wish that had been his inaugural speech, I think we’d have a different country now.

If there is another Lincoln out there, he or she will not accomplish anything alone. I sincerely doubt that they will come from either of the two major parties, unless they are part of the great realignment that must eventually come. America is as corrupt as any nation has ever been, and the bald faced lies they foist on the public are becoming more outrageous. Reagan had his Poindexter to give him plausible deniability, but Bush doesn’t even need one. We’re in a new era, the era of Implausible Deniability. Your lies are no longer questioned. This cuts down on the need for individual fall guys. It is the entire nation who’s taking the fall for the avarice of the entire leadership of our country.
We both know these ideas came from somewhere and evolved over time. In this chapter and section of our text, we’ll endeavor to tell your story and touch on the context of your life that gave birth to your economic ideas and some of the actions you took. So along these lines, where did it all begin?

I’ll start with the presidential election of 1972. I was in my second year at Rocky Mountain College in Billings. Some people had asked me to participate in a debate in support of the Democratic ticket. It was the first time anyone had asked me to do something serious in a long time. I was not a very serious person at the time. So I took it serious and did a lot of reading. I had been a member of the debate team the previous year, but I had not done well, due to a lack of preparation. But I was determined to do a good job. This was where I first became aware of the idea of a guaranteed income. It appealed to me in many ways. I am by nature a libertarian. My idol at the time was Thoreau. “The government which governs least, governs best.”

The reading I did explained that a guaranteed income would eliminate the bureaucracy that surrounded the welfare system, and move all Americans out of poverty. I thought that is was a great idea. Both sides were in favor of it, so I thought that this reform’s time had come. The Republicans supported it for it’s anti-bureaucracy aspects and the Democrats for its anti-poverty aspects. The two proposals were similar, with Nixon supporting an income of $2,600 for a family of four and McGovern an income of $4,000.

My greatest disappointment occurred when a few weeks after our debate at Rocky Mountain, McGovern could not answer where he was going to get enough money to give everyone in America $1,000. He couldn’t explain it. He didn’t understand his own proposal. Nixon
won the election by a landslide, and I thought OK, the Republicans and Democrats can easily reach a compromise, because the two sides were very close. It didn’t happen though.

There are many opinions as to why the effort to enact Nixon’s version of the guaranteed income, the Family Assistant Plan, failed. I really don’t know. Nixon got himself tied up on a lot of other things and maybe they just thought it was too good a deal for the poor, who were not going to vote Republican anyway. But the plan never made it to a vote, dying in committee, just like Voorhis and Wright’s money reform bill. But I was hooked on the idea.

It was shortly after this that I started studying economics, and I liked it. I was good at it. It explained a lot of things that I had always wondered about, and I worked at it. I was a history major at the time and finished my degree in 1974. I was unemployable. I went to California and spent a summer working as a manual laborer in the fields, and decided that should get a degree that I could do something with. I went back to Rocky and did another year of undergraduate work, mostly in economics, but I did a lot of acting in the drama department and joined the choir as well, activities that I had disdained in my other years. It was the happiest year of my life.

I applied and got accepted to graduate school and got a research assistantship in Ag Econ at Oregon State in the fall of 1975. I also continued my pursuit of acting and got a good part in “Death of a Salesman,” in the University Theater. I took the same attitude toward classes that I had taken at Rocky Mountain, I coasted. It wasn’t even close to enough

I got back my mid-term exam from my very important core class, AEC 517 and it had a nine written on the top. I thought, cool, I only missed nine points out of a hundred. But it was just the opposite; I had only gotten nine points correct. I panicked. I had not been challenged intellectually in years, and I no longer knew if I could be a serious student. I quit the play and started studying hard. The professor, Jack Edwards, had an office right next door to the one I shared with three other grad students and I was at his door whenever I didn’t understand something. He was sick of me by the end of the term, but I aced the final and Jack gave me an A for the class.

My research assistantship was another matter. My first job was part of a team that was doing an economic impact statement on a proposed irrigation and canal project in eastern Oregon. It was a
boondoggle. Some local promoters wanted to divert three percent of the flow of the Columbia into a series of canals and ditches that would turn a desert into a garden. They wanted to justify the use of public money to pay for the project and that was our job, to show how the general public would benefit from the project. And about six months into it we found out that an assistant to the governor had a lot of land in the area with wells that were going dry. The plan was to use canals to dump water down his wells in the winter at what they called “non peak load prices.” I was supposed to pick a topic related to the project and write a thesis about it, but I could not seem to get myself to do it. I began to have a very jaundiced view of economics as a profession and began to have serious doubts about my career choice. I had to face facts, and this was not something I was very good at. I hung on for a while, but my enthusiasm waned. My interests in economics kept coming back to the guaranteed income, and would not get off. There was beginning to be a body of literature on the subject and I continued to read about it.

Congress had authorized two programs, the Denver Income Maintenance Experiment (DIME) and the Seattle Income Maintenance Experiment (SIME) to study the idea. I wrote a paper for a class comparing SIME and DIME to the Aid to Families with Dependant Children (AFDC) and pitched it as a thesis project to Jack Edwards. My assistantship was tied to the irrigation project and so I made a deal with the project’s manager to let me write a short report on the labor force in the area, and then take four months to write the other thesis. At the end of the four months I was nowhere close to completing the paper, and so I resigned my assistantship.

My plan was always to go back and finish that thesis, but it never happened. Other opportunities opened up though. The department had just got a huge contract with the Pacific Fisheries Management Council to study the impact of salmon fishing on the Oregon and Washington Coast. A professor I liked very much, Dick Johnston, was in charge of it. There were a lot of jobs and I got two of them. One was a data collector for and Input-Output model of Clatsop County. The other was interviewing fish buyers in Europe. I jumped at both.

I had four months to kill until the first one started in January, 1978, so I went to stay with my parents and did some substitute teaching. My third week on the job a teacher had a nervous
breakdown and I was asked to take the class. To my surprise I enjoyed it. The kids were fun, and it was something new every day. I stayed four months and then headed for Astoria, Oregon at the mouth of the Columbia River.

The Northwest Oregon Coast is one of the most beautiful places on the face of the earth. A fellow grad student, Tom Carroll was heading the project and had secured great lodging for us. We were three months in Roxie’s Ocean Front Hotel. Our rooms were in a converted beach house on the promenade, right on the beach. While the Willamette Valley is almost always overcast the beach has clearing periods between storms. It would rain for a while and then the sun would break out and shine. We had huge picture windows that offered a view of nearby Tillamook Head. It was idyllic.

My job consisted of interviewing local businesses. I would ask them about the products they sold, where they got the products, how many employees they had, etc. It was a quick and dirty audit. I learned a lot. I could almost feel the money circulating. It was the best economic training I ever had. But it was over quick. I then went to Seattle and interviewed fishermen. They were an angry bunch. The fishery was being fished out and their season kept getting shorter and shorter. Many were going broke. This was not a pleasant time. But it only lasted three weeks, and then I was off to Europe.

The task was to go to Europe, identify buyers of American salmon, and interview them. We asked what type and size of salmon they bought and why. We started in London, then to the French coast, Le Havre. Then on to Paris and a long drive across northern Europe. This took about three months and at the end of this trip my career as an economist was over.

I went back to Corvallis with the intention of finishing the thesis, but one thing led to another. I got a job as a waiter in a local pub and stayed a few months. Some friends of mine were in Portland, so I gave Portland a try as well. I worked at a couple of restaurants and a survey research company and then went back to Corvallis. I did another stint as a substitute teacher in California and then back to Corvallis. I was tired of this yo-yo existence. I decided to try to make some real money, so I got myself a Real Estate License and went to work for a developer in a model home. Ronald Reagan had just been elected and I thought he would be good for business. I had a great first year, but interest rates kept creeping up and up. The clients
disappeared, our houses started to sit idle, and everyone I worked with went broke, including me. I ended up working as a waiter again.

I had enjoyed the tail end of a boom. It had given me a taste of success and I now had ambition to continue that success. I started hatching plans, and they came to some fruition. I would innovate myself out of this spot.

**SCC:** My planned path out of the recession came in 1983 with the incorporation of my business venture “Real Estate a la Carte.” REALC was designed as a “cooperation”, a hybrid between a consumer cooperative and a for-profit, limited liability corporation. I had lined up my first tier of investors, a group of professors from Oregon State University, a group of Engineers from Hewlett-Packard and the high tech start up Intelledex, along with a few other individuals in the Corvallis community.

REALC was designed to create a whole new market for real estate exchange. It would do this by creating a preferred stock equity position in which a large number of small investors created a new institutional arrangement to challenge the stranglehold that professional realtors held on the market. It was an effort to create a mutually maintained market in which buyers and sellers set restraints and conditions on the professionals as opposed to the opposite system that now exists.

It could be seen as part of a structure that I have called entrepreneurial consumerism, or congregational capitalism. In retrospect I see my goal in this and other significant efforts in my life was to locate just such situations in which this type of scenario presented itself, and then attempt to open the proverbial well.

The Life Insurance Industry and the now defunct Savings and Loan Industry were examples of successes of entrepreneurial consumerism in the past. Both were begun by consumers as cooperatives to provide themselves with a service that the free market would not provide. Once they had become established the mutual insurance cooperatives of New England and the S&L’s sought protection from competition by erecting massive barriers to entry. They pulled up the ladder, prohibiting others from doing what they had done. They were then picked off by private interests, but the barriers to entry they had erected remained.
My experience as a real estate agent had told me that this was an area in which consumers felt victimized and powerless. The real estate industry was run by various local oligopolies that fixed prices and kept the fix in place by exploiting their exclusive access to the multiple listing services. Multiple listing allowed agents from one firm to sell any listing from another firm, and split the commission. This meant that if an agency tried to lower the prevailing percentage of the sales commission, the other agencies could steer their clients away from that agencies listing, until they priced in line with other agencies. Secondly, a veil of ignorance about the real estate market was created and maintained by the industry insiders getting to all the good deals first. This meant that if a great buy came on the market, real estate professionals bought them up themselves, before the general public ever saw them, or directed the hot deals to their best connected clients. Third, they played both sides against the middle. In court, each side has a lawyer, and most people think that is how real estate works as well. This is absolutely false. That “friend of yours” who offers to show you around to help you buy a house, is not your agent. Both the listing agent and your buddy, the selling agent, work for the seller. They are bound ethically to represent the seller to the best of their ability, which means any advice they give the buyer that is not in the best interest of the seller is unethical. It is not a real big step for most agents to decide that they represent neither seller nor buyer, but look out for themselves.

This perfect storm of issues hit a nerve with a good cross section of the people I approached with the goal of getting them to invest in REALC. I signed up almost every person I spoke to and had an information buzz going in a couple of communities in Corvallis.

It was through REALC that I got back to economics. It was one of my investors, an Economics Professor, who gave me a heads up on a book by Austrian Economist, Israel Kirzner. He thought there was some significant confluence between the principles behind REALC, entrepreneurial consumerism, and Kirzner’s analysis. Kirzner’s book “Entrepreneurship and Competition” is a strictly individualist rant on the workings of the market and the function of the entrepreneur in the economy. While I saw good parallels to my own ideas, I have some suspicions that the Austrians might not look too favorably on my proposals.
JDP: So clearly your time in college and in a college town combined with your initiatives in the job market to begin the development of your theories on money. I know the Austrian school really struck a chord for you.

SCC: Well it goes back to Billings a few years earlier. If only Doc McDowell hadn’t held his class on the History of Economic Thought at 7:45 in the morning back in the fall of 1974, I might have told this story a little earlier. It was when I was back at Rocky Mountain College after graduating. Getting up for early classes when I lived in the dorm had been hard enough but I had made it to a few, but now I was in downtown Billings, in a second floor walk-up. I was rehearsing and performing in Marat/Sade at night, drama being my new love, and economics had already been relegated to my new back up plan. I didn’t get to class too often, drama people often stayed up late, to the ill effect on my rise and shine ability. So though I do remember being impressed by Doc’s presentation of the Austrians’ ideas, it wasn’t until the incorporation of REALC that I began to realize their grander significance in economics.

Kirzner’s book had whetted my appetite for all things Austrian so I checked out and began to consume Ludwig Von Mises’ ponderous tome “Human Action.” Von Mises, with Friedrich Hayek, were the principle modern proponents of the Austrian School. While I had found Kirzner provocative, I thought Von Mises was brilliant, and it was in this frame of mind that I took out my old text from Doc’s class, “The Evolution of Economic Thought,” by Jacob Oser, and read up on the Austrians.

Friedrich von Wieser, Carl Menger, and Eugene von Bohm-Bawerk were the founders of the Austrian School of Economics. Wieser immediately caught my attention. He was the most institutional of the Austrians. I use this term to draw something of an analogy to Thorstein Veblen, student of the Austrian’s closest American cohort, John Bates Clark. It is more than ironic that the most effective critic of the modern capitalist zeitgeist, Veblen, was trained at the feet of its greatest American proponent, J. B. Clark. Like Veblin, Wieser was reticent to grant the notion of sufficiency and universality to the set of economic ideals that constituted the Austrian School. In fact, he asserted that not only are the principles of economy
not a sufficient and universal representation of reality, they at times lead to error, or justify venal behavior. When great minds are trained in a discipline and spend a good deal of effort to categorize that discipline’s internal contradictions, some attention must be paid. Wieser’s “Paradox of the Well” became one such contradiction for me. I felt it must be answered if I was to have anything of relevance to offer the dismal science.

The “Paradox of the Well” goes something like this. If you could produce massive quantities of something for virtually nothing, economic theory tells us that no one would have the incentive to do it, because unless one could restrict output, the price would fall to zero. Wieser uses the example of a community that could, with some initial effort, open up an artesian well that would produce unlimited amounts of pure water. Marginalist economic theory tells us that two basic laws are in effect on the production of a commodity; first, that the utility (worth, usefulness) of each additional unit of that commodity diminishes, and second, that the price of that commodity is based on the utility of the final unit, the unit at the margin.

Once complete abundance is achieved, the marginal analysis used by the Austrian School becomes contradictory and ineffectual, because the price falls to zero. This would mean that no one would have any incentive to produce that commodity. Wieser asserts that economic theory actually misleads in this instance. Of course the community would open the well, because it would be in the general interest to do so. The community, on average, would benefit greatly, and some group or heroic individual action would certainly accomplish this. I think an even better example would be the Internet. It is a network, and networks gain value as each participant is added.

**JDP:** This does sound a bit like the evolution of the Internet. Tell me how the two relate.

**SCC:** I think it’s directly analogous, if the net can be kept open. There is a tremendous battle going on now over what is called “net neutrality.” What was begun as a purely public, equal access, un-owned entity, has grown tremendously and benefited many diverse people, financially and other wise. There are a group of corporations who wish to alter this neutrality and establish gates and preferential treatment, which will fundamentally alter the web, and bring it into
line with the death struggle that surrounds all other commodities. The world-wide-web is an almost pure “Wieser” good, each additional person who is added costs less than the one before them, and the value of the net increases with each new participant. Hopefully the world wide web can survive this assault, but this is not a story about the web, but about another pure Wieser good that we deal with on a regular basis, money.

But before getting back to our main topic, a brief stop at the other end of Paradox Alley is in order. We need to visit the poorer half of this block, the world of scarcity where a Mr. Giffen resides. Giffen’s Paradox echoes the advice that poor old Marat got in his tub, “the more you scratch, the more you itch.”

While Wieser’s paradox of the well is a hypothetical construct, Giffen’s paradox is not an academic postulate, it’s an empirical fact. The price of corn went up, and this actually increased demand, which drove up the price more, which increased demand. This contradicted one of the central tenets of marginal analysis, that the quantity demanded is inversely related to price. If something increases in price, you purchase less and vice versa. For the opposite to be demonstrably true over time is comparable in the physical world to water running up hill. How could this happen?

In mid-nineteenth century England, the lot of the common man had begun to improve to the point that they had begun to vary their diet. In addition to their staple of corn they had added fruits and vegetables to spice things up, so to speak. When the price of corn went up, they had to use more of their money to buy the same amount of corn that they currently consumed. This meant that they had less money to buy fruits and vegetables, and thus had to buy another cheaper food to make up the calories they lost in fruits and vegetables and the only food that was available was their staple, corn. This meant they had to buy more corn, which drove up its price, which meant they had to buy more… etc.

The technical explanation is that the “income effect” was so great that it overcame the “substitution effect.” Every change in price has both an income effect and a substitution effect. Every decrease in price does two things. First, it makes the commodity that has experienced the decrease more attractive vis-a-vis all other goods; this is the substitute effect. Second, it actually makes all the individual bits of money in the economy a little more valuable. If you consume the
same amount of a commodity as before you will have money left over; this is the income effect. Every increase in price makes the higher priced item less attractive and lowers the values of every monetary division ever so slightly.

Corn formed such an important portion of the diet of such a significant number of people that any rise in price actually caused their incomes to fall. Unfortunately for all of us this has never been treated as anything more than a technical anomaly. I hope to remedy that.

**JDP:** I should state that throughout our twenty years of collaboration and communication on economic notions, you certainly have held these two paradoxical anomalies in high regard. Why are they so central for you?

**SCC:** The significance of these two paradoxes cannot be overstated, especially when the situations that surround them, scarcity and abundance, are put into perspective. Economic theory can be, and (I would argue) is being used to subvert the general welfare through the managed manipulation and exploitation of scarcity and the inventive subterfuge and out-right denying of abundance.

Buckminster Fuller never tired of saying that we all could be living at the level of billionaires if only we would build “livingry” instead of weaponry. It begs the question of why, but Bucky was well on his way to asking and answering this conundrum. His last book “The Grunch of Giants” (gross universal cash heist) covers the short and amazing ascendance of our modern day giants; the limited liability corporations. These dinosauric holdovers from feudal times have kidnapped humanity and hijacked Money. The tool known as money that should be the greatest boon to mankind that was ever invented, has become a ravening wolf, picking the bones of a starving and desperate world.

These roving giants have expropriated the increment of association, looting nation after nation in an induced boom-bust cycle. Their owners and operators have erected numerous legal and bureaucratic gates and privileged rights-of-way for their friends, even as they move behind actual physical gates. The free market-competition that they tout as their philosophy, is as phony as a three dollar bill. The invisible hand of Adam Smith is a wholly owned subsidiary of the corporate world, capable of stealing, stifling and
strangling all who challenge their dominance, and massaging and
catering to all who support them. Their secret decoder rings give them
insider access to all of the so called free markets, with the insiders
taking the lions share and everyone else left to fight over the hind
most.

**JDP:** So I hear you saying that a more hopeful and helpful economic
system must respond to these paradoxes.

**SCC:** Yeah, they are the crux for understanding what exists and a
good set of parameters for any plans. If we are ever to move towards a
world of justice, fairness, freedom and opportunity we must negotiate
the straights between the twin paradoxes of scarcity and abundance.
There is only one vehicle that I have encountered that can
simultaneously give us freedom from scarcity and access to
abundance, and that vehicle is the **basic income grant.** Scarcity and
abundance can and must be addressed simultaneously because in venal
hands they form a good cop-bad cop team that is almost omnipotent.

**JDP:** So what happened to REALC?

**SCC:** This is a question I have often asked, and the best that I can
come up with is that I looked at the challenge of bringing REALC to
the market and looked at my resources, and the two did not compute.
There were securities issues: what I could sell and when? Staffing
issues: who would work for me? Would they be shut out by the
establishment? And basically REALC was not so much a business
idea as a complete replacement for the entire real estate industry. It
was the way my mind worked. What could I do? And who knows
perhaps it’s not dead, only in hibernation.

But at that point in time I had to do something. My money was gone.
I was too caught up in a swirl of ideas to work. I was studying ballet,
in the best physical condition of my life, and the worst financial. Yin
Yang incorporated. After my last recital in June of 1983 I decided to
bolt. I wrapped up everything in Corvallis and began to wander,
California, Montana, back to Oregon. In search of I knew not what.
In search of ….
SCC: After bouncing around the western U.S. for a couple of years I finally ended up in Portland on my friend Shepard Buchanan’s couch. I was reading The Aquarian Conspiracy by Marilyn Ferguson. It was another book that one of my investors from REALC gave me. A recommendation that was to be as important, or more important, than any I have ever read. I had been sitting in the Beanery up by OSU talking to an engineer who was one of my original group of investors, and he said that I sounded like an Aquarian Conspirator. I bit, got the book, and it literally blew my mind. Buckminster Fuller, Ilya Prigogine who led me to Francisco Varela and Eric Jantsch, Pierre Teilhard de Chardin and Henri Bergson, and Thomas Kuhn, whose books on epistemology are the greatest ever written on the subject. My thinking took on whole new avenues and grand boulevards. I could not read enough. I felt like I had discovered gold. I cannot thank Marilyn Ferguson enough.

Bucky, the American Spirit

I had been reading Buckminster Fuller for a month when another of my investors said I sounded like Bucky. It was the greatest compliment I have ever received. Although it is hard to rank the influences that shaped my thinking, there is no person who has influenced me more than Buckminster Fuller. Ephemeralization and Tensegrity are integral in all my arguments. Most famous for his design of the geodesic dome, Bucky was a profoundly original and comprehensive thinker.

Bucky believed that the universe is intelligent and that one of its main operators is ephemeralization, doing more with less. This is the classic definition of efficiency. The universe was about making
itself more efficient, in all respects. He is the most consistent and comprehensive thinker that the world has ever produced. With Bucky the abstract and the practical are never separated. He builds everything, even if it is a scale model. It was through Bucky that I developed the habit of model making. I was a decent mathematician in High School, and my skills flourished again when I got to economics, but it was Bucky who showed how to get to new places by creating artifacts. I see my other current endeavor, Math for the Ages, to be a direct outgrowth of my familiarity with Bucky.

**JDP:** Some twenty years ago, when you first introduced me to Bucky, he also hit on many philosophic, environmental, inventive, and design notions that resonated for me. Can you talk more about his ideas and their convergence with your theories in economics?

**SCC:** Salmoney follows both of Bucky’s principal tenets. It is ephemeralizing and tensegral. It is constantly disappearing and doing more with less. It is also tensegral in that it balances pushing and pulling tendencies in the economy to take up all the slack. The pull of economic necessity and competition is balanced by the push of a generalized basic grant. Bucky’s next to last book addresses money and expanding corporate power. “The Grunch of Giants” deals with the great mercantilist beasts that are roaming the earth, devouring mankind.

**The Portland Bicycle Collective**

I took a big step in understanding Bucky’s concept of Tensegrity when Shep and I went to the Portland Bicycle Collective to do some repairs. The Collective allowed you to rent space in their shop to repair your bike. My wheels were wobbling and bouncing all over the road, and our mechanic/advisor Virginia Church taught me how to “true” the wheels of my bike. Trueing a spoked wheel requires one to reconcile the compression and expansion of the spokes in a manner in which the tension is integrated. The push/pull of the spokes is kept in dynamic balance to create a straight and round wheel. Every pull of the wheel in requires left and right compensations, and every push of the wheel out requires the same compensation. It is a process, an integrated process.
The Vitalists, Bergson and Teilhard de Chardin

**JDP:** I also know that you’ve been talking about Elan Vital all these years as well.

**SCC:** Although Henri Bergson was a full generation before Pierre Teilhard de Chardin, I came to the latter first. Both recognized a life force, élan vital, as the driving force in evolution, although Teilhard de Chardin identified this force as god, Jesus. Teilhard saw no contradiction between an abiding faith in God and the scientific method, up to and including evolution. He saw humanity as the leading shoot of that evolution. He recognized the important trends of evolution as complexification and reflection. To him, mankind was evolution made aware of itself. For me, Salmoney (my monetary invention that I’ll describe later) is money made aware of itself, a self-reflective tool of the human community.

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**Dissipative Structures, Autopoeisis, and Cybernetics**

**JDP:** What are some key concepts that have shaped your work?

**SCC:** Entropy had been a recurrent subject of interest to me since my high school chemistry teacher, Robin Gregg, had introduced the concept to me in 1968. I had my first experience with inspired thought, or what I call inspired thought, in 1972 in the dorm at Rocky Mt. College. I began having wholly formed thoughts about entropy, and how the life force fought against it, fought against the run down. I did some research at the time, but did not run across anything that corresponded to my ideas. Other than a brief and exciting presentation by Thomas Pynchon in his “Crying of Lot 49”, I had not encountered the concept until I read about Ilya Prigogene in the Aquarian Conspiracy some 15 years later. Prigogene described what he called
dissipative structures, which when looked at from the system as a whole followed the law of entropy, but when separated from the whole actually ran the other way, similar to a clock that sought to keep itself wound, introducing and maintaining higher and higher levels of organization. Certain structures, internally at least, held entropy at bay, struggling against the eventual rundown.

Francisco Varela and Erick Jantsch took the idea of dissipative structures to new areas, systems theory and cybernetics. Varela sought a theory of autopoiesis, or self-organizing systems, systems which achieved stability and survivability, in manners that are apparently unrelated to their environment. Jantsch went into the area of cybernetics, especially in the area of societies, in which the system’s frame of reference becomes internal as it grows. Human beings principal milieu is not nature, it is human society, not that society can exist without nature, but the feed back loops of most people are artificial constructs of human society; job, family, law, economy. Only specialists, who are given their marching orders by society, ever deal with nature on a conscious level.

Thomas Kuhn

JDP: As earlier mentioned in regards to past economic heretics, Thomas Kuhn was a major influence on you. Can you explain?

SCC: Kuhn is rightfully famous for his great book “The Structure of Scientific Revolutions.” It is a seminal work that has influenced countless scientists and philosophers as well as the culture at large, but it was not until I read his earlier book, “The Copernican Revolution,” that I understood how profoundly correct he was. His essential thesis is that science is the formulation and testing of models. When these models are commonly accepted they become what he calls “paradigms.” Paradigms lead science forward until the models upon which they are based begin to fall apart due to countervailing evidence in the real world. Scientists trained in traditional paradigms have a great difficulty in rejecting those paradigms, because these paradigms have become their reality filters. Kuhn notes that it often takes a whole generation’s passing away before a paradigm that is demonstrably false to be rejected, because the scientists cannot comprehend that their reality has no foundation.
Kuhn is often completely misunderstood by both supporters and opponents as anti-scientific, but nothing could be further from the truth. Some supporters see him as striking a blow against the usefulness of the scientific method. Some opponents see him as questioning the validity of all currently existing and historical scientific precepts. Neither is correct. A full understanding of his thesis truly unfolds in “The Copernican Revolution.” It is in his examination of the transition from an earth centered universe to a solar centered universe that one sees the effectiveness of the scientific method of those revolutionaries (Copernicus, Galileo, Kepler, Brae) in overturning the error of existing thought without for a moment disparaging the beauty and utility of the Ptolemaic system it replaced.

The Ptolemaic, or geocentric, system was named for Ptolemy, the great Greek astronomer of Alexandria. It posited a structure of ever-larger spheres that surrounded the earth at the center of the system. The stars inhabited one sphere, the planets each had a sphere, the sun another, the moon another, with each sphere having its own rules of movement. This system worked very well in general, with the exception of the planets. Sometimes the planets seemed to go backwards. This was called going retrograde. The Ptolemaic scientists made valiant attempts to reconcile this motion with their system by adopting a concept called the epicycle. The Ptolemaic scientists hypothesized that at certain points the planets left their regular sphere and did a little circle, which they called an epicycle, which accounted for their going backward for a short period. This explained a bit of the exceptional behavior, but they could never get the epicycles just right, and they never would, because the sun, moon and planets do not revolve around the earth, they only appear to from the point of view of earth.

Kuhn did not ridicule the Ptolemaic scientists, he praised them. He noted that their celestial navigation charts were still in use and quite valuable, because they explained most of the heavenly movements in a quite useful manner. What Kuhn really says is that science should not be seen as establishing reality, but simply as a tool for helping evaluate the models we create and use to cope with reality.

It was Kuhn who brought me to the point where I could see the significance of Alexander Del Mar. It is not the behavior of the individual dollar, peso, or frank that is the unit of money. Indeed, behavior of price can give us very erroneous information if we look at
it as independent piece of data. Watching the rise and fall of prices without simultaneously watching the rise and fall of the sum of all money is worse than useless, it is destructive.

The twin paradoxes of Wieser and Giffen can only be completely understood and navigated when Del Mar’s precept “the unit of money is all money” is truly realized.

**Mobius Strips**

Shortly after my arrival at Shep’s in Portland I picked up a book, “Mathematics and the Imagination” on the end table and began reading. I was particularly intrigued by the article on the Mobius Strip, one of mathematics’ most intriguing anomalies. The Mobius Strip is a long, thin piece of paper formed into a loop, given a half twist, and attached to itself. This curious topological enigma has only one side and one edge. My first reaction was to start writing on a Mobius, and one of the first things I wrote was the English version of Des Carte’s “cogito ergo sum.” But on the Mobius Strip it becomes a continuous message, I think therefore I am I think therefore I am I think etc. This gave me a real chuckle.

Shep had been a fellow student in the Ag Econ department in Corvallis. He was now an economist for Bonneville Power. My parents sent me periodic doses of money, and this with Shep’s hospitality kept me off the street, because I was still too far in the clouds to work. This went on for a couple of months and though neither Shep nor my parents were on my case too much, my self esteem was ebbing and I was depressed. I figured that my best course of action was to do something, anything that would justify my existence to myself.

My answer was Econotions. I took the “para des cartes” as I called the Mobius Strip with “I think ther efore I am I think ther efore I am,” which when looped and twisted yields “I think therefore I am I think therefore I am I think,” to a graphic artist who put some nice colors to it. I took this to my friend Dick Eymer (my friend Rick Eymer’s father) in San Mateo and he agreed to invest in the production of this and four other designs for Mobius Strips. “It’s going to be the next pet rock,” I told everyone who would listen. This gave added meaning and activity to my voracious reading. A gifted graphic artist, Vern Groff, agreed to do the design for a share of the business which
we split three ways, Dick, Vern, and myself. Our designs were a Teddy Bear doing somersaults, a dragon eating its own tail, a space ship shooting a ray that blows itself up, the para des cartes, and our signature design, a dove flying up over Mt. Hood up to the moon and back. We put this one on our packaging. They were quite beautiful. We went into production in the fall of 1984.

JDP: You’ve also mentioned a science fiction writer who played a role in this period. Frank Herbert, I believe.

SCC: I read the whole Dune series in 1984. Six volumes, and long volumes at that. I equated Arakas with Arkansas. Herbert is brilliant and all I can say is read him and you won’t be disappointed. He writes more and better about the relationship between the individual and society, and the individual and the human race than any other modern writer. He introduced me to the concept of hydraulic despotism. On Arakas it was the control and withholding of water, on earth money. I went to try and visit him in Washington the next year. He had left the day before I got there. I just left him a message that “a dry land ecologist from Greenfield” had come by. I hope he got the message.

JDP: Together, over the years, we have ridden down many intellectual, historical, and scientific roads. Most, in your case, have connected to money at some level. I know that our sojourns together have discussed the Potlatch and other Native American cultural phenomena. Can you discuss the potlatch and its relationship to politics of monetary policy and practice?

SCC: I was at a personal crossroads, one of seemingly thousands in my life. During my time in Portland staying with Shep, I was pretty busy at the library with my reading list from the Aquarian Conspiracy, and producing the Mobius Strips gave me at least a hope for an income, but something was missing.

I didn’t want to just read about the Aquarian Conspiracy, I wanted to be an Aquarian Conspirator. An Aquarian Conspirator was one who simply started living his or her revolution with the knowledge that their activity would yield resources and attention if the effort deserved it. I felt it was incumbent upon me to do something, so I decided to pamphleteer. I wrote Aquarius Shrugged, an anarchist
answer to Ayn Rand. It was a plea for all of us to throw half of our money into a common pot and divide it equally.

I went to Corvallis and made copies and started handing them out around campus. Some took them and some didn’t. Future Los Angeles Laker star, A. C. Green, refused one. Former Beaver basketball great Mark Radford took one. I dropped one by to Jack Edwards, whose comment upon hearing the gist, was to say that it sounded like a Potlatch. Well, I’ve learned over the ages to listen to everything that Jack Edwards said. Jack’s class on consumer demand theory at Oregon State was the best course I have ever had. Perhaps the most brilliant and perceptive mind I have ever encountered. So I headed to the dictionary and looked up potlatch. An Indian festival of giving. And right next to it, Potiphar, the prison warden who held Joseph in the book of Genesis. My reading took another sharp turn. And I knew there were no coincidences. The Potlatch and the Bible were my life for months.

The Indians of the Pacific Northwest had a peculiar system of life that proved fairly resistant to their acculturation into the growing European culture that was beginning to dominate the Puget Sound in the nineteenth century. The Potlatch system was based on hospitality. People would work hard on producing artifacts and food and then throw a party and give it all away. They needn’t worry though, because their neighbors were doing the same. They might work two years on a canoe that they give away only to receive something else at another potlatch. The big givers were the big receivers, but it does seem to have had a place for everybody. You got status by giving the biggest potlatch.

The tribes of the region were tough converts to the many missionaries who came to the Pacific Northwest. The missionaries complained that the indigenous habitants lacked propriety, and just drifted potlatch to potlatch, with no thought for the morrow. When machine goods came into competition with native produced wares things began to go awry. Hudson Bay Company blankets became ubiquitous and then superfluous. Potlatches with larger and larger numbers of the blankets became common, so somebody upped the ante. A greater show of potlatch bravado was needed and it was provided by the ceremonial destruction of the blankets. It was no longer sufficient to give large gifts, it became necessary to show disdain for the accumulation of wealth by destroying it. This proved
too much for local authorities and the Potlatch was banned. So much for freedom of religion.

I ran down the curiously familiar name Potiphar, and it was perhaps the richest vein I had encountered. Potiphar was the warden who put Joseph, the favorite son of Jacob, in charge of his house. This proved to be Joseph’s undoing. Potiphar’s wife falsely accused Joseph of rape and had him thrown back in prison. In prison, Joseph got a chance to interpret some dreams for the Pharoah’s butler, and got out to meet Pharoah. Joseph interpreted the dreams of the seven fat corn stalks and the seven spindly stalks that devoured them. And the seven fat cows that were devoured by the seven skinny cows. Joseph correctly predicted seven bountiful years followed by seven lean years, which Pharoah put Joseph in charge of preparing for. Joseph was successful and saved not just Egypt but his whole family as a result. Joseph ended up married to Asenath, the daughter of Potiphera, the high priest of On.

I was back reading the bible after a fifteen-year absence. I would later learn that this story about Joseph in Genesis is the direct foreshadower of the sabbatical and jubilee cycles in Jewish Law. I found a great irony in the fact that when people who were preaching the name of Jesus encountered people who were behaving as Jesus had directed, like the lilies of the field with no thought for the morrow; they thought these people were broken and needed to be “civilized.” This is the heart of our disease.

JDP: I know the bible has always been a major influence since I’ve known you. To what do you attribute this?

SCC: I found much of the bible to be about money and its right use. My favorite story, the one to which I attach a great deal of significance is the story of Zacchaeus in the New Testament. Jesus is on a walk one day and he passes by a tree and greets a man who has climbed a tree to get a glimpse of Jesus, “Zacchaeus, come down for today I dine with you.” This caused a stir, because Zacchaeus was a publican, a tax collector, and considered not fit company for a man of Jesus’s stature.

During the lunch Zacchaeus told Jesus that half of all he gets he gives to the poor and if he has defrauded anyone he rewards them four fold. Upon hearing this Jesus pronounces salvation upon Zacchaeus and his whole household. This is in sharp contrast to the
tale of the rich young man who came to Jesus asking what he must do to enter the kingdom of heaven. He told Jesus that he followed all the laws and requirements of Jewish Law, what more must he do. Jesus told him that he should sell all he had and give it to the poor. The man sadly walked away from Jesus, because his riches were exceedingly important to him.

In the House of Zacchaeus all are rich, giving half of what they earn to the poor, and they are poor, humbly accepting their share of the charity. There is no such thing as an independent human being. We are not raised by wolves. We enter the world helpless and leave it the same way.

1984 was different for me in another way as well. I became aware of a new entity in American Pop Culture, music television. This was the early days of the medium, and it was full of energy, life, naïveté, and creativity that struck a chord in me unlike any thing I had felt since the early 70’s. And then one day a song came on that affected me in a way that no piece of music or film ever had. I can only call it religious ecstasy, because I don’t have any thing else in my vocabulary that fits. It was Cindy Lauper’s “Time after Time.” “If you fall I will catch you, I will be waiting,” seemed to be speaking directly to me. I laughed at myself, but the song continued to do the same thing, putting me through a range of emotions and insights that seemed to cleanse me.

This lasted a few weeks, and began to subside somewhat when another song came along that did the same thing. It was “Borderline” by self described “boy toy” Madonna. “Keep on pushing my love over the borderline” pushed me into a whole other level of consciousness that kept telling me to continue on this path, and have confidence that my efforts were paying off. I spent my days in the Multnomah County Library, channeling influences and chasing down whatever impulse came into my brain. I read Sufi stories, Gnostic gospels, Ranters’ Rants, and heavy doses of William Blake and Thomas Paine were my staple. I particularly liked Blake’s idea that the bar and the church should be the same place. Mathematics and the Imagination had gotten me interested in John Napier, and I read not only about his creation of logarithms, but his prophetic history of the world, Plaine Discovery.
JDP: So things were getting a little weird in Clark Land.

SCC: Weird doesn’t even begin to cover it. I felt like when I went to the library that books were almost jumping off the shelf at me. This was the time either right before or right after I discovered Jasper’s letter to his brother Emerson that I mentioned in the introduction. I was in my office in East Portland reading my Britannica Encyclopedia. I came across what I considered a pretty good “coincidence” with a character named James Freeman Clarke. He was a minorly important Transcendentalist, but he had put out a Journal in Kentucky in the early 19th century, which published and popularized Emerson there. He called it the Western Messenger, very similar to the Occident Express in meaning. And then for the kicker he was a close and dear friend to Margaret Fuller, Bucky’s great aunt. I raced out the door and caught the bus down town. I went into the library and went to my favorite reading room and sat down. For some reason the place I sat didn’t feel right so I moved to another spot. There were four books sitting there at the table where I sat down. Three of them had writings from James Freeman Clark and Margaret Fuller, and the fourth was a treatise on Transcendentalism.

Buckminster Fuller speaks about such experiences he had when he had bottomed out and was hopeless. He relates the episode of being picked up and held in the air by an unseen force, that communicates to him that he should not despair, but go on with his life in service to humanity. This is about as close as it gets I guess. I was stupefied to say the least. Whiles these types of experiences weren’t daily, they were becoming commonplace. There came a final song on MTV that took me out of my normal consciousness and that was “Cruel Summer” by Bananarama. “strange voices are saying, what do they say, things I can’t understand, it’s too close for comfort this heat has got right out of hand.”

I had sensed that things were coming to a head. I took a trip with Rick down to visit my parents and we strayed over to the Pinnacles National Monument behind Soledad to take a hike. I climbed up on top of a big rock and told God that I didn’t need any more convincing, that I would take the mission to slay the money power, kill the beast of the earth. We traveled on to my parents and I told them of some of the things that had been happening. I asked them what they knew about Jasper, and did they know anything about his
beliefs. They said they didn’t but that they had Jasper’s bible and they got it out. We opened it and the letter fell out. It was Jasper’s letter to his brother Emerson that he had apparently never sent. It was about the death of Capitalism, the beast of the earth, which he identified as the money power. It contained whole sentences that I had said up on that rock. But I think the strangest thing was that it had a list of bible names and their meanings. I quickly found Potiphera and looked at its meaning “he that demolishes or scatters the fat.” Sounds like a Potlatch to me. My life has not been the same since

**JDP:** So to what force do you attribute these strange interludes?

**SCC:** Like I said I had entered the realm that Robert Anton Wilson called Cosmic Coincidence Control. Wilson believed that there were forces beyond our senses that interact with our daily lives all the time, and we just can’t comprehend them. I don’t know the source altogether, but I had discovered my purpose in life, and I have more or less been about it ever since.

I took some advice from the Delphic Oracle that I had read in the Portland library, “question your origins.” I studied my family geneology, the origins of the Baptists and the story of my GGGG Grandfather, George Middleton Clarkson in the Lost State of Franklin. This led me to connect the English revolution with its Ranters, Seekers, Baptists, and Quakers with what had gone on in Appalachia. Sometime in this period I also ran across Gurdjieff and Steiner as well. And Ezra Pound and Orage, my hero. It was an amazing couple of years and I truly began to understand that nothing, I repeat nothing is ever exactly what it seems.
JDP: When I first met you I think this strange period was coming to an end. Can you describe your next phase?

SCC: As all things do, this epoch came to an end. I simply wasn’t carrying my weight. The Mobius Strips flopped, apart from one glorious weekend I spent selling them at the Exploratorium in San Francisco. I set up a table outside the gift shop and sold a lot of the strips. We sold wholesale units to the Stanford Bookstore and a toy store in Sacramento. And I had 200,000 of the little ribbons. My position in Oregon became untenable. My parents gave me a trip to Arkansas to visit my Grandmother, as I had many questions for her. It was a humbling experience for me. I had neglected her for thirteen years, last seeing her on her only trip to California in 1972. She was 93 years old, but as sound of mind as any person I have ever met. Her answer to my question as to how she had stayed so alert and healthy was that she “had had it easy.” She and my grandfather had raised my father and his nine brothers and sisters so far back in the woods that they had to pipe sunshine in. She was living in a little apartment in Springdale at the time, my grandfather Jasper having died 20 years earlier.

My grandmother was one of the cleanest people I had ever met, her garbage being cleaner than most other people’s cabinets and sinks. She was always immaculately groomed, so I was some what surprised that when I went to take a shower. She had converted her shower into a pantry, having canned goods and pots and pans stored there. She wanted to clear it out for me but I persuaded her not to. I figured if she could stay as clean as she did with sponge baths, I could as well.

This visit was one of the high points of my life, and I began to comprehend what I had missed. I had run from my past. My first form of speech had to have been the broad mountain accent of the Ozarks, because my mother and father’s families had moved to
California en masse, and they were the people I was around as an infant, pre television. But by the time I was 19 and went to college in Montana, no one guessed my roots. It was not uncommon for someone to ask me if I was from Connecticut, so thoroughly had I scrubbed my voice of drawl. Calling me Clarkie the Arkie brought an angry, and at times violent reaction. So I guess I was a bit surprised at the wisdom and wit that I found all through my family. My grandmother’s favorite show on TV was Crossfire, and I was happy to hear her assessment of Robert Novak, “the man’s a snake,” she said. But as far as identifying the source of my grandfather’s ideas toward money and the bible, I didn’t get far with my Grandmother or any of my other relatives.

I flew back to Portland and camped out on the couch in the office that I had rented to run Econotions. It was from here that I had planned to ship all those Mobius Strips around the world. It was Wednesday afternoon and I had used my last money to buy lunch at the airport. I was stymied and so I began a fast and swore not to eat until I received some guidance on how to proceed. I lasted until Saturday morning and then I began to write. Things flowed through me that I did not completely understand, but by the time I was done there was a typed, 13 page manuscript. I was real hungry so I headed over to Shep’s a few blocks away. I hadn’t spoken to him in a month, and he was surprised to see me. He had begun a fast on Wednesday as well, and was just breaking it. He gave me oat meal and milk which I ate slowly and savored. We talked a while and I headed back to the office. I can’t say for Shep, but it was the only fast I have ever done, and well let’s just say that Cosmic Coincidence Control was not done with me by a long shot.

When I got back to the Econotions office on Sandy Blvd, about ten blocks from Shep over on Weidler, I had to figure out what to do with the prophecy I had written. It was a pretty rambling piece, something about the beast of the earth, and the potlatch, and salmon. For some reason the salmon had crept in as a symbol of what I was doing. I decided to sleep on it, with a full stomach and about 24 hours since my last nap, it was not difficult.

I woke up in the morning to a beautiful quiet. I was directly above a Chinese restaurant that played the same tape over and over with my only respite to be Sunday mornings. I went to the window that looked out over Sandy Blvd. and saw a church bus picking up
people, so I decided this was a sign. I grabbed up the prophecy, put it in my briefcase and I ran for it. It took me to a church on Salmon Street somewhere south of Weidler. The minister gave a stirring sermon on how we must always be ready to listen to God, no matter what the source. I thought that he was speaking to me. He gave the call at the end of the service for any who wished to be saved to come on down. I came on down. This was about four months after my climbing up the hill at the Pinnacles, but I just figured this would be my public pledge. I felt it was very important to deliver the prophecy to the minister and I tried to speak to him after the service. I think I scared them all as an assistant took me to a back room. I tried to explain that it was urgent that I speak to the minister, but to no avail. They gave me an appointment for Thursday. I was crushed, and I never went back. In fairness I must have been quite a sight. A bowl of oatmeal in four days, and I was a bit scruffy. I was unknown to them, and I guess they were scared. I’ve never had much use for organized religion, and this just reinforced it.

The next day I started hitch hiking to Corvallis. Some very nice military recruiters picked me up, I remember little else. I went to my old academic department, and the two professors I saw were shocked and immediately made me accept money and go get something to eat. I did, and then called my good friends Dave and Barb, who came and picked me up and took care of me, because I was quite incapable of doing it myself. If nothing else came of my entire life I understood that I had friends, and that is all that saved me.

The religious fervor cooled somewhat, but only somewhat. I had the prophecy in hand and it was now my duty to translate it and bring it to the world.

I spent the next year doing that. I ended up back in California at my parent’s house. I was recuperated enough to work by the spring and did about three weeks with a concrete crew from Bakersfield. They finished their job and offered to take me with them, but I had other fish to fry and stayed on reading and writing in Greenfield. The first of November found me back in Oregon at Dave and Barb’s working the Christmas tree harvest. The day after Thanksgiving I jumped into a truck and traveled with a load of trees to Meridian, Idaho where I set up camp at the corner of First and Fairview, and sold trees for the next three weeks. It was here that I wrote final versions of
what I called The Occident Express, a somewhat toned down, clarified version of the Prophecy. I went back to Corvallis and in January took a position as the weekend counselor at a group home for boys (room and board and 40 bucks a week). I got a typist, yes folks it was that long ago, who typed up The Occident Express and in March went to Kinko’s and published. I truly thought that it would sweep the world, but other than the interest of a few friends and acquaintances, it fell on deaf ears. But it was written, and to a certain extent I felt I had done what I promised, but I knew there was more to be done. But it would wait.

I went back to California, and except for a couple of returns to the Christmas tree business, I’ve taught grammar school there ever after, until this year, my retirement from teaching, and most recent move back to Arkansas to help care for my parents.
JDP: It’s at this point that our collaboration in classrooms and otherwise, really took off.

SCC: I had been a substitute teacher two other times before in the late seventies, and after the other jobs I’d had this was easy money. Not that teaching is easy, but it was easy for me. It was something I had a talent for. I was a good communicator. In substitute teaching you are constantly thrown into situations in which the conditions vary greatly and you must make quick judgments as to what to do. You are constantly challenged by the students and you are more or less on your own. Some teachers leave detailed plans and some leave absolutely nothing. I was sub number one in Greenfield, and worked almost every day, and the few days I didn’t work there I could go to King City or Soledad. I was making enough money to rent my own place again by the fall of 1987, and I rented the summer house from a friend’s parents up in Arroyo Seco. It was beautiful little cabin in a mature oak forest. It gave me a place to reflect on the previous three years and start to plan my next course of action. It was in this time that I met you and your future wife Sarah and our collaboration began.

After a couple of years of subbing, including a some long term jobs, my friend and Principal at Oak Avenue School, Joe Clark, persuaded me to take a full time position. I started out in first grade, and it was truly the most rewarding thing I have ever done. I loved the kids and as far as I could tell the kids loved me. They were so accepting and giving about almost anything. Joe was a good boss and I had finally found a niche in which I could make a fairly nice living and have a lot of time to pursue my other interests. The teaching year is 183 days which leaves 182 days free, 183 in leap years.

I started teaching on an emergency credential in a bilingual class. The students were of Mexican and Central American descent, many of whom did not speak English. The method at the time was to
teach reading and math in their native language while they learned English, and then transition them to English in the fourth or fifth grade. Without going into a long discussion on the merits of bilingual education, I became a firm believer in additive bilingualism, which adds English to the native language and builds and maintains skills in both. It works quite well for teaching another language to children who come in not speaking English, or vice versa, to teach another language along side English. But unfortunately for the children of America the philosophy of subtractive bilingualism has won the day. It supposes that any learning outside of English takes away from a child’s capacity in English. So now “English only” is the rule almost everywhere.

Joe Clark was an advocate of the “whole language” method of teaching. Simply stated, you deal with the whole child in your approach. He sent the teachers at my school to attend a conference in Monterey put on by a couple named the McCrackens. They were from Canada and both in their sixties. They gave a simple rule on how to teach writing and reading, “Write to communicate and read to understand.” This is so self obvious that it hardly seems to be disputable, but disputed it is. I guess the alternative would be called phonics. It depends on rote memorization and has the child as a passive receiver of dollops of information that the teacher dishes out. Phonics, letter sound relationship, is a major portion of whole language as well, but not the whole ball game. Poetry, literature, and play are also major portions. Now I ask you seriously which one would you prefer? I rest my case.

My missionary zeal did not take long to manifest itself. It took the form of our project of the school within a school. We were going to get a group of six teachers and create a k-5 group that would be triple immersion (English, Spanish, and French), arts and music centered, a little island of enlightenment within the bureaucratic nightmare that was the Greenfield Union School District. Looking back on it I can see that people would feel a strong dose of resentment against our efforts. I was almost a rookie, coming in and telling other people that I knew how to do it better. But resentment there was and it was fierce.

Joe had tried to warn me, but I am not particularly good at listening to advice that says slow down. One of the reasons I felt so
confident was the group of teachers that we got together to carry out the plan. They were the best, and they had children they wanted to put in it.

We finally got that one glorious year in the building with the four rooms with the collapsible walls. It wasn’t the whole enchilada, but we did some collaborative things that will last forever in the minds and hearts of the teachers and students that were there. The learning that took place was amazing and I will always be proud of it.

But it was a single year, and the superintendent who came in was an awful human being who hated Greenfield and the people who lived there. He actually asked you “You’re a smart guy, what are you doing here?” He took a school board that had been supportive of our efforts and turned them into adversaries. A real snake.

Then there was the work. I got you interested in the money ideas and we wrote a couple of things together. I thought it would be a good idea to write a screen play about Automatic Teller Machines that mysteriously appeared and started giving everybody $100 a day. I asked you to ask your brother if he would be interested in doing it, and he declined. So you took the job. And a job it was. It took us a year. You used to take Sarah to school over in Monterey and you me and Sylvia (your first child) would go to the Portuguese restaurant on Alvarado Street. It was there we met Socorro and she started telling us about Oaxaca.

I called the screenplay Jasper’s Box. It’s a supernatural tale of somewhat divine intervention with my grandfather Jasper as the protagonist. The Box refers to a concept in economics known as the Edgeworth Box. It is a model of a negotiation space. I wanted to convey that the introduction of money into everyone’s hand every day would create a new negotiation space and alter the entire planet.

We had Jasper delivering the ATMs and sticking around to give instructions to the children who activated them. Rodolfo was the boy in Greenfield. Jasper shows him how to use the machine and encourages him to keep the money. He also drove an old pick up and I’m not sure Jasper ever knew how to drive. He did know how to play his fiddle though.

The main characters are field workers and we trace their process as the crushing reality of poverty is suspended. But they don’t know for how long. I think the work produced a pretty good screenplay.
We also wrote another little piece called Cosmonomics which we sent off to the people in England at The Other Economic Summit, TOES. They gave us a nice response, but we hadn’t rocked their world. We wrote a couple of other screen plays, Aquarian Bikes and Comet Jockies. We were very much into the study of colony organisms at the time, and had another one planned on human cloning, but then the Greenfield School days came to an end.

My last hurrah of this epoch was Money for the People. I passed around a flyer that announced that we were going to have a monetary potlatch. I was offering to share equally with all who did likewise, one half of my monthly income. This was the spring of 1992 and I was making pretty good money. The first one was to take place down at Oak Park on March 21. There were only a few people. Juan “Bear” Mendez and Steve Wilson, my parents, you and Sarah, and a few other people. I think I kicked in around $250 and got back about $75. I was OK with this, as I knew it was going to take a while to develop. Another guest was the Monterey County Sheriff’s Dept. They had received a complaint about a possible confidence scheme. I guess that’s what it was. To have confidence in our fellow man is a pretty big leap.

It went on for a couple of months, with Bear and Wilson hanging with me. Bear never participated, but was there for support. Bear always had my back. Steve Wilson was there throughout, and he was doing it as well, and was the only one who really tried to put his own money in. The others were some local home boys who were willing to take my money if I was willing to give it away. I finally quit after eight or nine times. I learned a lot from this about myself and others as well. I would need to design a system that would work without dependence on good intentions by participants. We don’t naturally trust each other, and I’m not really sure we should. The system has to work even if the participants have bad intentions. That is the only way it will be accepted.

After the end of this experiment I looked around for another tack. Something was missing. I knew I had to go further, and since Ken Kesey wasn’t taking any bus tours I decided to head south. I quit teaching in June 1992 and started planning a trip. In preparation I did another season of selling Christmas trees and when 1993 dawned I was ready.
JDP: It should be noted we want to share your long strange trip through life and economic theory development as well as our collaboration in order to link the economic heretics you presented earlier with your life’s context and ultimately your key monetary concepts. So on to Oaxaca.

SCC: The Oaxaca trip was an intentional vision quest. We had met Socorro Lavariega in a restaurant in Monterey where we went to work on the screen play. She was from Oaxaca, and talked about it all the time. I remember Sylvia used to go with us a lot, and she really got along with Socorro. We had finished the screen play and I was working on transforming it to a novel, and I thought that Oaxaca would be a good place for getting that job done. I packed up some clothes and notebooks and pens and hopped on an airplane.

I had taken a pledge to quit shaving and cutting my hair about two years before I left for Oaxaca, so I had a very long beard and long hair. I would have stuck out almost anywhere, but in Oaxaca especially. I am about six feet tall and Oaxaca is not European Mexico, it is not even Mestizo Mexico, it is Indigenous Mexico. For many of the people Spanish is a second language and their average stature is noticeably less than the rest of Mexico and the USA. They speak Zapotec or Mixtec, or one of many other local dialects that prevail in the mountains of southern Mexico. I was met everywhere with shouts of Santa Claus, or Jesus (Heysoos). I was also met with a walk into the never, never. On my first day there I got a hotel and rested a few minutes and then sought a taxi for the most important ride of my trip. I asked the rates for a drive to the Zona Arqueologica known as Monte Alban. I was astounded at what I found.
Monte Alban sits on top of a tall mountain about six or seven miles from downtown Oaxaca, Oaxaca. Sometime in the last 2,000 years the peak had been leveled off and a pyramid complex had been constructed. On each end of a long oval sat the two major pyramids with lesser structures down each side, and smaller structures in the middle. It was the center of Zapotec culture. The complex would be impressive anywhere, but sitting on the top of a mountain with the deep, wide valleys of Oaxaca at its base and the huge mountains of southern Mexico in the distance, it was more than impressive. I could say it took my breath away but that wouldn’t cover it.

The experience of Monte Alban altered me, it spoke to me over these many centuries. Our modern world may have technical artifacts that are truly impressive, but we are in no way more advanced than the people who built this. Mexico sleeps, but someday will awake. Mexico sleeps, but not in torpor, in preparation. Mexico sleeps, but Mexico dreams. And some of those dreams take place at Monte Alban.

Mexico had become an increasingly important part of my life. Almost all of my students were from Mexico, and for some time now I had noticed that I was becoming Mexican. The Mexicans I knew in California reminded me of what my family had been like when I was young. Dumb Arkie and Okie jokes had been replaced in California with dumb Mexican jokes. I saw my students going through the same process I had gone through, erasing their past. The popular notion that the Latin peoples are not assimilating in America is bunk. The second and third generations lose their native language when they begin to translate the not so subtle clues that English is the language of success, and any trace of otherness must be erased.

I had chosen Oaxaca because I wanted to get a long way from the border and the influence of the United States. Socorro’s stories of her home had made me want to see this magical place, and I wanted to know something about this other world which was the shadow that many of the important people in my life cast, and try to understand its influence on them.

Something very strange had occurred just prior to my arrival, the Mexican government had just hacked three zeros off their money. They called the new money “New Pesos” and the old money was just “Pesos.” It took 1,000 “Pesos” to make one “New Peso.” And the Mexican people went about their business as if nothing had happened.
It was like the lead guitar player of “Spinal Tap” putting an 11 on their amps. A torta (a sandwich on a roll) that cost 3,500 pesos on December 31, 1992 cost only ¾ new pesos on January 1, 1993. Nothing had changed except the name of the money. It made things immensely easier, because the numbers for mundane household goods had begun to be largely unmanageable. A 100,000 peso note became a 100 new peso note, and business went on unperturbed. This was my first “real” understanding of the idea that money is just an arbitrary number system. Money is named, not adopted. Del Mar had fully explained it, but there is nothing like an example to drive it home.

My second night there was the wrap up of the Christmas season known in English as the Twelfth Night, the day before the Epiphany, or in Mexico “El Dia de los Reyes Magos.” The Center of the City was blocked off and all around were stalls with toys of every possible description, food booths, and other Christmas related merchandise. I ate at one of the food booths and had my fortune told, and being Fortunatus (a name I’d adopted earlier as an alias), it all came true.

Somewhere around the fourth night I was in a courtyard that was serving as a theater in the round for a production of “Laura.” It took me halfway through the play to realize that I was watching Tennessee Williams’ “The Glass Menagerie.” Half way through the play the lead actress was lying on my feet, in a fit of passion about the gentleman caller. I was so taken with the performance that I tried to help them produce a tour of the U.S. They were enthused and gave me a lot of information to take with me, but I couldn’t pull it off. Perhaps one day.

I ate lunch every day at a little restaurant in a market place. The children of the owner became my friends. Cuco, Roman Refugio Cortez Hernandez and his sister Yvonne were my closest friends. It was their older sister Nancy and their kitchen helper Maricruz who had told my fortune my second night there. Their restaurant was called La Economica, which I thought was fairly appropriate.

The most vivid day of the whole trip was Valentine’s Day. I was invited to a 50th wedding anniversary of Pepe’s parents. Pepe was Socorro’s brother-in-law. It took place in the town of Arrazola on the other side of Monte Albán. I spent the morning drinking mescal with Don Mariano. He was Pepe’s uncle, the brother of the bride. He had a beautiful daughter Esperanza. About two in the afternoon we went to
play futbol. While we were there, Eseranza walked by carrying a watermelon on her shoulder. She was on her way back to the house where we were having the party. Arrazola and Esperanza and the sandia all made it into Jasper’s Box (our novel and screenplay).

I spent my money much faster than planned and my six month stay in Oaxaca turned into two, and I left right around the first of March. I did get a good start on the novel but I didn’t finish anything, and actually ended up with more questions than I had before I went there. I took the bus, first class, up to Nuevo Laredo and crossed into the USA. I proceeded to Austin to stay a couple of days. I woke up Sunday morning to see the inferno at Waco. It was sobering beyond belief.

Later I found my way to the University of Texas campus. I was feeling a bit low and was encouraged by a young lady from India who I met in the cafeteria. She was a student and told me that my quest was valuable and that I should continue. I needed that. I was at the University of Texas so I could look at the Wright Patman collection. He was the one of the last of the White Populists. While a bit backward on Civil Rights for minorities, Patman had kept the banking establishment on its toes. If Patman had survived long enough the Savings and Loan looting would never have happened. As I mentioned before, Patman, along with Jerry Voorhis, was the last to propose real monetary reform in 1939. They had proposed the monetization of the national debt and a conversion to a 100% reserve requirement on bank deposits. He was a national treasure. He stayed in Congress until the 1970s, with most of his later years as Chairman of the House Banking Committee. A few years after he was gone Jimmy Carter opened the floodgates with his deregulation mania and a great American institution was laid to waste.

The Karesh/FBI thing was on my mind as I wandered the Texas campus where the shooter had become the first famous mass murderer. Along with the decompression from Mexico it was a strange couple of days. I was headed for Arkansas to fulfill another commitment, the reading of Jasper’s letter to his brother Emerson. It had been written 50 years earlier this March, and I was determined to read it at my grandparents’ farm in Newton County.

I took the bus to Little Rock and checked into a cheap motel as I was almost broke. The cab driver told me not to leave until daylight as it was a pretty rough neighborhood. I wrote all that night and the
next day until about three am and finished my efforts. Daily Bread: A Monetary Fugue was the result. This was the first iteration of the final structure of Salmoney (my monetary proposal), and the prophetic phase of my journey was almost complete. I made copies of Jasper’s letter and the Fugue and headed to the state capital. I planned to read it there to the public before heading north to Newton County.

Upon arrival at the capitol I tried to get some of the reporters from the press room to come out and listen to my oration, but only one guy did. I read both and had a conversation with him. I mostly bemoaned my Cassandra status, that I couldn’t get any one to listen to me, but this man listened and gave me encouragement.

This accomplished I went over to my cousin Donna’s house and fell into the nurturing hands of my Mother’s family. The lone ranger was home.

The next few days were very nice. Donna was my cousin Lily May’s daughter. Lily May had come to California with my mother after WWII. My mother was a war widow and went to California to make a fresh start. Donna was also my Uncle Austin’s granddaughter, who had always been very close to my whole family, so in a very real sense I was home. I stayed a couple of days in Little Rock visiting other cousins, Lu Ann and her little daughter Stephanie, and my aunt Lucy who was receiving treatment for cancer at Baptist Hospital. Lucy got better and I then headed to Atkins. My cousin Amy took me to the horse races in Hot Springs, walking in the footsteps of Al Capone. I stayed a few more days in Atkins and then up to the Ozarks and a trip down in the hollar.

The hollar was where my grandfather Jasper’s farm was. I call it my grandfather’s farm but it was really my grandmother, Melvina Allred’s. My best estimate is that she homesteaded it in the early 1900’s with one of her brothers. It was just down the hill from her father, my great grandfather, Aaron’s farm.

My grandfather Jasper and his brother Emerson had come to Arkansas around 1914. They had an aunt over near the town of St. Paul and perhaps they had gone to visit her. Emerson was teaching music at the Hopewell School and Jasper was accompanying him on the fiddle, when he met Vine Allred. Jasper married my grandmother and they had ten children together, the third being my father Jonah. As far as I can tell other than a single trip to Virginia after all the children were gone, he never left Arkansas. Jasper wrote “the letter”
to his brother Emerson in 1943. I was bound and determined to go to the place he wrote the letter, and read it aloud on the fiftieth anniversary. Other than being a few days off, I celebrated the Jubilee anniversary in the midst of Jasper’s stonework that formed the bottom floor of his root cellar. The room above it where he spent much of his time had fallen in.

This pledge fulfilled I was at a loss as to what to do. It had been a good time for Jubilees, two big ones in less than a month. I took the bus back to California and pondered my next step.

JDP: What’s become more clear to me as we write this text is the somewhat challenging conception of how a person’s roots, perhaps destiny, their youth, their vocation and avocation, and all their relationships can merge into actions, goals, and things to do. I think that’s what this book documents. It’s really about how these things come together to produce ideas on money that have value and connection for anyone and any time. Anyway, you were back in California via Texas and Oaxaca.

SCC: I was back in a broke condition, but I was very used to it by now and I was bound and determined not to let it bother me. Although my efforts at lighting a spiritual/political fire had not met with much success on the world stage I was bound and determined to try another tack. My new vehicle would be The 101 Express. It would carry within it the kernal of The Occident Express, but instead of the whole world I would try in the local context of my hometown of Greenfield.

A job teaching a summer school class at Gonzales High provided the funds and the paper was born. My partner in publishing, Steve Wilson, and I had grown up together in Greenfield. We entered kindergarten together in 1957 and graduated from high school together in 1970. Our goal was to create a newspaper that had some respect for the people who lived there and have some connection to the community that had been so important to us. The existing newspaper, the Greenfield News, was no longer locally owned and did not in any way reflect the town. For one thing Greenfield was now predominately Hispanic and this community was almost completely ignored. We made a decision, we were going to be bilingual as much as humanly possible.
Greenfield had a unique history in the Salinas Valley. It was an intentional community in which the town was laid out and all of the land parcels were sold prior to the town’s existence. No one could own more than 20 acres, so unlike the other towns in the valley there was no dominate family or oligarchy running things. It had remained that way throughout its history. My family came from Arkansas in large numbers beginning in the thirties. My parents had both come after WWII. I always had lots of cousins around and though many lived in the other towns, Greenfield was their center. Wilson’s family had come from Iowa, and he had to get by without the clan. We both had fond memories of our childhood there, and we hoped to pass a little of that on.

But almost from the very first issue the 101 Express was caught in controversy. Some people didn’t like the fact that we were bilingual. Animosities between my former employer the Greenfield Union School District and my partner Steve Wilson’s former employer the Greenfield News dominated some of the issues. The Hispanic community largely ignored us, waiting to see what would become of us. I had some translators who had me swear not to reveal their identities out of fear. In fact the only one who wasn’t afraid was Jaime Cortez. He owned a hardware store and let us use his storage room as an office. Jaime didn’t scare easy.

I learned a lot about how the town really worked. On our best days we were a voice of hope and reconciliation in a town very much in need of both. On our worst days we were disgruntled former employees with an axe to grind. And make no mistakes, we ruffled some feathers of some people who knew how to play hard ball, and we both took some shots, but we gave as good as we got. Eventually we had to ask ourselves if that was why we started it, and the answer was clear. We let it go.

In retrospect I am quite proud of it. It was a blog before there was an internet. We put out 13 issues in six months and it was the only real newspaper that Greenfield had since former News publisher/editor Irwin Coffee retired in the 60’s. My most treasured accomplishment was that Al Corda subscribed. Al had run the department store in Greenfield when I was a kid and was the first person to extend credit to me. I was raising veal calves and Al let me come in and buy what ever I wanted at his store and just sign for it and pay him when I sold a calf. Al and his wife Frances both told me how
much they liked the paper, and to this day I can say with pride that “I wrote for Al Corda.”
JDP: Once the 101 played itself out, I remember childhood ties to your town seemed to do the same. It’s hard to go home, it’s never the same in physical or cultural reality. For me and Sarah, after eight years in Salinas and one year in Greenfield, we decided to move closer to the beach, the real reason we came to California. But our stay didn’t last long as I remember.

SCC: Well if you remember you had moved to Marina and I thought what the heck. I had never lived on the peninsula, and it might be a great change. I figured I could substitute teach for a while and get into the peninsula cultural milieu. Well the day I moved there you got the job in Port Hueneme.

I moved into the Matador, a motel/apartment complex, and started my life again as a substitute teacher. It only lasted two weeks until a principal in the Alisal district offered me a job. I took it and only lasted two years there. The principal who hired me left and the one who came in to replace him took an instant dislike to me and it was mutual. We had a couple of nose to nosers and he fired me. He thought I was a poor excuse for a teacher. My student teacher advisor from Chapman College gave me A+s and encouraged me to stay in teaching.

You were working on the Edulink project, a commercial investment project developing a virtual school, at the time and keeping me awake into the wee hours of the morning talking strategy and evaluating all the players involved. It was thus that I ended up down in Port Hueneme in the summer of 1996 and went to work where you were. It was called the fastest hire in Hueneme School District history. You were the Superintendent’s right hand man, and I was yours. We were on a roll. We were going to create the public/private partnership that we had been trying to create in other milieus. We were going to transform modern education. Those were heady days. We were negotiating with AOL in the time before the dot com bust.
The high point of Edulink was our trip to San Jose. We had a sister district up there, Berryessa. We went up to plan the platform and we were rolling. We had two days with about ten teachers and administrators from Hueneme and at least that many from Berryessa. You got things rolling and we were out running the plan. We divied up the work and got a massive amount done. We were close to critical mass. It was as close as we ever got to the homerun. We had lessons ready to go in all areas of curriculum and the beginnings of a protocol for teachers from anywhere to plug into.

The position points that we hammered out found their way into documents that Edulink passed off as its own. Big promises were made and there was no telling where it all might have headed had the superintendent who was running the project not gotten fired for conflict of interest. It was all very silly really. There are always conflicts of interest, especially when trying to do something as new and innovative as we were trying. A comprehensive curriculum in which any district and any teacher could tap into and use. And a vehicle that any creative teacher could use to get their innovative lessons published and perhaps earn some money as other’s used their ideas. Well, close but no cigar.

But I think Edulink was our Woody Allen moment. When asked how his fame and fortune had affected his love life, he coolly responded “I strike out with a better class of women.” That was before he married his step daughter. We learned something here, we could play in a league with the big boys and I suppose we have really never left that field.

Our experience with Edulink and our own web experiences convinced us that we needed a web presence ourselves. It took a couple of more years but I finally completed rewriting the screenplay as a novel. This was to be our anchor. I expanded some of the previous writings and added sections on Salmoney, Excalibrator, How Money Works, and some very brief snippets on the economic heretics I cite most frequently. We launched the Web site in 2000 and http://www.jaspersbox.com was born. I put up the novel and some of the essays. It was a real attempt to bring the ideas to a wider audience, and there is no audience wider than the world wide web. The world was changing fast and we were determined to get a good seat as near to the cockpit as possible.
PART IV
ECONOMIC HERETICS OF THE PRESENT
CHAPTER TWELVE
Other People who have discovered some of, or all the truth about money

JDP: Now that we have covered the economic ideas of past heretics, as well as your own historical development of thoughts about money. Can you talk about modern day economic thinkers that strike a chord with your thoughts on money?

SCC: Without a doubt, the publishing of E.F. Schumacher’s “Small is Beautiful” is the beginning of alternative economics in the modern era. I was a graduate student in Ag-Econ. Dept at Oregon State in 1975 when I attended an informal seminar on his book in the Student Union Building. Schumacher was the first modern economist to bring the corporate zeitgeist of world capitalism into question.

JDP: Why was he so important? What’s his story?

SCC: The essence of “Small is Beautiful” is that the massive economies of huge nation states and multinational corporations may not be the best ways to organize economic life. In his brief biography on the web site Schumacher.org I learned that Schumacher was born in Germany and fled to England to avoid the Nazi’s before WWII. He was interned during the war as a foreign national but he ended up at Oxford under the tutelage of J.M. Keynes. Whether it was tutelage or servitude, Keynes used a paper that Schumacher wrote without attribution, Schumacher rose quickly after the war. He worked in Asia for a while and came back with a new worldview. He wrote about “Buddhist Economics” which can be seen as a prelude to “Small is Beautiful”. After his work in Asia he returned to England and worked for 20 years as economist for the National Coal Board.

Schumacher rightly saw that the “economies of scale” of the large organizations may be false economies. The idle workers
misplaced by the efficiencies of automation and standardization suffer the concentrated consequences of the modern world’s inhuman, relentless homogenization. Schumacher contended that what he called intermediate technologies could result in high standards of living without the negative effects of modern capitalism.

The New Economics Foundation (NEF) in England is, I believe, an outgrowth of Schumacher’s influence. Begun in the 1980’s as The Other Economic Summit (TOES) it has evolved into an all-purpose alternative to the corporate controlled profession of economics. They publish a newsletter and books. One in particular, “The Money Changers” by David Boyle, is a very quick survey of alternative monetary proposals throughout history.

E. F. Schumacher was the right man with the right ideas at the right time. The environmental movement became the vehicle by which his ideas would be sustained and spread. In fact that was one of his goals. Sustainability is a watch-word of that movement. He gave the Green Economics its intellectual basis. He is still the most influential Economist of the modern era.

**JDP:** You often mention a fellow up in Portland, Jeff Smith. What’s his story?

**SCC:** Well Jeff is a Georgist, a follower of Henry George. George was one of the principal heretics of the late 19th century. He would have made my earlier list, but I don’t know enough about him to write with any insight. Fortunately he has people like Jeffry Smith to keep him in the game.

Jeff started an organization called Geonomy. He edits a periodical titled the Geonomist to promote his views. Henry George was an Advocate of the Unitary Tax that would tax land rents, which George saw as the impediment to the economy functioning well. Jeffry takes it further to include copyright and other property rights. He is well worth exploring for his knowledge of Henry George and the extension that Jeff has made to his thought.

Along similar lines is the Earth Rights Institute. One of its founders has also been a USBIG participant, Alanna Hartzok. They promote the Earth as common heritage and seek economic justice through a realignment of how that common heritage is used. They propose and work towards solutions that will build community and
prosperity for all, not just the privileged few. They have a website and regular periodical. Check them out for a variety of community building ideas, projects, and a wonderful perspective on how to view our mother earth.

These two are the Georgists I know, but they are certainly not the only ones. They have a school of Georgist Philosophy in New York, and they are a vibrant and active group keeping the ideas of Henry George alive. In the ironies categories I also have become acquainted with Richard Biddle, a relative of the famous (imfamous) Nicholas Biddle. Richard’s expertise is the game Landlords, which was ripped off by ….who turned it into Monopoly. There is no more fitting analogy of the state of modern capitalism than the end of a Monopoly game in which the economy collapses because the real estate has been taken over by a single player. Our single player in reality is an oligarchy but the point is the same, the majority of the world is bankrupt while a few live off of everyone else’s rents.

**JDP:** Early in our collaborative exploration of the Internet and new developments on money, LETS and the Local Currency Movement emerged as a frontrunner among people who were actually doing something beyond writing about their ideas and holding meetings. Can you talk about their importance?

**SCC:** Local Economic Trading Systems have sprung up around the world. They were begun in British Columbia, Canada by Michael Linton. I suspect that areas that had heavy influences from the Social Credit Party were fertile ground for Mr. Linton’s ideas. LETS systems are personally generated monies in a community context. They are built on voluntary associations of individuals who have goods and services to trade. They are not barter, that is they are designed to create a good selection of trading opportunities so that one may have an opportunity to find something of value that is desired by the individual in exchange for what they have provided. A person providing onions to a plumber will be able to purchase carpentry services and a tutor may use the plumber. Participation in the system is voluntary, and its value is limited to the diversity and quality of participant’s contributions. LETS systems are particular good at addressing monetary scarcity, particularly in areas where the banks
have red lined or withdrawn money from. They can be started by sweat equity.

There are other forms of Local Currencies, Time dollars, Ithaca Hours, are all somewhat related to LETS, but more closely resemble labor barter. Many have heavy support from Green Parties around the world and many have also followed the Schumacherian paths.

**JDP:** In your mind, what are the upsides and downsides of this type of alternative monetary activity?

**SCC:** They are excellent for community building and as I said in areas that the banks have forsaken. They work best in the worst of conditions. Their downside is that they can require too much effort to sustain. Regardless of their structure, conventional money is more flexible and convenient, if it is available. If an area is in a boom cycle, people will use conventional currency because it will be readily available and those with marketable skills will be enticed to leave their LETS communities for greener pastures. This is highly unfortunate, because LETS promotes the types of conditions that I think are beneficial. Conventional currency promotes scarcity, creates great divisions between rich and poor, and generally a panic driven existence that forces one to run as fast as you can to stay in the same spot.

**JDP:** How about places of learning? What are some places that you feel are developing progressive ideas on money?

**SCC:** **Bard College and the Levy Economics Institute** is certainly one to mention. Although there may be other places like it, the Levy Economics Institute seems to keep popping up in many of the places I frequent. Bard College, the home of the Levy Institute, was the host of the first meeting of USBIG. They also show up in the author list of the modern money reformers. Ronnie J. Philips, who wrote the best modern book on monetary reform, L. Randal Wray, founder of the Center for Price Control and Full Employment and Price Stability, and Karl Widerquist founding member and leader of USBIG, were all associated with Bard College at one time or another. This place produces thinkers.
JDP: How about other folks who focus on changing the government? I know you have often referred to Ralph Nadar as part of the revolution on the way people approach their relationship with the government, can you explain?

SCC: Ralph Nader understood what Jack Abramoff and Tom Delay have recently demonstrated in the K-Street Project. It’s the personnel that matter. Nadar’s Public Interest Research Groups (PIRGs) put thousands of people to work in thousands of communities in new and innovative ways. Nadar’s legacy is not political in the sense of electoral politics, but institutional in every major town and city in America. My real problem with Nadar was always that he was very good at stopping people from doing bad things but I never got a sense of a positive agenda. What is it that people should be doing? I am not one of those who blames him for George Bush’s election. I believe in third parties, especially when the major parties are as similar and venal as the Republicans and Democrats were in 2000.

JDP: What basic money ideas did he contribute to the fray?

SCC: Nothing in the area of monetary reform per se, but the idea of the educated citizen advocate. His first group, Nadar’s raiders were a group of lawyers who stuck up for consumers against giant corporations. His Public Interest Research Groups have addressed every major issue that confronts America’s communities. Pollution, housing, health care, education, you name it and someone in every grass roots organization in America is one or two degrees of separation from Nadar. He turned us into a nation of David’s and taught us not to fear Goliath.

JDP: What about some other organizations that have dealt more with the possibilities of money?

SCC: The Center for Full Employment and Price Stability at the University of Missouri at Kansas City is one such place. L. Randall Wray, who I mentioned above, has taken monetary reform in another direction. He has argued for the government to reclaim its power of issue to institute a program of Full Employment with the government as Employer of Last Resort. He notes that the government need not
borrow the money for the program, but may simply pay it into circulation as wages. This is highly appealing to those who have philosophical disagreements with the “something for nothing” character of a basic income. It stresses the necessity of reciprocity.

Professor Wray rightly recognizes that the capacity to tax is critical to a money’s viability. I couldn’t agree more with this assessment. As I stated earlier, that was the critical difference between Lincoln’s Greenbacks and The Continental’s of the revolutionary period. Professor Wray has also been well represented at our USBIG conferences by his associate Pavlina Tcherneva. They make a compelling case that has as yet not convinced me to abandon a Basic Income/Citizen’s Dividend as the more promising solution.

**JDP:** Another source of recent cause for hope that reason in the area of money is beginning to spread, has been your notice of the efforts of the American Monetary Institute, can you describe their work briefly?

**SCC:** Stephen Zarlenza maintains a website that calls for the institution of 100% Money, without straying into the pitfalls of many who talk about money. Too often money reformers are either into the gold fetish or wild eyed anti-semites, but there is no trace of that here. Zarlenza’s is a sensible and dedicated effort toward bringing solid thinking on money to the attention of the political realm and the general public. It is a Quixotic quest, as I can attest, and I commend him for his efforts. I met Mr. Zarlenza at the USBIG conference in 2006, a quite engaging man, and I plan to attend his next conference. He has attracted the attention of at least one Congressman, Dennis Kucinich, and is putting his efforts into becoming a permanent influence on the monetary stage.

**JDP:** What are his main money points?

**SCC:** His main points are the assertion of the government’s natural function in the area of issuing money. He would take the Federal Reserve System under the complete control of the federal government. This would cut off the banks’ practice of fractional reserve credit. He would advise managing the supply of money for price stability and full employment.
JDP: Recently, I know you have developed a simpatico of thought with more thinkers working and publishing on the Internet and elsewhere. Among them, you have cited Maurice Allais many times. Can you talk about his work?

SCC: I got to Maurice Allais through Ronnie Philips’s book on Monetary Reform. Allais was the first modern economist to echo Frederick Soddy that modern banking practices were indistinguishable in effect from counterfeit. A noted physicist as well as a Nobel Prize winner in Economics, Allais spoke clearly and succinctly about money and its structural defects. It is interesting how close he was to Soddy, a Nobel Prize winner in Physics, in his conclusions about money. They both brought the scientific rigor of the hard sciences to a milieu that is too often glorified opinion.

Allais gave us a great check-list on what’s wrong with modern money.

1. The creation and destruction of money by private banks.
2. Sensitivity of the credit mechanism to short term economic conditions.
3. The basic instability engendered by borrowing short and lending long.
4. The distortion of income distribution by the creation or “false claims”.
5. The impossibility of control over the credit system.
6. Nonexistence of efficient control over the aggregate supply of money.

It often takes an organized scientific mind to lay things out in a sufficiently simple and open manner for us to comprehend the nature of our problem.

JDP: Given the recent passing of Robert Anton Wilson, a very influential writer in your personal development, this chunk of our text should certainly touch on his notions of money.

SCC: You’ve said it before, I sound more like Robert Anton Wilson than anyone else. His approach is truly unique and he draws freely from a number of sources both in the world of economics and literature. Wilson is an avid James Joyce fan and a novelist in his own
right. A complete libertarian at heart, fully versed in almost all the monetary heretics, Wilson has penned a number of essays that are the most brilliant and far reaching of any thinker who has written about the subject of money.

Perhaps the best compendium of Wilson’s ideas is contained in his book “The Illuminati Papers.” The essay “Neuro-Economics” does more to savage the stupidity of traditional economic thinking than any other single essay ever written. “Voluntary associations without alternative currencies are quickly reabsorbed in the Capitalist Milieu. Voluntary associations with alternative currencies quickly run afoul of the law.” “Paper money becomes the bio-survival imprint of capitalist society.” “Poverty makes cowards of us all.” In his essay “The RICH Economy” Wilson notes “Unemployment is not a disease, so it has no cure.” The Rich Economy (Rising Income through Cybernetic Homeostasis) was developed by Wilson and inventor L. Wayne Benner, co-author with Timothy Leary of Terra II. A great admirer of Buckminster Fuller as well, he concludes the essay with this “As Bucky Fuller says, the first thought of people, once they are delivered from wage-slavery, will be ‘What was it that I was so interested in as a youth, before I was told I had to earn a living?’ The answer to that question, coming from millions and then billions of persons liberated from mechanical toil, will make the Renaissance look like a high school science fair or a Greenwich Village art show.”

As you mentioned Robert Anton Wilson died while we were writing this book. He will be sorely missed in the struggle for a better world, but if he was correct he simple entered another reality and will be helping us along as always.

**JDP:** It should also be noted, that your ideas have often been engaged by people in Europe and other parts of the world as much as they have been by citizens of the U.S.. I know Guido Preparata is an example of an interesting Italian connection.

**SCC:** **Guido Preparata** is an eloquent and passionate advocate of both the idea of a deteriorating currency a la Silvio Gesell and putting it to use in the service of a universal basic income. His three main influences are Rudolf Steiner, Thorstein Veblen, and Silvio Gesell. That’s a powerful triumvirate. Steiner gives him access to the great spiritual and intellectual heritage of Goethe. Veblen slays all the
dragons of conventional thought. Gesell provides a practical vision of profoundly simple reform.

I was so impressed with his writing that I went to see him in Tacoma. He was just finishing his book “Conjuring Hitler” in which he shows that Hitler came to power with the aid and support of capital. It is standard operating procedure for the powers that be to make sure that no other power centers of rational support for the rights of man rise up to challenge. Hitler and others like him are used as Trojan Horses to quash the aspirations of whole continents.

**JDP:** Where do you and Guido diverge on thoughts about a new money?

**SCC:** He does not go along with my notion that I have put forth that inflating in the general interest is in effect the same as Gesell’s Stamp Scrip. He thinks it would impose difficulties with respect to pensions and other long-term issues related to the cardinality of money. I hold out hope that I will one day persuade not only him, but the general public as well, that money’s cardinality is an illusion on the pieces of money. The unit of money is all money, and anything is possible as long as any manipulations of that unit are done in the general interest. The entire economy is now financed on the manipulation of that unit in the interests of the few. It’s our turn now. But I digress.

**JDP:** You mentioned Ronnie Phillips a couple of times. What’s his story.

**SCC:** He is a Professor at Colorado State. Another of the alumni of the Levy Institute, he is an independent voice. I mentioned his book “The Chicago Plan & New Dial Banking Reform.” This is the best book written on the concept of fractional reserve credit. He is a good economist, much better than me, and his analysis makes the subject available to other economists. He deals extensively with Fisher, gives Soddy a good mention, but unfortunately neglects Alexander Del Mar. I am totally indebted to him for the introduction to Maurice Allais. Now there would be a great dual biography, Maurice Allais, the Noble Prize Winning Economist who dabbled in Physics, and Frederick Soddy, the Nobel Prize Winning Physicist who dabbled in Economics.
JDP: Anyone else?

SCC: OK, OK. Kevin Philips and William Greider are both mentionable for their books on the influence of money on American Politics. Kevin Philips does a whole survey of American History, William Greider more on the modern era, especially on the S&L scandal. Their both good historical sources, and don’t really try to be reformers. I think that’s it, unless you can think of someone else.

Ezra Pound’s prose on money is profound. If you can’t stand Pound, which I can understand, read Earle Davis’s “Vision Fugitive: The Economics of Ezra Pound.” You get the ideas without the anti-semitism.

Oh and lest I forget, The Alaska Permanent Fund. This is a fully functioning citizen’s dividend put into effect to give Alaskan’s some long term benefit from their oil development in the 1970’s. A portion of the tax on extracted oil is invested and the dividends are paid to Adult Alaskans. From a low of $300 to a high of almost $2,000 this money goes unconditionally to all Alaskans, 18 years and older.
JDP: Your brief review of some of your heretical colleagues seems like a logical jumping off point to a review of your work with BIEN and USBIG, as these two organizations really represent the most coherent and relevant expressions of one of your fundamental economic proposals; the universal basic income. How did you come in contact with BIEN and USBIG?

SCC: The first attention to my website, jaspersbox.com, came from BIEN (Basic Income European Network, now Basic Income Earth Network). They noticed the effort and linked to us. This brought us to USBIG (United States Basic Income Guarantee) and Karl Widerquist. Karl was at the center of organizing the effort for a Basic Income in the U.S. He went so far as to publish a review my novel Jasper’s Box in the Journal of Economic Issues in September, 2001. I managed to be a founding member of USBIG. We met in New York in February 2002, and I haven’t missed a meeting yet.

Karl, as a leader, is fairly low key and relatively soft spoken until you put a guitar in his hands and then watch out. He is the steady hand at the tiller guiding a new movement. I think the organization’s successful maneuvering of the straights between academia and activism is a testament to his appreciation of and presence in both camps. And like I said, put a guitar in his hands and you’ve lit a fire. I think music is something that liberates and unites us in ways that nothing else can. Karl sang a song of his own about our current war and it was something to behold. I think it gave all a real appreciation of who he is and why we’re here.

JDP: So what is your brief take on what BIEN is doing and what USBIG is doing; their similarities and differences?
SCC: They are basically the same philosophically. The difference would probably come in the political and cultural climates of Europe and America. Europe has a political spectrum, America really does not. The USA was such a cultural and political monolith and so in the grip of modern capitalism that the left has been crushed repeatedly in the last century. Abraham Lincoln would be a socialist by modern American standards.

Europe is far more articulated in terms of political and social movements. There are real socialists in almost all of the European Countries. There are ethnic and linguistic minorities that have survived centuries without having any of their own group in the ruling elite. The Basques and Catalonians in Spain, The Britons in France, the Northern Irish and Scottish in the U.K. are accustomed to questioning authority. The Socialists can mount challenges and even achieve ruling majorities in some countries. The Greens can influence and be parts of coalitions that must listen to their ideas. So I would say that BIEN is closer to becoming a real influence in Europe, but speaking somewhat Chauvinistically, USBIG has a vitality and purity of purpose that is exciting. America was much more like Europe until the first world war.

The USBIG movement has little influence politically at this point, but I think that we are at a watershed moment in which we will begin to recapture some of our history. The sixties promised a lot until it was first starved out and then bought off. We have just begun to fight. In the 1920 presidential election Eugene Debs got 10% of the vote while in prison. That is one of the reasons I stress history so much, we need it and it is being intentionally denied to us. USBIG has the potential to explode on the scene because it is such a good idea that addresses so many of the problems that Americans face, problems that may not be as serious in Europe because they are more left leaning and tend to ameliorate some of their inequalities.

JDP: Can you briefly describe U.S.B.I.G.’s origins and current composition in terms of who is part of the organization and what they do?

SCC: USBIG is a coalition of several interest groups that come together under the umbrella of a shared belief in equality and freedom. They, as a group, tend to hate poverty and have at least some resentment or
reservation about the bureaucratic impositions of means-tested welfare type programs. Some come from a particular philosophical point of view of one of the various schools of economics. Eri Noguchi and Michael Lewis are founding members and are not dogmatic supporters of any point of view except a consistent and informed support of the idea of a Basic Income. Some come as political and social activists like Steve Shaferman of Citizen’s Policy Institute, who are seeking to push back against the debilitating aspects of poverty in general and support progressive politics. Some come in support of a particular group or reason for the Basic Income, like Theresa Funicello who advocates for the care giver credit; for care givers of children, the disabled and the aged. These groups may be primarily seeking parental care-giving credits but see the logic and power in pushing their claim in unison with others for a universal approach. The reason the Basic Income is superior to going it alone is that the aged, the children, and the disabled themselves are included.

Some are or were (we’ve lost at least one member, Bob Harris) political veterans from the sixties who not only remember when this was put forth by both the major political parties as an alternative to welfare, but actively worked in positions to try to get it enacted then. I wasn’t completely aware of how involved Bob Harris was in the first movement for a Basic Income until after his death. We held a tribute to him at our last meeting. He will be missed.

The USBIG organization coalesced around a small group of economic and sociology students and professors who were inspired by the example of BIEN and just went ahead and did it. The rest of us just kind of found them and jumped aboard. It’s a very diverse and most excellent group of people.

JDP: Can you give the reader an overview of what a USBIG conference is like?

SCC: Our first meeting was helped along by S.U.N.Y. and the Levy Institute at Bard College. Since then, we have piggy-backed on the Eastern Economic Association annual meeting. The conferences are a hybrid between an academic conclave, a political rally, and something of a revival meeting. We do walk a very fine line. There are people there who write very serious and highly reasoned academic papers on the concept of a Basic Income. These presentations could be part of
any academic gathering of social scientists. They are methodologically objective. There are others who are what I would call objective advocates. This group still has their feet firmly planted in academia, but have been objectively convinced of the superior reality of the Basic Income. There are others who are full blown advocates of the Basic Income, who have little allegiance to the methodology of objectivity, who are whole heartedly dedicated to implementing a basic income. Their reasons are varied. Some of us have sympathies across the board, and have a little piece of themselves in all those camps, and then some of us are just plain cosmic cowboys, knight-errants in search of the holy grail. But it is the best group of people I have ever been associated with. It is a reason all in itself to believe that humanity still has a future.

JDP: Before we get into the different papers you have presented at the USBIG conference, can you describe a particularly significant presentation you attended at past conferences?

SCC: There are a lot, but three stick out in my mind. One by Jay Hammond former Alaskan Governor, one by Brazilian Senator Eduardo Suplicy, and the third by Ingrid Van Niekerk, a South African Economist and social worker.

Former Alaska Governor Jay Hammond gave us the history of the implementation of the Alaska Permanent Fund, which he helped enact. He is a quite conservative politician, and it just gave me such a kick to listen to how proud he was of this achievement. It told me that our support of the Basic Income Guarantee really could have great appeal across the political spectrum. He also let us know that the Alaskan People are equally proud and equally determined to protect this common heritage.

Eduardo Suplicy is a tall, very refined, cautious, well connected Brazilian Senator. He is also one of our most dedicated members. I was a bit intimidated by him, I thought him a bit aloof, until I came down to the hotel lobby one morning of either the first or second conference in New York. He was there with my friend Steve Wilson, Wilson’s made it to all but one conference. Mr. Suplicy was trying to remember the words to the Dylan Song “Blowin in the Wind”. He gave his talk a little later and I thought what a small world, here was a Senator from Brazil giving a speech to a dedicated group of
academics and social activists in New York City and my childhood friend Steve Wilson had helped him put together the words. It was something.

My third and most memorable was when Ingrid Van Niekerk was giving a talk on the positive impacts that universal grants of food and other necessities had made in some of the tribal areas where she worked. A glow came up around her. Her purity of intention, her complete lack of guile, the wonderful naiveté was so inspiring that I was taken elsewhere, transported back to the whole feeling of twenty years before. I saw the real power of service and unconditional love for our fellow man that just seemed to come through and surround her. I’ve never been prouder to be any place else in the world than to be part of the group that put her in front of us to speak. She and husband Michael Sampson are both economists in South Africa and regular contributors.

JDP: Can you talk about your first USBIG conference? What was your paper about and how did it go?

SCC: My first paper was a “Thanks for inviting me to the party and I’ll try not to embarrass us all.” My ideas are fairly radical for this group. What we have in common is a desire for a basic income for all people that will ameliorate poverty and bring power to the powerless. I just wanted them all to know that I recognized the serious nature of the undertaking and the size and scope of the reform we were proposing. Nothing could be worse for the situation than a repeat of George McGovern’s “deer in the headlights moment” in 1972 when the press asked him where the $200,000,000,000 was going to come from to guarantee everyone a $1,000 a year basic income. The numbers are large and everyone who deals with the subject has to deal with that and that was my first paper. “Funding a Basic Income Guarantee, Considering Size, Political Viability, and Pipeline”, was the title. It served two purposes, to give a good context for considering proposals and to show that I wasn’t crazy. I think it worked pretty well.

JDP: So what happened at that first meeting, were your ideas too Radical? Did they bring comment?
SCC: I didn’t really introduce my ideas so they couldn’t think they were too radical. I came across as a well-mannered reasonable person. I put to rest my Groucho Marx reservations, “I would never belong to an organization that would accept me as a member.” My alter ego was a great success, I was barely noticed. Those who had read any of my writings didn’t bring them up and neither did I.

JDP: What about the second conference you attended, what year was that? What happened? What paper did you present?

SCC: By the second conference I felt like ready or not here I come, so I went for the whole argument. For me, money needs to be made completely new so that the information that is reflected in price is not just the dollar figure that has been negotiated by buyer and seller, but also reflect the system price, not just $/goods but $/sum of all $/goods. This would be a very large number in every pricing instance so I explained my proxy price for that. Under Salmoney the “Daily Bread,” has a constant ratio to the total supply of money and is also an amount of money that every person is receiving every day. I argued that prices should be calculated in DBs or Daily Breads. This figure is ratcheted up daily (or weekly or monthly) and reflects both a specific dollar amount and the total number of dollars and thus satisfies my pricing requirements.

The title “The Basic Income as a Foundation of a Sound Currency and a Free and Open Market” reflects not just the new pricing mechanism but the central position that the Basic Income plays in my whole system. As I can’t repeat enough, the Basic Income Guarantee is to the economy as the vote is to politics. If the individual human being is not represented in the mechanics of money, money will only serve itself, and we will end up with a polarized world.

The argument for the necessity of the Basic Income was well received, but the idea of a new pricing method fell on deaf ears. I convinced no one. I was a bit discouraged, but not to the point of giving up. I took a year off presenting and just listened the third year, 2004.

JDP: So did listening do you some good ay the third conference?
SCC: Yeah I think it did. I went and watched and listened. We were in Washington D.C. and it was my first trip there. Got to see all the buildings and got to see all the other USBIGers in action and the good intentions at work. I finally fully realized that there is another part of the problem though, that others in the group are far ahead of me in addressing. The overcoming of the notion that nobody should get something for nothing. Our best group in making this case is the caregiver credit campaign. It is not in the pure sense “something for nothing” to argue that parents caring for children and children caring for parents deserve money to help them do this. But it is important that the main groups supporting this idea have taken the decision that the best way to approach this politically is to ally themselves with USBIG.

Which reminds me of another memorable moment in USBIG history; a woman was giving a presentation that argued women could only achieve fulfillment in the work force and therefore a caregiver credit was anti-feminist. The lady was very close to arguing for a compulsive work requirement. Teresa Funicello, a leader in advocating for the care giver credit, was in attendance. I thought that we were going to have to restrain Teresa to protect the lady from attack. The guiding principle of almost everyone in USBIG is to establish the freedom for people to seek fulfillment wherever they may find it. USBIG is more libertarian than the Libertarians.

There are numerous situations that are addressed in a much fairer and more balanced manner when government aid is equalized and universalized. The working poor, the disabled, disaster victims, the unemployed all come to mind. When the groups who “deserve” a basic income are added up, they far outnumber the “surfers” and the argument can be made. If you then add in those who are so rich that the BIG would be insignificant or to those who would get back exactly what they paid in, it would be a huge majority. But it is still an important argument that cannot be ignored and is of equal importance to the question of where the money comes from and the structure of money itself. The concept of a Basic Income Guarantee is a fundamental altering of the Social Contract that has held together
western civilization for the last 250 years. I think I got that and learned how important these efforts are.

On other fronts I was not convinced that any altering of my perception or approach was in order. If I thought there was a real chance to get a substantial Basic Income without fundamental monetary reform I would fall in line and support it. I would gladly be a worker bee for this group. But in the end I looked at the amount of money necessary to fund a Basic Income and the level of taxes necessary to support and concluded that it was impossible without a thorough revamping of the money system. I had already talked about the centrality of the Basic Income in my monetary theories, so now I would take on money as an entity. I started to tee up for the next conference in New York started on a wholesale philosophical treatment of money. I wanted to build a theoretical framework in which my notion of a new price mechanism, the Daily Bread (DB), could function.

**JDP:** You bring up two big issues that we have tossed around for the last twenty years. First, the issue of people having a problem with other people getting something for nothing. Second, the idea that fundamentally “changing money” is a concept that requires some depth of relationship and familiarity to be properly communicated. In attending the USBIG conference one year and just listening along with your attendance on consecutive years, you have established some relationships with others who have done the same. You all are building the rudiments of a community focused on common ideas. One idea, the idea of the “getting something for nothing” seems like one of those commonalities in the community.

I know, however, that you connect the basic income with the concept of the cultural inheritance, so in a sense, people get something for something. They get their daily bread for being part of the fabric I guess. In your mind, is this psychological reluctance among many people, the biggest stumbling block for actual implementation of a basic income in society or is it more the strangle hold some folks hold on the status quo of money?
SCC: It is a gut reaction in many people. I think it has to do with how most people relate to other people, through hierarchy and power. Many people believe that society is based on some type of coercion; either the threat of violence or the withholding of support. It does not compute to them that society can function without this coercion. I think they can be persuaded, but it is a tough row to hoe. The key with this group is to point out that the healthiest relationships are built when both parties come from positions of freedom and strength. Power breeds resentment and rebellion and arrangements that end in disaster.

And yes the argument can be made from a completely different tack, I can rightfully argue that the major wealth of humanity comes from three sources, the Cultural Heritage and the Increment of Association and the Earth itself. People are not getting something for nothing; they are getting a fair share of what the wealthy have expropriated and used as private property over the years. We all deserve our fair share on this front. The Cultural Heritage and the Increment of Association were the best and most convincing pieces of logic put forth in the Social Credit movement, and something that C.H. Douglas deserves a great deal of praise for pointing out. And Henry George, more than any other person in the modern world, deserves credit for upholding the claim of all humanity to mother earth.

On your second point, our ideas about money come from fairly deep in our psyche and cannot be trifled with lightly. The longer that I am around USBIG, the more my ideas become part of the back ground, which is where the ideas about money reside. The more I become like a piece of the furniture, the more I can get USBIG to take my ideas seriously. I get a little more attentive and involved audience each time.

JDP: So then you attended your fourth conference, what did you present at that conference and how was it received?

SCC: I went to the wheel analogy. The full title was “The Trued Price: From Widow’s Cruse to the Bank of Fortunatus. A Treatise on Money and Price in Time.” “Trueing” was my license plate in California. It is perhaps the best analogy I have. It encompasses a
physical referent (the bicycle wheel), a philosophical referent (tensegrity) and a monetary referent (Daily Bread). The widow’s cruse has to do with the miraculous lamp in the bible that never ran out of oil. This is the recognition that money is unlike all other goods. It passes from one to another and is never consumed. If interest is added to that, i.e. if money actually grows, it is not difficult to see that money would eventually suck up everything. Maurice Kalecki had the best comment on the phenomenon, “workers consume what they earn, capitalists earn what they consume.” The purpose of this paper was to show the idiocy of modern money in all its splendor, and to show how Salmoney and the Daily Bread (DB) could correct its flaws.

I would not call its reception a home run, but I think that I got to first base with a few people. I think my criticisms of money are beginning to gain a slight foothold, but my solutions were still perceived as a bit beyond what they could accept as realistic. I was happy with the result.

JDP: It should be noted that readers of this text that have made it this far, or who have skipped ahead to this part, like I often do with Books, can look in the appendix for most of the documents you have written. There they can see them in their entirety. They can also go to the USBIG website archives and see the context in which they were presented.

The fifth conference you attended was in historic Philadelphia and you responded by linking your money ideas to history, which is a strong suit for you in my opinion. Can you describe that paper and that conference?

SCC: I had a great time in Philadelphia. We were in the place where the whole American experiment started, the city of brotherly love. I called my paper “A Declaration of Independences” meant to align itself with a somewhat famous document that was acted upon there some 230 years ago. In this paper I presented my tax proposals, minus the monetary theory, almost. I included a basic concept that we had introduced in “Cosmonomics,” that any money collected via taxes should be split two ways, half going to operate the government and half going to the people to fund a basic income. This was well received, even to the point of agreement from some of the audience in the discussion that followed. I am a firm believer in keeping it very
simple, and almost everybody can divide by two. I also put forth the idea that taxes in the various states be equalized, with uniform income, property, and sales taxes to end the practice of tax shopping by large corporations. They locate plants and stores where they can extort the lowest taxes. It is a local, state, national and international problem.

This was, by far, my best received effort. And I finally felt completely at home with this group of people. It is indeed the beginning of a community that can sustain itself over the long run.

JDP: As I remember, you were trying to put forth a document and an agenda that was as actionable as possible. As you say, trying to keep it simple, albeit, revolutionary, but still simple. I thought this was a great tack to take. I also remember that you tried to tackle the whole tax issue. How to do it and how to pay for etc… This is another of the key issues we have intellectually struggled with over the years; how to present your economic ideas in a manner that somehow relates to the current system, even though your ideas obviously call for a paradigm shift. They also call for entre, as earlier mentioned, into the recesses of our individual and collective psyches and areas that societally have been taboo to consider or mention.

In terms of taxes, in all their complexity and diversity, people seem to relate simply to the idea that you have to pay for government if you want it to work. What were some of the comments of the USBIGers to your ideas about taxes and what were some alternative approaches offered that year in the city of brotherly love that is also know for its booing of Santa Claus during a losing Eagles game?

SCC: There were two sessions, three presenters per session, on different methods of funding a Basic Income. They ranged from surcharges on incomes over $100,000, to national sales tax, to property (taken very broadly) taxes, to resource depletions taxes. The comments on all were mostly of an inquisitive nature, as people have their personal favorite ways. The Georgists are against income taxes, and I was as well, at one time. They feel the income tax is invasive of human rights and unnecessary. I feel it is necessary to maintain the income tax for a while because there is such a push to avoid taxes that we need to have all conventional forms of taxation for at least a while until the tax avoidance industry is drowned in the bath tub, to borrow a phrase from Grover Norquist.
There is some feeling against national sales tax as being regressive, but this is mitigated by the basic income. As we’ve noted before, regardless of the tax, the average person gets back exactly what they pay. The closest to my tax plan was Al Sheahan’s idea of simplifying the tax code. My plan is simplification to the extreme; do away with all exemptions and all deductions and all regional differences. I think this made some headway, but there is nothing even approaching a consensus.

I think the one tax that everyone agrees on is the one put forward by Jeffry Smith, which is the Georgist Unitary Tax taken to include not only land rents, but patents, copyrights, and any other exclusive use rights that are granted by the government. I think everyone supports that, the only question is what else, if anything, will be added to it. We are just maturing in our arguments and this was the most thorough going discussion of this issue to date.

JDP: So I think that leads us to this year’s conference which is back in the big apple and just days away as we write this text. What do you have in store for the folks who attend the USBIG conference this year, in 2007, and what do you expect will be the response?

SCC: This year’s paper is “The Juarez Plan: Transcendental Monetization or La Disconquista.” The paper outlines a specific plan for a complete restructuring of the monetary system and the elimination of government. My belief is that money is just numbers. I’m going to take the numbers that exist now and offer a process that will yield another set of numbers that will allow our other efforts to go forward. The Federal Government now owes $9,000,000,000,000 or $30,000 for every man, woman and child in the country. The interest payments alone are more than $100 a month, a good start on funding a Basic Income.

The paper is a historical analysis of how money evolved to this point in time and an argument that we have many options that have not even being considered to get us out of this morass. I use a little of the Holy Book, a little Greek heritage, and some of the modern heretics we’ve talked about in this book to show the path through these dark woods. Every person can see their own particular starting point and their end point in the process. While it is my belief that every one
would be better off if the plan was implemented, readers can decide for themselves.

The Juarez Plan is named for Benito Juarez who led Mexico in a long struggle against a European invasion that came to enforce debt collection. The plan is not just for the United States. I hope that all the countries of the world will adopt it and all do this at the same time. It is not forgiveness of debt in any sense, and like the basic income no one is benefited to a greater extent than another. The economic pecking order is left intact but the distance between top and bottom is shrunk.

This is preparation for the institution of the Basic Income, the new tax system, and the institution of Salmoney that I have laid out in my other USBIG presentations and this book. I guess I saved the first for last.

**JDP:** Our next and final chapter will consider the future of money. Before we move onto that, however, can you discuss your sense of what the future of USBIG might be?

**SCC:** The unique and absolute necessity of a basic income must and will eventually become clear. When it does, the work of BIEN and USBIG will come to the fore. The coalescence of a set of problems, particularly world unemployment and the destruction of the middle class, with a completely unstoppable and open communication device, the world wide web, will drive the whole process. The communicative power of the web will allow people to reject a down grade of their economic and political status; if and when they do, the tools for universal economic justice and integration will be waiting for them. BIEN and USBIG are the vanguard of a new enlightenment. This Revolution will be live- blogged, and it has already begun.
A Conversation on the Future of Money
“Money Redeemed”

JDP: I am reading Ray Kurzweil’s futuristic book, The Singularity, that discusses the exponential versus additive growth of technology, paradigm shifts, and his predictions about our world changing incredibly rapidly in this 21st century. In it, he describes the Singularity as Economic imperative. He sees technology’s growth as governed by a new law of accelerating returns. The Singularity, for Kurzweil, is the period in the near future during which technological change is so fast, and impacts so deep, that human life will be transformed. He believes that this accelerating technological change will rupture the fabric of human history. It will allow us to live as long as we want. It will merge biology with technology. What do you see as the connections between future technological growth and future changes in money and society?

SCC: Well I guess that I really can’t conceive the fabric of human society being ruptured much more than it already has been. “Economic reality” has already overcome natural human empathy. It goes back a bit, mid 1800s, but one of my main examples of what passes for hard-boiled practicality is the Irish Potato Famine. Many people are under the misconception that the Irish were starving for lack of food. This is false. Ireland was a food exporter throughout the problem period. The Irish farmed potatoes as a cash crop, so when the potato crop failed what the potato farmers lacked was money. People starved to death in sight of food. They were left to their own devices because the ruling English Elite felt that to do otherwise would disrupt the workings of the free market. The American Right, and to a great extent the American Left, since Jimmy Carter’s embracing of deregulation, hold policy positions not different from those held in 19th century England. Technological innovation will accelerate this process somewhat, but it is already very far along. Half the world’s population lives on a few dollars a day. The benefit of
technological innovation accrues to money not people, so the divide will grow even larger. Idiot’s, like Thomas Freedom, write pithy books like “The World is Flat” that take this situation as a natural outcome of competition and we must submit ourselves to these conditions. Money is the scoring mechanism in the game of capitalism. The Capitalists own the scoring mechanism, so they always win. So I guess the bottom line is; combine rapid technological innovation, a corrupt money system, and a callous overriding of human empathy and you have the potential for a holocaust that will make World War II look like a minor gang fight.

**JDP:** So for you, technology is not the overwhelming panacea that makes all mankind a decent subsistence and freedom in the near future. Would it be correct to say that you believe that an economic solution is the only solution to the human world’s future existence on the planet? If not economics and money change, what other changes do you think are hopeful for the future?

**SCC:** I think I’m going even further, not only is technology not a panacea, it will actually make things worse. There are exceptions, one being the productivity of agriculture. Certain new strains of crops and new farming methods have lowered the relative price of food, and it has saved the lives of many people. I do believe that the law of diminishing returns is at work and we are running up against real limits of what the land of earth can produce. We are also on the threshold of making fuel from food crops which will put the first world in direct competition with the third world for caloric content in the plant kingdom. Third world stomachs will lose to first world fuel tanks.

The other technologies, the virtual world that we have spoken of is not the leap that many think it is. The world has been virtual for a long time. In fact, if I’m not mistaken, it was Frederick Soddy who coined the term “virtual” in the human sphere to indicate the monetary world. There is nothing more virtual than the modern office and the modern corporate boardroom. They are several degrees of reality removed from what are the physical, social, spiritual, and emotional realities of human life. There is little difference in the Pavlovian conditioning of the modern consumer through advertising and the monetary conditioning of the modern executive, be he chairman of the
board or a cog in the corporate machine. The natural human responses are successfully overridden or weeded out.

We do not need to wait for a union of robotics and humanity that will achieve lengthening life spans, a far more insidious hybrid of the corporation and the human has already occurred. Corporations are now seeking eternal life. The real tragedy of people like Ken Lay and Donald Trump is that they actually believe their own bull shit. Our sexuality, our spirituality, our humanity have all been overwritten by the genetic code of modern money. Our world is so completely virtual that a melding with physical machines will be an anti-climax; the real work of subsuming our humanity is already very far along.

**JDP:** Well I think it’s pretty clear from your response to my last question, where you stand on the evolution of mankind and its relationship to technology. If you were to crystal-ball it a moment. Where do you think the entire money issue will be in say 50 years? Perhaps by 2050?

**SCC:** Well a great deal depends on whether there is a successful challenge to modern money. Can the modern heretics make a difference in how money and humans interact? I am not without optimism. There is a great hunger on behalf of humanity for something that has been lost, or maybe never even owned. It is both a spiritual and a physical longing. It is Tolstoy’s question that is of importance, “What then must we do?” I think the World Wide Web is indeed moving toward a world brain and a crises point. What kind of brain will it be?

I am encouraged by blogs like one called Cross Roads Dispatches. It is written by Evelyn Rodriguez. She calls herself a Marketer, but the blog ranges into areas that deal with the full spectrum of human issues, many that overlap and approach ideas I have dealt with in this book. One of its main foci is the cleavage between one’s position in the practical world of making a living and its affect on one’s capacity to listen to one’s inner voice. It is a provocative mix of spirituality and mercantilism that frustrates some of the purists in each camp. She constantly refuses to be forced into an either/or. The real world has both, and she deals with both, intensely and intimately. From Kerouc and Thoreau and Picasso to marketing
critiques of The Gap and her new favorite retail outlet Anthropologie, to Tantric neo-epicurean tea parties, she is fully engaged.

Ms. Rodriguez was on a perhaps more mundane journey through the new virtual world when she was caught in the tsunami that devastated Thailand. This seems to have been a focusing experience for her, an epiphany if you will. Once one is awake to what is happening in the world that question comes to the fore. “What then must we do?” It is the point at which one becomes an artist, and in this sense I’m using artist in a very broad way. I am a firm believer that there are multiple levels of reality in play all around us. Our destiny, our path is calling out to us from these other places. When one actually encounters one’s path, one becomes an artist. This is the thing that you must do, regardless of the signals from the money world, or the institutional religious world, or the parental expectations world; this is the thing that you have to attempt even as these other influences attempt to break you to their notion of “responsibility.” It is quite presumptuous for marketers or heretical economists to think that their actions are supportive of the whole world finding their true “calling.” Can a blog on marketing or a new approach to money really do that? I believe they can and the World Wide Web is taking us to a Tea Party beyond our wildest dreams.

But my optimism does not take a Polly Anna stance either. Our misuse of money has left a dreadful heritage. We are nearing a precipice. Our immense destructive power and our extreme dependence on very sensitive technological tools have left us vulnerable to a catastrophe. We may blow ourselves up, or cook ourselves, or simply collapse from the failure of systems that we can no longer live without. Our precarious situation is perhaps necessary to the birth of the new world that is approaching. Utopia or oblivion, who’s is that? I’m not sure who coined the term, but I think those are our two paths. Oh yeah, Bucky, of course. The birthing process is always fraught with danger. Teilhard de Chardin called it the Omega Point. We may all need a tsunami to wake us up. I hope we can survive it.

JDP: To return to our main topic one last time, can you talk about how the world and the money world might look like if we adopt concepts such as the basic income guarantee, or a money system like Salmoney?
SCC: The web is starting to deal with issues that have never been dealt with before. The different areas of dot-commerce have blurred the lines between consumer and producer, between employer and employee. Power is being dispersed, and Salmoney is a power-dispersing tool. Salmoney is money stripped to its most essential components. It gains its power through complete transparency of design and function so that each member of the community can actually trace their position in real time. It is constructed in the spirit of open source code. Not only will people be made aware of the workings of money through Salmoney, money will be made aware of itself. This self-referential characteristic is cybernetic in nature and completely in tune with design and control of intelligent systems. It will be informed autopoesis, human beings collectively interacting with each other to construct a mutual system of sustenance and reward.

If Salmoney is put into effect the sanction of poverty will be removed from human interaction. The disappearance of the ability to fire, black-ball, red line, boycott, evict, and down-right impoverish will make the public milieu unrecognizable. The removal of the fear of poverty will liberate all economic strata of society to make stands on principle. The ability to speak freely and vote one’s conscience will alter the political landscape. The absence of fear of poverty will promote whistle blowers in the large corporations that run rough shod over our environment. People will be free to pursue education and dreams. Entrepreneurs of all types will be emboldened to take risks and have the resources to see a dream through to fruition. Competition will still exist, but in the larger context of cooperation. The three factors of production that Soddy laid out, Natural Energy, Human Diligence, and Discovery will be liberated to interact freely and will produce at levels undreamed of in the modern era. We will all live at the level of billionaires. Utopia or Oblivian indeed.
Appendix I

The Juarez Plan, Transcendental Monetization or La Disconquista, 2007

The Juarez Plan

Transcendental Monetization
or
La Disconquista

By

Stephen C. Clark

Presented at the Sixth Congress
of the
U.S. Basic Income Guarantee Network

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The Juarez Plan
Transcendental Monetization
or
La Disconquista

I. The Juarez Plan

The Juarez Plan is named for Mexican President Benito Juarez. He rallied his country to defeat European Invasion and Conquest of
Mexico. Britain, France, and Spain had come to Mexico in the name of debt collection at the point of a gun. The French dictator Louis Napoleon sensed opportunity and set up the Austrian puppet Maximilian as Emperor of Mexico. The Mexicans who had just been through a long internal conflict rallied behind Juarez and after years of brutal war eventually drove the French out. The great Mexican Holiday of the Fifth of May (Cinco de Mayo) comes from a Mexican Victory in this war.

Although we have not been invaded our stakes are no less grave. Human needs of food, clothing, shelter, and education are left unmet in the name of penury due to the fact that money is owed. Human projects are put off for lack of capital due to debt. What passes for fiscal responsibility is nothing less than a collective, virulent social psychosis.

The Juarez Plan cuts the Gordian Knot of debt by monetizing it in the general interest. Without default or inflation, the Juarez Plan would liberate human ingenuity and effort from its current yolk and bring in an era of prosperity and peace. It would also establish the perfect platform for the institution of a Basic Income Guarantee.

If we were looking for a day that exemplifies our struggle, Cinco de Mayo would be a great candidate.

II. Money and the Debt

The Modern Conception

As we meet here in New York the debt of the United States approaches $9,000,000,000,000 or about $30,000 for every man, woman, and child in the country. Servicing this debt now costs about $450,000,000,000 a year, or $1,500 in interest payments per person. This does not affect the principal which is still in a period of rapid growth. Government debt is indentured servitude of the general public. The entire nation is now entering the status of bond slave without hope of ever retiring said debt.
But is this inevitable, necessary, unavoidable? Must we serve this insatiable beast without alternative? My answer is a resounding, “No”, and this proposal is aimed at eliminating all government, and most other, debt in a single bold act. Our futures and those of unborn generations depend on it.

But what is that we owe? What is the nature of modern money that makes it an intergenerational conduit of wealth, a transfer from the future to the present? Three historical circumstances help explain how we came to this juncture and shed a great deal of light on the nature of money.

The first was the disintegration of the Roman Empire in the west. After about 400 A.D. there was no central government that could enforce the rule of law. Money became the province of the provinces. The only way that money could be used in all the various kingdoms and principalities was to have the money made of a commodity with intrinsic value. This replaced the classical conception of money as *nomisma*, a government created numeric matrix, a system of currency and exchange based on the government’s power to control and limit issue. This gave way to the post Roman concept of *moneta*, or money based on its immediate rather than mediate value. This is the beginning of the gold fetish, a disastrous misconception which still plagues the world and is the zeitgeist of much of what passes for “scientific economics.” Money as system was almost completely forgotten. Monetary divisions took on an independent existence. Things got so bad that there are economists alive today that believe the value of money is based on the cost of mining gold.

Secondly, until 500 years ago, lending money at interest was a mortal sin in Christianity. Any arrangement that allowed money itself to yield an increase was considered the greatest of abominations, a sin not just against God, but against Nature itself. In Dante’s “Inferno” Usura, the spirit of greed that used money as its medium of power and aggrandizement, held a preeminent position in the eschatology of hell. But this proscription was not limited to Christian theology, Moslem, and Jewish teachings condemned it as well. But this situation left humanity in a difficult situation. Unbacked state money was virtually
non-existent after the fall of the Roman Empire in the west, and so all people everywhere were starved for a circulating medium. No one had any incentive to loan money to others other than altruism, a sentiment in short supply. Those that had money lived well, had a multitude of courtiers and servants, because most people lived in penury.

There was one way around the prohibition against interest and it became important. While Jews were not allowed to charge interest to other Jews, there was no prohibition against charging interest to non-Jews. This situation left the Jews in a very unique situation, a situation examined in some detail in Shakespeare’s “The Merchant of Venice”. When in need of funds, the Jewish Money Lenders were one’s best friend, a savior from whatever calamity faced the potential borrower. When one’s relatives and friends had all refused to help, there was always a source to whom one could turn. Shakespeare named him Shylock, a name which is still rich in worlds of crime for loan sharks, and in right wing anti-semitical conspiracy theorists to claim the world is run by a cabal of Jewish bankers.

These cultural and linguistic remnants of the arrangement that existed in the Middle Ages are simplistic and damaging to all who perpetuate them and use them as a cudgel to beat up on Jews. Even Shakespeare, by taking things to the extreme of “a pound of flesh” has kept Shylock alive as an operator on the modern mind. But the truth of the matter is that absent a government to issue sufficient money to insure uninterrupted circulation, the Jewish Money Lenders were an essential component to the Renaissance that occurred in the fifteenth and sixteenth centuries. They put money into the hands of those who could earn a profit, through trade, through invention, through being more efficient. They made their societies prosper. Their fortunes grew as the fortunes of their clients grew. It was just a matter of time until the prosperity that the money lenders achieved would draw the envy of civic and clerical authorities and the prohibition against the charge of interest was overcome. Interest bearing money became the norm.

The third historical circumstance that is important for our modern predicament took place in London after the Church had overcome its reluctance and allowed the letting of money at interest. In these times,
there were banks that permitted a person to deposit their gold for safe keeping against theft. These banks would issue certificates of deposit indicating the amount of gold that had been deposited. These certificates began to be accepted as money, as they were redeemable in gold on the bearers demand. This was a great convenience, in that the certificates made it unnecessary for people to actually deliver gold when making a purchase, instead, they just delivered the certificate.

This worked well until the gold keepers figured out that they could issue more certificates than they had gold. That is, they could issue their own certificates to worthy borrowers, at interest, and no one would be at a loss unless too many people showed up to redeem their certificates at the same time. When this practice was discovered by clients of a gold keeper, a panic often occurred and people rushed to get their gold. This became known as “a run on the bank.”

These three influences, the confusion of gold and a money system, the letting of money at interest, and the ability to magnify money by the process of loaning the same money to several persons came into a dynamic coalescence in the 1680’s England. The English Whigs became increasingly opposed to the Stewart Monarchy. Not wishing to throw the country into the anarchic state that had accompanied Cromwell’s Republic, they sought a replacement. That replacement, William of Orange, came in with political support, but without the financial means to press his claim. His answer was to grant a charter to the Bank of England, codifying the worst practices of the previous millennium. A private company was put in charge of issuing currency, setting interest rates (always positive), and maintaining the illusion of redeemability in gold. This all became accepted banking practice. In return for this charter, the Bank of England guaranteed him a line of credit to fight the Stewarts for the throne of England. Thus, modern banking was born, and its pernicious practice of Fractional Reserve Credit became the modus operandi of world finance. A bastard blend of usury, legal counterfeit, and the gold fetish began its long reign in first the western world, then throughout the British Empire, and on to the world at large.

The People Strike Back
This hegemony held until the American Revolution and the introduction of pure fiat money, the Continental. This fatally flawed currency helped win the war for independence but then became fodder for speculators because it failed to carry with it the power to tax. It was in 1861, again in the United States of America, when a President named Abraham Lincoln, challenged the banker’s stranglehold on the world. Like the Whig’s of England two centuries prior, and the revolutionaries that founded the USA, this former congressional Whig, sought money to prosecute a war. But instead of the banks bailing Lincoln out they tried to extort him. He rejected their demands for 25% interest and instead reclaimed the power of issue for the government. But unlike the Continentals of the revolutionary period, Lincoln’s government had the power to tax. Lincoln created an industrial explosion so powerful that the world of finance was shaken to its core. They sought to surround Lincoln with their adventures in Mexico, but the genie was out of the bottle.

Some Ancient Wisdom

The Greeks

Alexander Del Mar, monetary historian and theorist, contends that the knowledge of money underwent a long period of devolution. It is from his analysis that I base the historical process by which this knowledge was replaced by error. He notes that the Greeks had money made from various materials that had nothing to do with its conversion or redeemability in gold. The Greeks called money Nomisma, that is it is a system based on numbers. The study of money is still called numismatics. His historical analysis traces the devolution and change of name to the temple of Juno, known as the Moneta, where the Romans coined gold into money.

The central thesis to Del Mar’s analysis is that money is a system and that the unit of that system is the total of all money in the system. Price is not just a ratio of Money/Goods, it is a ratio of Money/Total of Money/Goods. If the price of a bushel of corn is $10 when there is a $100,000,000 in circulation, is different than a price of $10 when there is $200,000,000 in circulation. The money has been diluted by 50%. The expected price (proportionally equal) of a bushel of corn that had
been $10 with $100,000,000 in circulation would be $20 if the amount of money in circulation had been increased to $200,000,000 (ceteris paribus). If the price of $10 for a bushel of corn stayed the same while the amount of money in circulation doubled, this would actually be a 50% price reduction. This is why it is so important for the actual amount of money in circulation to be known and regulated in the general interest. The dollar price of a good is the numerator; the amount of money in circulation is the denominator. Both must be known if one is to understand the price, and thus the cost of anything.

The practice of fractional reserve credit allows private interests to alter the value of money for their own purposes. When they are short on money, i.e. have few monetary assets, they increase the supply of money by letting loans. When they are long on money, i.e. have a lot of money assets, they decrease the supply of money by calling loans. These practices are self fulfilling prophecies, and money can be made to do their bidding regardless of their situation.

The Hebrews

Amos Chapter 8 Verses 4. Hear this, O ye that swallow up the needy, even to make the poor of the land to fail. 5. Saying … And the Sabbath, that we may set forth wheat, making the ephah small, and shekel great, and falsifying the balance by deceit.

I need search no further than the holy bible to find the ethical basis for The Juarez Plan. Indeed, it is the Torah and Gospel of Jesus that give me my main inspiration. The themes of Economic Fairness, Just Measures, and Forgiveness of Debt are practically the whole message of the Bible. Iniquity, a word for sin, is another form of the word inequality. The Apostle Paul went so far as to say the love of money is the root of all “Evil”. In the Juarez Plan and the Basic Income Guarantee we have its inverse. The “right” use of money is the root of all good. But these are more than semantic vagaries, because the bible was not so vague.

The Torah, the Christian Old Testament, lays out a plan for how the nation of Israel was to deal with money and debt. It is known as the Sabbatical and Jubilee Cycles. Professors, around the world,
recognize the word that grants them every seventh year off for a period of study, renewal, and self reflection. The biblical sabbatical was a bit more comprehensive. Every seventh year the whole society took the whole year off from work and all debts were forgiven. After every seven groups of seven years was the Jubilee Year. Not only was all debt forgiven and servants given a rest, but all land was returned to the original owners and all slaves were freed. I often think of this last part when I remember that both John Adams and Thomas Jefferson died on the 50th anniversary of the Declaration of Independence. Maybe it wasn’t such a good idea to remove the condemnation of slavery that was the center piece of the first draft of this historical document.

We have a minor remnant of the Sabbatical Cycle in our bankruptcy laws, in that one can only declare bankruptcy once every seven years. A fairly universal right until the current Bible Thumping Republocrats passed the bankruptcy reform act, now some debts are never dischargeable; they follow you to the grave. It makes one wonder if the pious Christians who passed these laws have ever even read or recited the Lord’s Prayer, “Forgive us our debts, as we forgive our debtors.

I spoke earlier about the injustice of blaming the Jews for the historical accident that led them into the trade of money lending for profit. They long ago lost their monopoly in this realm, and yet the Jews still seem to prosper in whatever setting or culture in which they live. This observable prosperity is envied and hated by certain people and it is attributed to a shrewd and avaricious business sense. I would argue just the opposite. The Jewish People prosper and rise over generations not due to shrewdness, but due to their adherence to the law of forgiveness of debt.

We are long overdue for a Sabbatical and a Jubilee. The Juarez Plan will bring them to your neighborhood.

Some Modern Wisdom

The Juarez Plan is not the first attempt to monetize the national debt. California Congressman Jerry Voorhis and Texas Congressman Wright Pattman proposed a bill in 1939 to do just that. Voorhis was
incensed that the banking system had been granted the right to create money out of thin air and loan it back to the Federal Government at interest. The Voorhis/Pattman plan involved the government reexerting its right to issue money and the replacement of bank issued debt instruments with non interest bearing bonds. It was a comprehensive plan to completely eliminate government debt with nothing more than bookkeeping reforms. In addition to eliminating the debt, it also imposed a 100% reserve requirement for all banks in the system. This allowed for the government to reclaim the right of monetary issue for the public good.

They were following the ideas laid down by Irving Fisher, noted thirties economist. But Fisher’s ideas did not exist in isolation; they were echoed in the most conservative conclave of economics at the time, the Chicago School. Ronnie Philips wrote an entire book on their proposals. The notion that private banks should be the issuer of currency is laid bare in all its ridiculous splendor. This does not even bring into the discussion Frederick Soddy, Nobel Laureate in Chemistry who switched to economics in his later years. All these people have written extensively and convincingly on the absurdity of allowing private operators in the economy to issue money.

Ronnie Philips’ very pertinent book “The Chicago Plan & New Deal Banking Reform” cites French Nobel Laureate in Economics Maurice Allais’ contention that the effect of modern finance is “fundamentally comparable” to that of a gang of counterfeiters. He identified six problems with allowing banks to issue money.

1. The creation and destruction of money by private banks.
2. Sensitivity of the credit mechanism to short term economic conditions.
3. The basic instability engendered by borrowing short and lending long.
4. The distortion of income distribution by the creation or “false claims”.
5. The impossibility of control over the credit system.
6. Nonexistence of efficient control over the aggregate supply of money.

Allais’ two fundamental principles guiding monetary reform are (1) The creation of money should be the business of the state and nobody
else. (2) No money should be created outside the monetary base, so that no one would be entitled to the benefits that attach from the creation of bank money.

“But what actually happens when our government engages in deficit financing? The obvious way the government can get more buying power into the people’s hands is by itself putting more money into the stream of commerce than it takes out in taxes. The tragedy of the situation is that, up to date, the only way our government has enabled itself to spend more money than it takes in has been by forcing this sovereign nation to borrow its own credit from private sources.” Jerry Voorhis, long time Congressman in California, Richard Nixon’s first electoral victim.

Nor is The Juarez Plan the first effort to address the positive rate of return on money. If you’ve ever seen the great Frank Capra movie “It’s a Wonderful Life” you’ll remember the scene in which George Bailey stops a run on his Savings and Loan by talking the people out of it. Well a real incident such as this actually occurred. Senator John Hollis Bankhead single handedly stopped a run on the Jasper National Bank of Birmingham, Alabama in the early thirties. An uncle of the famous actress Tallulah Bankhead, Senator Bankhead was also a critic of our monetary arrangements and proposed the introduction of a Billion dollars in stamp scrip in the 1932. Bankhead got the idea for Stamp Scrip from Argentinean Businessman and monetary theorist Silvio Gesell. Gesell thought that the main problem with money is that it didn’t deteriorate like all other goods. His answer was stamp scrip, money that had to have a stamp affixed to it on a regular basis to keep it current. Gesell proposed a stamp of one per cent per month. A $100 note would need a $1 stamp affixed each month, paying for itself in a little over eight years. Gesell’s great book “The Natural Economic Order” so impressed Senator Bankhead that he brought the idea of Stamp Scrip to the U.S. Congress. His particular version had the very high rate of two percent per week. He was criticized for not understanding the concept, but I suggest that his critics were those without understanding. Such money would circulate rapidly, a hot potato if you will. It would have the great potential of retiring a great amount of debt. The Senate Bill that Bankhead introduced died in
congress and the depression continued unabated for another eight years.

Stamp Scrip was tried however. The Austrian town of Worgl issued this deteriorating currency in the middle of the depression. The town paid it into circulation on public improvements and the town prospered. The Austrian central bank got wind of the project and shut it down. They did not like the competition. Money does not naturally grow. This is a great fallacy. It is killing more people every year than war.

The National Debt is the Financial System’s version of agricultural price supports. It is the structural equivalent of paying farmers to keep their land idle. The payment for this service, the interest on the debt falls to the public at large. What is government debt? Who loaned us all this money? How are we ever going to pay it back? Are we going to have to sell our children, as Jonathon Swift suggested? Conventional wisdom tells us that not only is the debt large and growing, but that it will be with us for generations to come. Current budget deficits are large and will push the size of the debt much higher, forcing a coming era of austerity and belt-tightening. No more Mr. Nice Guy government.

III. The Basic Income as Monetary Reform

I need not argue that the Basic Income and Monetary Reform belong together because they are the same thing. The Basic Income Guarantee is a fundamental Monetary Reform. The notion that human beings do not start from the zero position is revolutionary in the extreme. It alters every relationship in the economy. But the Basic Income Guarantee principally addresses the individual, leaving in place the debt and leaving the power of issue in private hands. The debt and its interest would be competition for government funds. Leaving the issue of our common money in private hands would cede enormous power to individual operators in the economy. The right to create or destroy money would give them the ability to alter at will the purchasing power of the Basic Income.
The tool of money has been perverted from its function as medium of exchange, and is now used as the principal impediment to human interaction and productivity. The Basic Income Guarantee goes a long way toward addressing this problem. But the Basic Income by itself is a sheep among wolves. Money must be fundamentally altered from its current condition or any basic income measure will be nickled and dimed to death over time. Money is human society’s most powerful and valuable tool. If that power is left in the hands of the same people who control it today, they will not rest until it is dead. The institution of a Basic Income Guarantee needs The Juarez Plan if for no other reason than its own protection.

Money is a set of numerical relationships. The Juarez plan is a direct and simple transformation to another set of numerical relationships in which every person can see their prior position and their new starting point. The economic pecking order would be preserved, it would simply be compressed. The alternative is continued human misery, famine, poverty, rebellion and war. These are the stakes.

It is no stretch here to tout the advantages of a basic income grant or citizen’s dividend because I would be preaching to the choir. What I will do is try to explain why this is a solution to so many of the problems that we face in our economy. The Basic Income/Citizen’s Dividend is the unifying principle of our group. There are as many reasons to support it as there are participants in USBIG. Each of the members of USBIG carries a lifetime of experience, a set of political and intellectual beliefs that predispose them to the idea of the Basic Income and these predispositions come from many unique sources. Why is it that this concept has unified such a varied and eclectic group of academics and activists? What is it about the idea of the Basic Income that makes it such a unifying concept? I will argue today that it is more than a personal, or ethical, or aesthetic predisposition that attracts us to the idea of the Basic Income, it is its physical and cybernetic nature. The Basic Income Guarantee is the monetary manifestation of what Kenneth Snelson and Buckminster Fuller have termed “tensegrity”. Tensegrity, tensile integrity, is the dynamic balance between the forces of push and pull in a system, which renders it a unified whole. The Basic Income is the missing pull that is necessary to balance the push of economic exchange. It is the catalyst
to a fully functioning money exchange system. The Juarez Plan is
directly analogous to the Basic Income Grant in that it compresses the
distance between the poorest and richest in the system while
completely maintaining its order. They are both monetary
manifestations of Tensegrity.

IV. Transcendental Monetization

Transcendental Monetization will be a four phased program.

A. Money must be Condemned

Our first step in Transcendental Monetization is the Condemnation of
Money. I have already spent a good deal of time condemning money
on a moral basis, but that is not my goal here. The condemnation that
I speak of is the exercise of Eminent Domain, in which the society
takes ownership of an entity in the public interest. This process will
not be without compensation to its current owners, though I daresay,
outright confiscation could be justified. I believe those who have
operated the current system will be justly compensated for their
efforts, but they will not retain their ownership or control of the
system, just their own particular piece.

The entire banking system will go into receivership. Trustees will be
appointed for all banking entities, who will exercise proprietary
control and operate these entities on an interim basis.

B. Money must be Reformed

The reform of money will take very discreet steps that I will outline
below. These will all take place under the auspices of the Receivers
appointed in the condemnation process.

1. Separate Operations and Investment: The control
   and administration of accounts will be completely
   separated from the letting of loans
2. Outlaw Fractional Reserve Credit: A 100% reserve
   requirement will be applied to all banks. No bank
may create money. No account may be credited unless another account is debited.

3. Define Money: A strict definition of what is and isn’t money. Which cash and which accounts will be honored and which not.

4. Identify Existing Money: All cash money and accounts everywhere must be turned in and certified. All money will be credited to the person who has legal claim to it. Any money that is not turned in and certified by established dates will be deemed null and void.

5. Quantify Government Debt: All Government Debts to be totaled and the holders of all notes certified. Any bond holders who do not establish their legal status on those bonds will have those bonds considered null and void.

6. Pay All Government Debt: Issue new money and pay the debt. Money in existing dollars will be credited to all who hold the notes, whether they are citizens or non-citizens.

7. Quantify All Existing Money: Total all new and pre-existing money. This will include money that existed as cash and in legitimate accounts.

C. Money must be Redeemed

Once money has been condemned and reformed it must be redeemed.

1. Issue a matching quantity of money in existing currency.

2. Distribute this quantity on a per capita basis to all citizens.

3. Issue new dollars at a rate of four existing dollars for every new dollar. Redeem all money in this manner, for every four old dollars the legitimate owner will receive one new dollar. Any money not redeemed by the established deadline will be considered null and void.
4. Calculating your position. Total your existing cash and legitimate bank accounts, the value of any government bonds you hold, the amount you will receive from the common fund. Divide this number by four. Assuming:

- $9,000,000,000,000 in government debt.
- $9,000,000,000,000 in existing money
- $9,000,000,000,000 balance the debt
- $9,000,000,000,000 balance existing money
- $36,000,000,000,000 old dollars/ 4 = $9,000,000,000,000 new dollars

Those holding government bonds will get liquid assets. Those owning money would have that money.

Add your existing monetary assets to the $60,000 that each person in the country will receive. Subtract your debts and divide by four. This will yield your new position in an economy with $9,000,000,000,000 as a base money supply.

5. All existing private debt will also be enforceable up to the time of redemption. All personal debt over the $60,000 per person will be canceled. Mortgages and all other secured loans will be enforceable at the rate of one new dollar to every four old dollars. State bonds, pensions, and all other long term relationships will be enforceable at the same rate, one new dollar for every four old dollars.

D. Money must be Transcended.

Money will be increased by One Percent per Month, with the proceeds divided on a per capita basis among all citizens, $300 a month to start. This gives money a negative interest rate of 12.87% per annum. Only official money will be recognized in the system, which means that people who have money will not be in competition with fractional reserve credit in the capital market. Interest rates will be set by market conditions, not by committee. I cannot actually say what that rate will be, but I do not believe that money by its nature has a positive return.
If one leaves money in the bank, they will lose 12.87% of their purchasing power per annum, ceteris paribus.

V. La Disconquista

With government debt eliminated and the beginnings of a Citizen’s dividend established we are ready to look to a tax plan. I suggest the plan that I introduced at last years conference in A Declaration of Independences.

A Universal Tax Code

A Unifying Suggestion

A Basic Income, shared equally among all citizens, funded as follows:
5% National Sales Tax
1% National Property Tax
15% National Income Tax
No Exemptions, No Deductions

Local, State, and National Governments share equally, 1/3 each on a per capita basis
5% National Sales Tax
1% National Property Tax
15% National Income Tax
No Exemptions, No Deductions

This would make the tax burden equal everywhere
10% National Sales Tax
2% National Property Tax
30% National Income Tax
No Exemptions, No Deductions

This plan would provide universal economic security and unavoidable taxes. It would constitute La Disconquista, The Unconquering of the World. If done simultaneously in all the countries of the world we could enter a new era. Those cultures and religions who have fought against Usura, especially the Moslem world, will find themselves
liberated to follow their beliefs and still have the benefits of a modern economy. Every village, every slum, every university would be free to exist without the permission of a moneyed elite. Money would begin to flow in regular and predictable channels that would bring the staff of life to all.

Viva Juarez
Viva Cinco de Mayo
Viva La Disconquista
Appendix II

A Declaration of Independences, 2006

A Declaration of Independences

By Stephen C. Clark

Presented to:

Fifth Congress
of
United States Basic Income Guarantee Network
Resources and Rights

In association with the Annual Meeting of:
Eastern Economic Association
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Loews Philadelphia Hotel
A Declaration of Independences.

Once upon a time in jolly old England, an “independence” was a steady source of income that one could count on through thick and thin. It was called an “independence” because that was what it gave one. While all were capable of saying yes to the array of opportunities that life offered, an “independence” immediately tripled the possible responses. A person with an independence had the power to utter the word “no” as well as its money enticing cousin, “maybe.” The independence bestowed bargaining power upon its recipient, enabling the “maybe” response until offers emerged that they liked. People with an ‘independence” were free to set “life” some terms instead of vice versa. Their independence was their place to stand and their lever, they were free to move their world. There is no better definition of what we seek than this age old one from the shores of Albion. We are gathered here in Philadelphia, almost 230 years after another congress of radical thinkers met, to map a plan to make these universal independences a reality. Our goal is simple, a Basic Income for Everyone. Our path is far from clear, but I think it is now incumbent on us to unite around a proposal that can be translated into law. For it to become law it must have broad public appeal. For people to make the evaluation on this novel and reality-altering tool, our program must be clear enough and specific enough for everyone to calculate how the program would affect them. That is my goal here, to put forth a plan with enough specificity and simplicity that people can calculate the net effect of the basic income and the taxes that fund it, while generating enough heart and soul to light a political fire.

Philadelphia, the city of brotherly love, was founded as the capital of the colony of Pennsylvania (Penn’s Forest). Pennsylvania was established as a refuge for the Quakers. The Quakers needed a safe place because after the English Civil War of the 1640’s they had adopted pacifism as a way of life, foreswearing self-defense. The Quakers, and the other separatists, the Baptists and Seekers, had fought alongside Cromwell and his Puritans in their war with the English Monarchy. After the restoration of Charles II in the1660’s, the Quakers sought to isolate themselves from the sectarian strife by withdrawing from the military struggle for freedom of conscience.
The Quakers would refrain from answering physical assault, depending on God to work on the conscience of their attacker. Penn brought to fruition the Quakers’ dream of a safe haven from persecution and many other sects followed them here. Philadelphia became the lamp of liberty unto the world, for all were free to worship and speak freely here. The outcast and the heretic were welcome.

What better place to hold our Congress than Philadelphia. What better place to further the struggle for freedom and justice in the world. What better place to transform a heresy into a real political movement.

A Common Path: Why USBIG

I truly believe that the organization United States Basic Income Guarantee (USBIG) is the nascent stage of the next major political movement in the United States and the world. Its diversity is more than demographic; it’s philosophical. In its moral structure it is large part “left”, mutual aid, justice, fairness, equality, and liberty, but in its practical application it is also quite “right”, efficiency, no bureaucracy, fairness, free markets, rewarding personal initiative, and based on liberty. Notice liberty and fairness fit into both left and right. While I’m sure both sides of the existing political spectrum feel their views address all these factors, USBIG places them into in a real world context. Most political believers feel they are correct in their assessments, but I ask everyone everywhere to take a good look at USBIG when they are thinking about their present and future lives, and the present and future lives of their children and their neighbors. Any group that can freely welcome the ideas of Milton Friedman and Tom Paine is worth a look.

On a personal level, I’ve focused on USBIG because we are advocates of the only solution that addresses the problems with money; a continuing, equal cash grant to all participants in the economy. This solution is unique in several ways. It acts as economic compression; it pushes the existing economic distribution into a smaller space. Without disrupting the economic pecking order, it makes the distribution pattern contract. It replaces the zero position, now occupied by the majority of the world, by allowing an equal
subsidy to all. It functions in the economy as both an “equal protection clause” and a guaranteed right to an economic vote at regular elections (purchases). This takes the notion of the “level playing field” from mythological construct to tangible reality. Regardless of the tax imposed, the basic income guarantee also has the characteristic that it leaves the average tax-payer unaffected. He or she pays exactly what they receive. But benefit is hardly limited to those who are “below average.” The distribution of an equal amount of money to all people allows for the cultural heritage and the increment of association to be approximated and paid. Every person in a market structure is made more productive by every other person’s productivity. Our ability to specialize and trade with other specialists creates vast wealth that is not the rightful property of any one person. Our entire scientific and technological worlds rest upon an inherited foundation of the achievements of long dead generations. One does not have to deny the rights of the individual economic operator to acknowledge that society has a stake as well. Nor should one assume that a paternalistic bureaucracy is the only legitimate expression of this interest.

While I admire the Marginalist and Monetarist schools in economics, to whose dominance the whole world must now bow, they fall into great error when they say that economic benefit of production and exchange are fairly distributed under free trade. It says that labor will get compensation equal to their marginal product through open markets. This essentially says that monetary exchange is by its very nature meritocratic. This is pure and utter bull shit. There is no other polite way to say it. One’s position on the economic ladder is a far greater determinant than one’s marginal product in how well one is compensated.

I call the extreme form of this the “Esau effect.” In the Bible, Jacob, who will later become Israel, and father of the twelve tribes, is jealous of the Birth Right that is the inheritance of his older brother Esau. He is cooking a big pot of soup when his brother Esau comes in starving from a long and unsuccessful hunting trip. Jacob offers him a bowl of porridge, but only in exchange for the sought after birthright. Esau sells, in a move I see as Biblical commentary on the free market.
When your brother is destitute, you can get anything from him. You can force him into humiliating and dangerous activities; you can buy his precious possessions, even up to his birthright. Any body that thinks the free market functions fairly for all might want to invest in some beachfront property in Nevada I’d like to show them. For the free market to function, for the exchanges we undertake with our fellow humans to be truly voluntary we must not be in threat of our very survival if the negotiations take a little while. I’m not necessarily talking strike fund here, this is at a far more fundamental level, and actually weakens the ostracizing power of organized labor as it makes it possible for a person to quit an intolerable or poorly paying job. It really makes every one an independent operator and establishes the fundamental relationships that bring us our food clothing and shelter on the sound basis of voluntary association.

In thinking about what USBIG is, I’m reminded of Abraham Lincoln and the formation of new political parties. The republicans formed after three generations of frustration and argument over the slavery issue. Lincoln’s election didn’t provoke a crisis; it simply brought a prolonged one to an end. I think we’re at the end of one of those long crises now, and the two major parties are self-destructing due to their own internal contradictions. The only way to reconcile the party of Reconstruction and the party of Jim Crow is through corruption. It’s all they have in common. On the other hand, you cannot provide food clothing and shelter through a bureaucracy, nor can you simultaneously support the corporate culture and the common person. If you try, you end up essentially mute. So one of the parties has to go, but it’s not clear to me which. Each has a rich legacy to draw from and to rally round. Each could incorporate the basic income as a plank, but only if we find a way to apply significant pressure; electoral pressure on them.

My Current Proposal

A Unifying Suggestion

A Basic Income, shared equally among all citizens, funded as follows: 5% National Sales Tax
1% National Property Tax
15% National Income Tax
No Exemptions, No Deductions

Local, State, and National Governments share equally, 1/3 each on a per capita basis
5% National Sales Tax
1% National Property Tax
15% National Income Tax
No Exemptions, No Deductions

This would make the tax burden equal everywhere
10% National Sales Tax
2% National Property Tax
30% National Income Tax
No Exemptions, No Deductions

This plan would provide universal economic security and unavoidable taxes.

The Basic Income cuts the legs out from under the twin monsters of the modern era: the rigged market known as capitalism, with privileged insiders reaping the benefits of trade, and the welfare state, with interest groups vying for special favors. Both beasts flush with bureaucrats, tax lawyers, deceptive accountants, and swindlers of all types taking their share off the top. We must eliminate tax avoidance and interest group politics. The flattest of tax system and a universal basic income are the tools to deliver the desired result. A blind tax system plus a blind subsidy system equals blind justice. The general interest will have a voice.

By introducing a triple flat tax on retail sales, real property values, and all income, eliminating all deductions, we at the very least double the tax base. Including all retail goods, food and other necessities, the sales tax revenue would skyrocket. Doing away with all personal deductions, and combining the income and payroll taxes that would treat all personal income equally would perhaps triple the money gain through this avenue. Though the sales tax would be flat in
application, it would be very progressive in effect; the wealthy spend far more on all things, especially food.

By applying property and income tax equally across the country, with no differences between states or localities, tax shopping would cease. People would no longer be able to extort or bribe local or state officials to get a favor. Property and income tax would be unavoidable. The addition of all church and foundation properties would also be a big boost.

It would help to destroy the industry of aggressive accounting that is nothing more than professional prevarication. A simple universal income tax and accompanying corporate profit tax, along with the elimination of personal deductions would vastly increase the tax base and yield far greater revenues. Elimination of deductions for religious and charitable organizations would yield more. The poor and working poor will get an equal share of half of all revenues gathered, a far greater take than they would get by letting the status quo continue. Milton Friedman has often pointed out that most entitlements now go to the middle and upper middle class. I can also state somewhat categorically that most tax breaks of the current era go to the wealthy.

It would take out of contention 50% of the expenditures of all three levels of government, and most of what lobbyists now divert to their clients. By funneling all forms of special subsidies into the universal human subsidy we can be assured this sum will be substantial enough to establish real economic independence.

This plan is proactive government in the most progressive tradition, the basic income (citizen’s dividend) is to the economy as the vote is to politics, it is absolutely essential for the existence of anything resembling economic freedom. It says that governments are instituted to protect the general welfare, and that at least half of those efforts should be in direct cash grants to the citizenry.

Here is the coalition that I think USBIG should cultivate to begin the process, the chinks in the armor of America’s two major parties?
The Democratic Left: Our biggest impediment in reaching this political cohort is that many are public employees, many of whose jobs would be eliminated by a Basic Income Guarantee. For this group, we need to convince them that they would be much better off in the world with the Basic Income Dividend added to what they could earn in the private sector. I think a case could be made that there would be an immediate worldwide shortage of labor if everyone had a guaranteed basic income to spend on themselves. Opportunities would abound. There would no longer be any cashless ghettos, people would have money to spend on goods and services that these displaced civil servants could provide. Combined with the dividend they would receive, it would not take much income to make them better off than before.

Main Street: The Small Business Owner: Capitalism is not the free market. I think most small business owners know this at some level. They understand that the game is rigged towards the big players, big corporations. The challenge to reaching the small business owner lies in demonstrating that they would be better off with the extra business opportunities that would arise from everybody having regular money to spend at their establishments and that they would also receive the value of the Basic Income Dividend. For a small business owner, this latter benefit is no small matter. If the business is seasonal, or takes a while to build, they and their families would not starve. It is clear that most businesses fail because the owners cannot survive the two to five years it usually takes to get started. The Basic Income is the perfect business incubator. The shop holders must be helped to recognize that their natural interests lie with those less well off than themselves, rather than with those better off.

Flat-Taxers: I think USBIG should definitely wed itself to the concept of flat taxes, i.e. one rate for all, and expanding the tax base as far as possible. A flat tax with a Basic Income is automatically graduated, continuously (The value of an equal
cash payment is personally more valuable to those with less money, and loses personal value as one goes up the wealth ladder. By taxing every dollar of income, from the first to the last, at exactly the same rate, every piece of private real estate at exactly the same rate, and every retail transaction at the same rate, with no exceptions and no deductions, we would vastly expand the tax base. We would also strike a blow against the tax avoidance and tax compliance industries, and give fewer opportunities for special interests to rig the system. This would appeal to large portions of the progressive wing of the Republican Party, and would render aggressive accounting mute.

Religious peoples of every faith: Justice, Fairness, need I say more. The sacred writings abound, and they are a common inheritance. No better quote to lead with than “Give us this day our Daily Bread.” I think the entire “left” misses the sincerity of people who believe in God, and the power of that sincerity attached to a cause. My favorite story from the Christian Bible in support of the BIG is the story of Zacchaeus. Zacchaeus is a tax collector that Jesus encounters on the road. Zacchaeus was up a tree to get a good look at this charismatic preacher, feeling unworthy to actually try to meet him. Jesus stops under the tree and informs Zacchaeus that he wishes to dine with him. This caused the crowd who was following Jesus to gasp. Tax collectors were of a poor reputation, and even Zacchaeus was surprised by Jesus’ proposal, but he readily accepts and takes Jesus to his house. During conversation Zacchaeus tells Jesus that half of all he gets he gives to the poor and that if he finds that he has defrauded anyone he recompenses them four fold. Jesus answers by pronouncing “Salvation” on Zacchaeus and his entire household. This is in sharp contrast to the advice Jesus had just given to a rich young man who had queried Jesus on what he needed to do to lead a righteous life. Jesus had told him to sell all he had and give it to the poor. What is the source of these two completely different paths that Jesus lays out? Zacchaeus considered himself a lowly human involved in nasty day-to-day business, who was not worthy of being considered
righteous, he was just concerned with being right. The rich young man, on the other hand, considered himself a quite justified follower of his religion, who lived in virtue, and followed the holy book. Perhaps the humble people trying to just do what is right by their fellow man are the essence of religion. Half to the common pot, divided equally, with none too righteous to give and none too proud to receive.

**The Radical Left and the Radical Right**-USBIG has the potential to bring together Barry Goldwater Republicans and Martin Luther King Democrats. This is the true manifestation of Lincoln’s sobriquet “malice towards none, charity towards all.” Bout sums it up.

**Libertarian Left and Libertarian Right**- Do-gooderism is a tough sell to the libertarian right, but doing good to everybody in exactly the same amount, including them, might peel them away from the notion that they were raised by wolves. The Libertarian Left, on the other hand, is USBIG’s natural home.

**Real Social Security Reform**- The Social Security System is a lie wrapped in several myths. For almost seventy years the social security system ran a surplus by instituting one of the most regressive taxes ever instituted, the payroll tax. This was an income tax disguised as an insurance program. It taxed income up to a certain point, and then stopped. The income above this was exempt. The disguise as insurance was used to save recipients the stigma of the dole. I paid in, I deserve it, is the common conception. And for the amount they paid in they were right. They paid it. But where did the extra money go. It went into the general fund, and was spent just like every dollar that passed through, and alas the cupboard is perpetually bare, because we run a deficit. We must resolve the idiocy that was crafted into this program, and milked to its max by both sides of the political aisle, because we are part of a demographic bubble that will explode the scam of Social Security. The most viable resolution of the problems and contradictions of Social Security is the Basic Income. As yet completely absent on the national political scene, making social security part of the
solution is inevitable. Humans are most vulnerable when they are very young and very old. Society has a duty to help them through these difficult times, but by separating themselves out into a ghetto, where the interests of the old and young are pitted against the rest of us, they are marginalized. Only by seeking universal, positive, equal social security, will the coalition to support it be large enough. By joining all, we get the basic income as the level playing field in the body economic and the body politic. I can hope that others share my view that this is not the total of our commitment and responsibility to both the young and old, but if I were an older person or a child without family or political connection, I’d want every other person in my society fighting to maintain their own personal subsidy because I know I’ll be getting the same thing. That is real social security.

**Family Farmers**- I think there are many family farmers in the mid-west and south who could be persuaded that a universal equal subsidy would be an improvement on the programs they have now. This type of subsidy automatically favors the small farmer, but not by penalizing the big farmer, just by treating everyone equally. By taking the same subsidy as the rest of society, family farmers will help initiate a program that would benefit not only the family farm, but the family grocery, the family blacksmith, the family professors, you name it, families are rewarded. Forty acres and a mule for everybody. A hundred and sixty acres and four mules for a family of four. Four thousand acres and a hundred mules for a family of a hundred. Without respect to race, religion, national origin, sexual orientation, gender, age, or general level of cussedness. People would be free to define their own families.

**Disaster relief**- What if every victim of Hurricane Katrina had a basic income. They would seamlessly be absorbed into America at large. Those with connections and means would seek appropriate lodgings elsewhere, either temporary or permanent as they please. Those with limited means would seek family, or a place in America where the Basic Income would go a long way. Whether the BI is considered temporary
walking around money until the new job kicks in, or necessary food and shelter for your family, the community into which you move will prosper by the extra money that is spent there. There would be no need for emergency camps, almost everyone knows how to rent an apartment, and they could rent where housing is plentiful and cheap. And it’s not just the local landlords who would benefit; local shopkeepers would as well. People would not smell like three-day old fish to their families or other locals, they’d be contributors and customers. To use a little jargon from regional economics, every person becomes a basic industry, because they will be receiving money from an external source, and their dollars will circulate and pump up the local economy, expanding opportunity for all. Communities throughout the land will seek residents, but they will not be able to use tax inducements to attract them, because we put in those prescient national flat taxes, they will have to attract them with quality of life. Because it will not just be the victims of a hurricane that will have the opportunity to relocate, it will be every person in America, or the world if you will. The migrations will be orderly and rational, because the process is based on mutual benefit, and the fact that they someday wish to share in the property rights they support. The immigrants will go to places that give them a chance of the same life as the locals. The neglected places will flourish because people will be able to go there and trade with those who are already there, they will build huge local economies that rival the greatest civilizations of all time in their generosity and learning, and become local big wheels if they work hard. The Small town will be restored, not just in the prairie and the rural south, but small communities could spring up everywhere, even in the middle of the biggest city. The increment of association is huge, swamping all other economic influences in significance. When all the human operators in the economy are free to trade without fear, the human bounty created will dwarf what we now laughingly call capital.

How will establishing a Universal Basic Income affect people?
The poor: They will be the most helped, but not necessarily the biggest winners. A steady stream of cash will completely alter the lives of those who do not have gainful employment. A lifeboat with predictable dimensions and stability will allow them a safe platform from which to actively bargain for a fair share of our product. No caseworker, no required classes, no reduction or loss of income for working. With a guaranteed basic income they would have the flexibility to enter the labor market on their own terms. Some people cannot work for hire because they have family responsibilities, or illness or any number of other reasons. And there are some who would not work, and they would just free ride. While I think this group of free riders would have high turnover, that is I believe that almost all people would eventually seek meaningful employment, be it for pay or not, over idleness. Almost all people will work to improve their lot, and people in this group will be no different. Their cost is small, in relation to the benefit.

The working poor: A great helping hand to a group that gets virtually nothing from the social safety net at this juncture. This is the group who I think will be the biggest winners. The parents in these families have already demonstrated a work ethic, and that ethic will continue, except that now they will have a leg-up instead of a door slammed in their face. While their net gain is significant their contributions will be significant as well, increasing as their incomes increase. This will be the largest group and will actually contribute most of the tax revenues due to their large numbers. They will become the lower middle class. This will demonstrate through their revenue generating ability that the ruling class may not be as necessary as previously thought.

The Middle Class: This group will be paying out about exactly what they are receiving on the basic income. A push, basic income and taxes equal out. Whether they are small shop keepers, professionals, management, or sales people they will be sitting on top of a huge labor market with the best jobs and the highest wages, and their customer base will be exploding.

Upper Middle: Basic Income covers a portion of their tax bills but the program leaves them less well off than before. The best that could be
said for them is that their life insurance requirements will be lower because their families would be beneficiaries of the basic income. All professions would be swamped with customers, and as the acmes of the professional classes, they will be bumped up as well.

**Wealthy:** The Basic Income is Insignificant. Although I think the tax rates reasonable and not confiscatory, they will be resisted here. It might be a reach, but an economy transforming itself from a corporate controlled façade of insider privilege to a market that provides food clothing and shelter to everyone on earth might have a few opportunities to make a buck or two. Investment follows money. Investing will pay to those who find and serve these new markets that will be created.

**The Rich:** Will be mortified, because their lock on the warehouse will be broken and the peoples of the earth can feed, cloth, and shelter each other without their permission. I think many of them will declare jihad. They basically hold all the keys, especially the key of keys, money. Capitalism is nothing more than the creative use of gates, and who or what can pass through those gates. Money, under the current regime, is the main impediment to free and mutually beneficial trade amongst the peoples of the earth. The classic choice of whether to live as servants in paradise or rulers in hell certainly comes to mind when conceptualizing these issues.

**The winners:** All classes except the rich, and I think they would actually be better off in a world where they couldn’t starve someone to death for failing to bring their tea on time, or what ever else they wish to use the poor for.

**The losers:** Tax lawyers, tax accountants, government bureaucrats, the foundation industry, churches, the rich, subsidized farmers, but all would be compensated at exactly the same rate as everybody else. And isn’t that really more fair.

This plan for a Basic Income Guarantee and a restructuring of taxation acknowledges that our once fair land has turned into a rotting potato field of tax dodging hogs at the government trough, aggressive accountants whose function is to conceal, lobbyists currying favor for
their clients, local governments being extorted into tax give always to the wealthiest among us, indeed the only people who still have to pay taxes are the least well to do, because taxes have not been just lowered, they have been made completely avoidable to those who have the means to hire a professional liar, or as they are politely called, accountants.

This proposal is an attempt to establish a simple plan in which every person can place themselves and calculate their costs and benefits with precision. Flat taxes, flat benefit.

**BIEN and USBIG**

I first came to USBIG through BIEN, Basic Income European Network (now, Basic Income Earth Network). Both organizations originated at the crossroads of academia and activism, seeking a better path out of the economically inspired nightmare that many people feel traps us in the modern world. How can we reconcile unsurpassed wealth living side by side with unsurpassed poverty? From Bob Dylan quoting Brazilian Senator Eduardo Suplicy, who seeks a just economy for his country, to Teresa Funicello, who advocates for a care-giver credit to aid mothers, and others who must forego paying work to care for a loved one, to Jeffry Smith of Geonomics, a powerful advocate of the ideas of Henry George and a few of his own, to our unofficial, though completely acknowledged leader, Karl Widerquist, Oxford doctoral candidate and notorious guitarista, who with Eri Noguchi, Michael Lewis, Al Sheahan, Bob Harris, Almaz Zelleke, Steve Shaferman, Fred Block, and Charles Clark, have put on a series of great conferences, with a fruitful commingling of ideas and attitudes. These conferences, the USBIG web site and publications, and the network they form are what now constitute the United States Basic Income Guarantee Network.

Both BIEN and USBIG are evolving coalitions who all share the belief that an equal, universal grant of cash is an improvement to the piece meal method (trying to treat each problem, every hazard and emergency we face as a special situation) and the accompanying bureaucracies that we employ to dole out favors. It applies the real principles of “insurance” and risk avoidance to the economy at large.

**USBIG History and Overview**
We held our first conference in March of 2002 in New York City. I think this was propitious. A group of people coalesced around a hope for a better world in the face of horrific tragedy. Our mood was serious and focused. I think we all sensed that the issues with which we were grappling were at the core of the root causes of 9/11. Crushing, unending poverty in this time of great wealth and achievement is violence, and the violence will not end until that situation is remedied. While our conference was an expression of solidarity and sympathy with New York, I think it was more; it was a door opening in America, a door to a better future.

Our first conclave was held at the Graduate Center of the City University of New York in Manhattan. It was sponsored by several grants and participant fees. We have since piggy-backed on the Eastern Economic Association’s annual conference, and have thus maintained our self sustaining independence, a truly unique mix of scholarly inquiry, passionate advocacy, and philosophical discourse.

My Participation
USBIG is the best thing that ever happened to me. It allowed me the opportunity to put my ideas in front of people, and for that matter, a great diversity of people. While a great deal of my thought centers around the reform of money USBIG is not a monetary reform group per se, but come together around the shared notion that a universal basic income, citizen’s dividend, is a good idea. I’ve run my monetary ideas up the USBIG flagpole a couple of times and nobody has particularly saluted, they waved and gave me a spot to plant my own flag but they do not consider the monetary reform notions I am putting forward to be the answer. Funding a Basic Income through a deteriorating currency has won no converts. So to get back in the process and the thick of the discussion I am taking the closest position to my ideal that is based on completely conventional methods. Income, property, and sales are all taxed daily in locations all around the world. Deteriorating money is perhaps a bit of a novel method to propel the giant leap to a Basic Income. The Basic Income itself is still a bit novel, but I think USBIG is well on the road to changing that. If you’ve read this far I thank you. I am reachable for comment or discussion at fortunatus@jaspersbox.com.
Appendix III

The Trued Price: From Widow’s Cruse to the Bank of Fortunatus, A Treatise on Money and Price in Time, 2005

The Trued Price
From Widow’s Cruse to the Bank of Fortunatus.

A Treatise on Money and Price in Time

By

Stephen C. Clark

Presented at the Fourth Congress of the U.S. Basic Income Guarantee Network

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811 Seventh Ave. at 53rd St.
New York City

The Trued Price:
From Widow’s Cruse to the Bank of Fortunatus.
A Treatise on Money and Price in Time
There is an old bromide that states that if all the money in the world were confiscated and divided equally to everybody, it would be back in the same hands in a short time. While I don’t totally disagree with this, what is not taken into account is the economic boom that would occur through the efforts unleashed by all the former elites working to get their positions back. The wealth created would benefit generations.

I. Introduction

Modern money is a con, based on the most fundamental type of deception, misdirection. The deception is the commonly accepted notion that modern currency divisions have some existential status that should be kept stable. If the prices of products stated in dollars actually remained stable, then money would be redundant. We’d have only to produce and trade, no bargaining would be necessary. The bid economy would be dead. But price is the constantly volatile measure of the relative value of various goods. Having highly stable prices in dollars while the numbers of dollars are driven up and down is not stability, it is manipulation. Most of modern economics is the study and direction of this manipulation. This is not necessarily a bad thing, but it does call into question the status of economics as a science.

Money is relative, but relative to what? How much money is there? Is the value of the money that you hold dependant on how much other money there is? What is money today? Where does it come from? Who creates it? What effect does that creation have on the money you hold? If you cannot easily answer these questions or even if you can, if you’re not rich, then the odds that you are being screwed by money are very high. What I hope to offer here is a method to screw money so that it cannot continue to screw the poorest ninety-eight percent of humanity.
As in most cons, those perpetrating the fraud depend on ignorance. The first step in defeating the con artists is acquiring knowledge of how money works.

II. How Money Works

Our perceptions of and ideas about money are almost preconscious. Money was already in existence at the beginning of history. The most sophisticated mathematics of antiquity deal with interest calculations. Our most strongly held convictions surround money. Only our notions of God can compete, and even then, money is often the center of religious teaching. The Apostle Paul went so far as to say that “the love of money is the root of all evil.” So let’s begin simply and build. Money flows in a circle.

Money comes to people in six ways

1. They trade something for it
2. They create it
3. They confiscate it through deceit or force
4. They receive it as a gift
5. They borrow it
6. The money they possess is augmented by the destruction of other money

Money flees people in six ways

1. They buy something with it
2. They destroy it
3. Someone confiscates it through deceit or force
4. They give it away
5. They lend it
6. The money they have is diminished by the creation of other money

Modern money is a hodgepodge of different entities. Most modern states have a central, state owned or operated bank. These
banks usually issue the national currencies of the various countries. In addition there are a myriad of commercial banks, money market funds, and other entities that extend credit or commercial paper that are accepted as money, and are often convertible to currency. The fact is that the great majority of our medium of exchange is created by for profit, business entities. Private citizens enjoy no such rights.

Money is extremely malleable, able to absorb and articulate massive sums of new money. This allows those who are authorized under the modern protocols of money to redirect whole sectors of the economy. This is done by the extension of credit to those deemed credit worthy in the form of demand deposits. These demand deposits gain their purchasing power by taxing all other monetary divisions in the system. This is the principle form of taxation in the system, dwarfing all other forms, and virtually unknown to all who pay it, but counted on by those who live off it.

Some of the best minds in the world devote their entire lives to keep this circle, or wheel if you will, turning smoothly. Even these best efforts often fail. Let’s examine why.

III. The Widow’s Cruse, the Problems with Money

“Now there cried a certain woman of the wives of the sons of the prophets unto Elisha, saying, Thy servant my husband is dead; and thou knowest that thy servant did fear the Lord: and the creditor is come to take unto him my two sons to be bondmen.

And Elisha said unto her, what shall I do for thee? Tell me, what hast thou in the house? And she said, Thine handmaid hath not any thing in the house, save a pot of oil.

Then he said, Go, Borrow thee vessels abroad of all thy neighbours, even empty vessels; borrow not a few.

And when thou art come in, thou shalt shut the door upon thee and upon thy sons, and shalt pour out into all those vessels, and thou shalt set aside that which is full.

So she went from him, and shut the door upon her and upon her sons, who brought the vessels to her; and she poured out.
And it came to pass, when the vessels were full, that she said unto her son, Bring me yet a vessel. And he said unto her, there is not a vessel more. And the oil stayed.

Then she came and told the man of God. And he said, Go, sell the oil, and pay thy debt, and live thou land thy children of the rest.”  II Kings, Ch. 4, verses 1-7, King James Version, Jewish and Christian Book of the Dead

“Workers consume what they earn, capitalists earn what they consume.”
M. Kalecki

The Widow’s Cruse owes its name to the miraculous act of Elisha in saving the Widow’s sons from enslavement by her creditors. Kalecki’s quote demonstrates the modern usage of the concept, i.e. that no matter what they do the holders of capital will maintain their monopoly and dominance of those who work for their bread. Whether one agrees with the basic concept, that the domination of capital is inevitable and permanent in laissez-faire markets, everyone must recognize the conflict between money’s two main functions, medium of exchange and source of credit for investment. The conflict between an honest, neutral medium of exchange and ready funds for investment has been decided. We have chosen to favor the ready funds for investment to the detriment of whole societies, if not the whole world.

Modern money has several problems that must be addressed. While I can’t actually claim that the structure of modern money was the product of some long design process in which the forces of darkness have seized control of our medium of exchange, the result is the same. The kindest interpretation of our path to the current situation is that a series of historical accidents have brought us here. This allows us to look at the individual problems and their solutions with calm resolve, but make no mistake; taken together the flaws in the structure of the modern monetary mechanism constitute an almost inescapable Leviathan.

Problem One: Fractional Reserve Credit
The most egregious problem is the credit extended by commercial banks and other credit issuers. Commonly known as fractional reserve credit, this allows the banks to loan the same money, over and over, or as economist Abba Lerner puts it, “It is precisely the special quality of banks, or rather of the banking system, that in such an expansion is quite peculiarly favored by being able largely to count on retaining possession of what it sells and thus have it available for still further expansion.” That is they loan and re-loan the same money, over and over.

French economist Maurice Allais goes further

“The ‘miracles’ performed by credit are fundamentally comparable to the ‘miracles’ an association of counterfeiters could perform for its benefit by lending its forged banknotes in return for interest. In both cases, the stimulus to the economy would be the same, and the only difference is who benefits.”

Allais identified “six fundamental objections to the system of fractional reserve banking: (1) the creation and destruction of money by private banks; (2) sensitivity of the credit mechanism to short-term economic fluctuations; (3) the basic instability engendered by borrowing short and lending long; (4) the distortion of income distribution by the creation of ‘false claims’; (5) the impossibility of control over the credit system; and (6) nonexistence of efficient control of the aggregate money supply.”

The ability of capital to dip into the Widow’s Cruse and use the returns to enslave rather than liberate is the heart of the problem. Jesus of Nazareth understood it better than anyone when he told us that, “He who has will get more, he who has little will have the little he has taken away.”

Problem Two: Technical Innovation

Buckminster Fuller best identified this human process as ephemeralization, the act of doing more with less. The almost universal conception is that ephemeralization is good for people, that is, that technological innovation benefits humanity. Unfortunately this
is not true; the utility of innovation falls to money, not people.
Every time someone invents something that increases “efficiency”, it
is money that is made more efficient. Combine this with the Widow’s
Cruse and our own ingenuity becomes our enemy.

Problem Three: Money Can Go on Strike

The next major problem with money is that it can be withheld for
speculative purposes. That is, if the operators of the money
mechanism operate it in a manner that money can hold its value over
time, funds can essentially go on strike. If for some reason, those in
control of the money mechanism do not like the situation at hand,
money can be withheld until whatever competition money has
perceived has dried up, and starved. The ability to destroy or withhold
money is just as powerful and subject to abuse as the ability to create
it.

Problem Four: Money Is a Flawed Measurement

Great efforts have been made and much written about comparing
prices over time. Representative baskets of goods, constant dollars,
price indexes have all taken their turn to try to make dollars, francs,
yen, etc. comparable over time. The basic problem with all indexes is
that money is already an index. No one is willing to face the problem
of garbage in, garbage out. If the data of prices in dollars is bad data
to begin with, no amount of massaging will make it better. Unless the
entire sum of money is specifically defined and known to the
general public one cannot say any thing about prices in different
times. When commercial banks flood one area with money and starve
another, price has no objective base. Unless one has the ability to
compare what a defined fraction of the entire stock of money has done,
no comparison can be made on a scientifically supportable basis.

Problem Five: Money feeds back on itself.

The principal factor in determining whether one is capable of
attracting money, (i.e. making money in the free market) is how much
money one has, or doesn’t have, as the case may be. Nothing stinks
worse in our world than being broke, and nothing smells better than
being flush. What now passes for competition and markets is really nothing more than occasional civil wars between economic royalty and the palace retainers who operate their companies. Money is what money says it is, and we must all live with the definition that money now speaks.

IV. Proposed Solutions to Money’s Problems

There has been no shortage of monetary critics over the last two centuries and they have done much to identify the various problems and propose solution. They have included some of the most respected economists of their day and our own, as well as a host of others from outside the field. Their notions taken as a whole offer a comprehensive view of money’s flaws and strengths and form the basis of my offering to follow.

Solution One: 100% Money

The concept of 100% money is a fairly simple notion. It would prohibit all private parties from the practice of creating money. The 100% refers to the 100% reserve requirement that it would impose on all demand deposits in banks, i.e. the banks could not loan money that they did not possess. No one could receive money from a bank unless someone else actually gave up use and control of that money. This right of money creation, is and should be, the sole prerogative of the government, in the general interest. The concept was fully elucidated by many economists, some of who follow.

Alexander Del Mar anticipated the concept of 100% money with his basic principle that the unit of money is all such money. He wrote in the mid to late nineteenth century and was active in the Free Silver movement. A monetary historian and theoretician he wrote many books, the most pertinent here being “The Science of Money”. Money is a tool designed to measure value with precision. Money must be clearly defined and completely transparent and not subject to manipulation by any private parties.
Frederick Soddy, Nobel Prize winner in Chemistry, set his sights on money in the mid 1920’s. He was so incensed at the structure of the money mechanism that he began a whole new career as an economic critic. He believed that the system of fractional reserve banking was tantamount to legal counterfeit. He at one time advocated jailing the directors of the Bank of England. His notions informed and inspired the Chicago School’s proposals for banking reform in the early thirties.

Frank Knight of the University of Chicago wrote in a review of Soddy’s monetary critique,

“The practical thesis of the book is distinctly unorthodox, but is in our opinion both highly significant and theoretically correct. In the abstract it is absurd and monstrous for society to pay the commercial banking system ‘interest’ for multiplying several fold the quantity of medium of exchange when (a) a public agency could do it at a negligible cost, (b) there is no sense in having it done at all, since the effect is simply to raise the price level, and (c) important evils result, notably the frightful instability of the whole economic system and its periodical collapse in crises.”

Soddy saw the problem as a conflict between real wealth, actual goods and services, and virtual wealth, the monetary structure that poorly mirrored it. He supported 100% reserve requirements, and the reservation to government alone the power to create money.

Irving Fisher, Yale mathematician and economist, became the most prominent economist of his era to promote the notion of 100% Money. He dedicated the last thirty years of his life to proposal, at the cost of his own personal and professional reputation. Fisher took up the crusade after loosing a personal fortune in the stock market crash of 1929. Fisher, noted mathematical economist and monetarist, was determined to find and correct the flaw in money that created the periodic collapses that plagued mankind.

The conservative Chicago School and its principal modern representative, Milton Friedman, have been amongst the supporters of the 100% reserve requirement proposal. Ronnie J. Philips in his
book “The Chicago Plan & New Deal Banking Reform” cites four prominent economists, Frank Knight, Henry Simons, Jacob Viner, and Lloyd Mints, founders of the Chicago School, who were strongly committed to the concept of laissez-faire in the industrial sphere, who did not extend this doctrinaire stance to the arena of money creation. Through their policy proposals they demonstrated an acceptance of the notion that money creation was the natural monopoly of the federal government. Early in the Franklin Roosevelt administration they proposed a 100% reserve plan, which was not enacted. They called for the complete nationalization of the Federal Reserve, the establishment of Federal Reserve Notes as legal tender, and a 100% reserve requirement on demand deposits. They would effect a split in banking functions, leaving money creation in the hands of federal government for the general interest, and the credit function to be administered through a structure of savings investment trusts. This split has become known as **Narrow Banking**.

**Milton Friedman** still claims to support the idea of 100% reserves, but says the other extreme, 0%, would be acceptable as well, allowing banking to be open to all. Caveat Emptor indeed.

**Maurice Allais**, French economist and physicist, adopted monetary criticism from his efforts to systematically look at the economic histories of the world’s civilizations. He was attempting to draw some general conclusions about what types of economic policies produced what types of society. As one can see in his previous quotes, he felt that society’s definition and structure of money to be among its most important and decisive factors in the type society that developed. He understood that reform limited to currency was doomed to failure unless it included not just demand deposits but other media of exchange that rose up to challenge the government’s monopoly on the creation of money.

Perhaps the best single source on the 100% Reserve Requirement is **Ronnie J. Philips**’ “The Chicago Plan & New Deal Banking Reform.” It is a historical overview of the idea from Soddy on into modern times. I owe the comments on The Chicago School and Maurice Allais to Philips’ effort.
Philips notes the 100% reserve requirement to be an alternative to deposit insurance, which under the 100% system would be redundant. He also argues that if the government was to stay involved in bailing out large financial institutions that have bet wrong, much of the effort of the reform will have been wasted.

Philips has done the material extreme justice and has made the case for the relevance of its application to be timeless. In his conclusion he writes. “Our present difficulties stem from the unusual mixture of government and private production of money. The real problem is how to construct financial institutions that do not impede the development of the economy, yet are flexible enough to allow for technological innovation and market discipline. The reforms of the 1930s worked reasonably well for several decades. We will be fortunate if financial reforms in the 1990s endure into the middle of the twenty-first century.”

**Read this book. Buy this book.**

Solution Two: Money that deteriorates over time

**Silvio Gesell**, Argentinean-German businessman and anarchist, wrote his masterpiece “The Natural Economic Order”, in the early twentieth century. It was first published as a series of separate articles, and in 1916 as a single volume under this title. Gesell believed that the critical flaw in the structure of money was that it did not deteriorate or suffer storage costs as other goods. This gave money an advantage that could not be overcome by the holders of other commodities. Gesell saw the economic crashes that plagued the world (and still plague the majority of people on earth) were intentionally created and maintained to throttle their populations into submission and acceptance of their lot as chattel of the propertied classes.

Gesell proposed a monetary mechanism known as **Stamp Scrip**. Stamp Scrip is currency issued with space for affixation of stamps on its back necessary to keep the money current. He favored a one percent per month stamp. Thus a hundred dollar note would require a one-dollar stamp each month, paying for itself in 100 months.
Gesell wished to remove all advantage to the hoarding of money, and
to guarantee existence of a circulating medium. Its main success story
was the Austrian town of Worgl at the height of the great depression.
The local government paid stamp scrip into circulation by undertaking
various civic improvements. The results were miraculous. Prosperity
returned to Worgl, and the town was running a surplus until the
Austrian central bank got wind of it, and quickly shut it down.

J. M. Keynes spoke favorably of Gesell’s proposals and analysis
even going so far as to say that Gesell would eventually have a greater
historical impact than Karl Marx. Keynes admitted the possible
necessity of something like Stamp Scrip when society entered periods
of liquidity traps, but only as a temporary measure.

University of Washington at Tacoma economist Guido Preparata
makes a strong case that Keynes entire theory of interest is plagiarized
from Gesell. “Thus Keynes appropriated Gesell’s Theory of Interest
(which accounts for business paralysis when profitability sinks below
basic interest- now apocryphally referred to as the ‘Keynesian trap’) but discarded the scrip (too radical)”.

Irving Fisher also wrote favorably of Gesell’s ideas, identifying
that Gesell was the first economic theorist to introduce any mechanism
that would directly address money’s velocity of circulation. Fisher
also favored temporary issuance of Stamp Scrip during times of
extreme financial distress. Fisher wrote a book on the idea, “Stamp
Scrip”, but did not see it as a complete replacement for the existing
system, but only a temporary measure to get things moving.

Solution Three: Universal Basic Income

The notion that a universal personal financial payment of some
type would be desirable has a long history, much of which is being
covered at this conference. The 1972 American Presidential Election
was my first introduction to the concept of a basic income. The
Republican and Democratic parties both put forward programs to
replace welfare. Both plans showed promise, and both met political
demise. The democratic plan fell apart when George McGovern could
not explain where the money was going to come from to give everyone a $1,000 a year. The republican plan was allowed to die in committee when Richard Nixon withdrew support for this basic reform. I later ran across Milton Friedman’s free market justification for the basic income in his idea for a Negative Income Tax. I became a believer, but wandered alone for years until the Internet arrived, and I found that not only was the idea not dead, but was vibrant.

The Internet brought me to the Basic Income European Network, (BIEN) and our own United States Basic Income Guaranty, (USBIG). Please peruse the rest of the conference for the arguments from market efficiency, from social and personal justice, and just downright sensibility. The Basic Income is the most important, and I think more important than the other parts of the solution. It is the only solution I would advocate alone, without my other recommended reforms. You only need read the other papers at the conference to understand why.

Solution Four: The Single Tax, or Free Land

Henry Spartacus George wrote his magnum opus, “Progress and Poverty” in 1879. George believed that the economy, both labor and capital, suffered due to inflated land rents. His solution was to tax all land rents, replacing what he considered a landed aristocracy with a vibrant free market. Silvio Gesell dedicated “The Natural Economic Order” to Henry George. George believed the single tax on land rent would replace the destructive customs duties, and the proposal for graduated income tax, which he considered to be onerous to the promotion of prosperity. He contended the single tax would not, and would promote universal prosperity.

Silvio Gesell also recognized the unique nature of land in the economy. He believed land should be publicly owned, and privately held through a tax or rental schedule. Though his money theories are not anticipated in George, much of his land theory is. Gesell understood that there were two entities that could not be allowed to serve only private interests, money and land tenure. If any person or group of persons were to control either they could enslave their fellow man by withholding them. Money and land are unique in lack of viable substitutes.
Jeffrey Smith, the founder of Geonomics, takes George’s concept one step further and argues that the unitary tax be extended to all property rights that the government extends, i.e. copyrights, limited liability, patents etc. This income stream would fund a Basic Income, and not distort the free market as income and sales tax do.

IV. Salmoney, the Simultaneous Solution

A Simple Model

The task at hand is to create a monetary mechanism which incorporates 100% Money, a Deteriorating Currency, and a Universal Basic Income. I will deal with the Unitary Tax a bit later. Let’s begin by imagining a group of 1,000 people who have moved to a deserted island and have decided to create a monetary system. They decide to name their currency the Frank. Each person will receive a daily allotment of 100 Franks. This is 100,000 Franks a day in total. The various people have brought with them goods, canned foods, clothing, and bottled water. In addition, the island has abundant freely growing fruit, and game animals of various sorts. A market is set up in a central location and money trade begins immediately. Some people go gathering and hunting, some begin to build shelters, others start to clear land to plant crops, some study and explore, and others idle away their time.

The first day is all about equality, but it is an equality that is short lived. Two things begin to operate immediately to disrupt that equality. They are the differences in existing stocks of stored food and clothes and tools, and the other is the level and efficaciousness of their effort in increasing the stock of goods. The end of day finds 500 of the people with no money left, the next 400 have an average of 50 Franks left, and the top hundred have an average of 800 Franks each.

The second day brought another 100,000 Franks and the process of accumulation continued. Prices took a sharp rise. Some rose greatly, more than the doubling of the money supply, some kept an exact pace,
doubling from the day before, and some lagged behind. Goods began a qualitative separation, with the highest quality leading the increases, and the lowest quality rising the least. Those who held no money suffered no loss on savings; they did see the effectiveness of the daily allotment diminish. While on the first day they received an equal share of all the money, on the second day an equal share of half the money, etc.

The richest among the group were already carping that inflation was destroying the purchasing power of their savings, and the poorest that the purchasing power of the daily allotment was eroding. These arguments continued forever, but the problems actually began to diminish, at least on the side of the wealthiest. While the value of their savings was diminished daily, their incomes rose proportionally, and they received the daily allotment. After thirty days, the mean loss of purchasing power was about 3% a day, after a hundred days about 1% a day, at the end of a year the loss of purchasing power on each Frank averaged a little more than a quarter of a percent a day, but with their increased incomes and the daily allotment they were maintaining their capital easily.

The end of the first year saw a total of 36,500,000 Franks in circulation. The bottom four hundred held no money. The next four hundred held 10,000 Franks on average, 4,000,000 Franks in all. The next hundred and fifty held 30,000 francs each on average, or 4,500,000 Franks in all. The top fifty held 28,000,000 Franks in all, or an average of 560,000 per person.

Some argued that the daily allotment should be increased, because it no longer provided enough for the poorest in the community to live a decent life. Some argued that the increase should be large, others that the increase should be small, others that it should continue to decrease, others that it should be stopped altogether because they had all the money they needed, and the money just encouraged laziness.

The arguments were as follows.
1. Money to be held constant at 36,500,000 Franks with no further allotment (Fisher, Soddy, Del Mar), except to keep prices constant.

2. The allotment to be held constant until day 10,000 and then allowed to rise at the rate of one ten thousandth each day (Milton Friedman, 4% per annum), money should have 100% reserves, and grow at 4% per year.

3. The allotment to be held constant until day 3,000 and then allowed to rise at the rate of one three thousandth each day (Silvio Gesell, 1% per month), Gesell would require a one percent stamp per month, which would be equal to about the diminution after 3,000 days of equal Daily Breads.

4. The allotment to be held constant at the same rate for one year, and then on day 366 be allowed to rise at the rate of one three hundred and sixty fifth each day. (Salmon Fortunatus Aquarius, Solar Cycle, 100% per year)

5. The allotment to be raised to the level that it held at the end of day thirty, and then allowed to rise at the rate of one thirtieth a day. (Lunar Cycle, 100% per month)

Inflation in the General Interest

Salmoney introduces the concept of inflation in the general interest. This uses the power of money to assimilate and articulate significant amounts of new money, a power used for years for private interests. By doing this for the general public rather than private business concerns, something quite unique occurs. When everyone in the economy is given an equal amount of money, it has the statistical effect of making everyone closer. The pecking order is unaffected, but statistically the income distribution is compressed. This compression counters the tendencies of the free market to widen the disparities in incomes and assets.
Inflation in the general interest distributes new money that derives its purchasing power from the diminution of all other monetary divisions. It puts the storage of purchasing power on a twin track, one private, and the other communal. The amount of purchasing power taxed away from existing cash is immediately distributed to everyone equally. **The average person receives exactly what he loses.**

Inflation in the general interest is an adaptation of Gesell’s invention of Stamp Scrip. Instead of taxing money through an explicit affixable stamp, money is taxed implicitly through diminution. Each new currency division created taxes every other division already in circulation. It gives money a half-life, the other half is shared equally by humanity at large.

**The Bank of Fortunatus. Daily Bread and the Trued Price**

**I trued my first bicycle** wheel in the summer of 1984. It was at the Portland Bicycle Collective in southeast Portland. The spokes connected to the center of the rim in a fairly straight line, but alternated the connection to the hub between left and right. Each spoke had an adjustable nut-bolt that could compress or lengthen depending on which way one turned. There was a brace to grip the wheel by the prongs of the axle that extended from the hub, allowing the wheel to spin freely in a highly stable manner. A reference pointer is suspended next to rim of the wheel. When the wheel is spun slowly, the reference point allows one to see if the wheel is out of round, or is bent to the left or right. When one has finished the analysis, the Trueing can begin. If there is a bulge in your tire rim, it must be pulled in, but in order to pull in, you always end up pulling sideways as well, because the spokes are not on the center of the hub. This means that to adjust the rim of the wheel in or out requires right or left compensation. To adjust the wheel to the left or right requires an in or out compensation. (Like the ups and downs of the business cycles, and the left and right of politics.) If the adjustments are not based on accurate readings of the reference point, or the adjustments are too great, or too small, or on the wrong spoke, the wheel will continue to wobble and eventually collapse.
The bank of Fortunatus will issue a form of Salmoney that I have termed Excalibrator. We will begin where the simple model ends, at the end of one year. Everyone has received exactly the same Daily Bread for each and every day. Some have a lot, some have many, some have few, and some have none. One year’s issuance of equal Daily Breads establishes the capital component of Excalibrator. At this point the Daily Bread begins to grow at the same rate as the capital component and thus establish the system shape and mechanism. Each will grow at $1/365^{th}$ daily, establishing the system constant,

\[ \text{Population x Daily Bread x 365 = Capital Component.} \]

While the number of currency divisions for a given Daily Bread increase daily, the proportion of the Daily Bread to the total sum of currency divisions is constant. Two DBs will be the same proportion of all money, always.

This rate, $1/365$ per day, was chosen to achieve a daily rate for doubling money each year, but when it is compounded daily it approaches the transcendental number $e$,

$$(1 + 1/365) \text{ raised to the } 365^{th} \text{ power } = 2.714$$

All existing monetary divisions are diminished by $1/365$ each day, which means that $364/365$ of the purchasing power of existing monetary divisions are maintained. The communal stream of purchasing power completely compensates any holder of cash up to 365 DBs through their receipt of their own single DB. The amount of currency divisions will double about every eight months, giving Excalibrator a half-life of eight months. This means that each person will have received an equal share of half the money in circulation within the past eight months.

Using Daily Bread as the price referent requires a daily adjustment in the nominal price. It grows at a little more than $1/4$ of one percent a day. Using the 100 Franks a day figure from our simple model the Daily Bread would rise to 100.27 Franks on day 366, 100.54 Franks on day two, 100.82 Franks on day three, 200 Franks a day on about day 240, and 271.4 franks on day 731, the first day of the third year. After about eight years it would be about 100,000 franks a day.
To avoid dealing with large numbers the currency divisions will be retired at regular intervals, folded into other currency divisions stair stepped up at multiples of 1000. For instance 1,000 Rubles would be equal to 1 Frank. 1000 Franks would be equal to 1 Real, which would be equal to 1/1000 of a Mark ad infinitum. This is Shepard Tone Money. A Constantly Rising Scale, that stays in the same place. The DB on day 366 is 100 Franks, 270 Rubles. On day two, 100 Franks, 540 Rubles. At around eight years it would be 100 Reals.

All purchases would still be subject to a negotiated price, with sellers seeking a higher amount and buyers a lower amount. Just because something is listed at a price doesn’t mean that someone else will buy it, but when any transaction is made in money it will yield a figure that can be stated in DBs for that day.

The Daily Bread (DB) is a ceterus paribus price. If all other economic conditions and relations remained unchanged then prices would rise in exact proportion to the rise in the quantity of money. This does not mean that prices will stay the same, they will not, but having the datum of a DB price, one can judge money against itself. Ceterus Paribus is transformed from assumption to parameter, parameter of the existential referent of price. One can see the relative value of all commodities to money, even money.

Excalibrator is organically progressive in its effect and its cost. The significance of an equal benefit increases as one descends the economic ladder. The significance of cost increases as one ascends.

Excalibrator will generate a measure of price, the Daily Bread (DB), which is both a true price and a trued price. A true price in that it will refer not only to an amount of cash at a point in time, but refer as well to the fraction of the total amount of money in circulation at that point in time. A trued price in that it will generate a constant compression pulse that will compensate for and interact with the tendency toward separation inherent in the operating of the free market.
Increasing the bidding power 1/365 in any auction will not disrupt it, especially if all bidders are given an equal share of the increase. Markets will be stepped up and allowed a better chance to clear. The effect of the pulse of equally issued devices of purchase will make everybody economic voters, shapers of the econosphere. The Daily Bread measure creates a nominal inflationary spiral, but an effective inflationary helix, the trued price.

\[
\text{Capital Component} = 365 \times \text{population} \times \text{Daily Bread}
\]

And as the Daily Bread is a constant ratio of the capital component it also grows at 1/365 per day:

\[
\text{Daily Bread} = \frac{1}{365} \times \frac{\text{Capital Component}}{\text{Population}} = \text{Trued Price}
\]

**VI. Capital Markets**

Whether it is the Bank of Fortunatus or some other bank which issues the money, issuing and storing money will be their only functions. They will not be in the business of letting loans. They will be narrow banks. Their accounting should be scrupulous and thorough. Each piece of money should be accounted for and its owner duly noted. Their only transactions are the issuance of Daily Bread, transferring of title on money, receipt of money transferred. The credit function will be handled by separate entities or privately.

These entities would most resemble mutual funds and money market funds in the current system. People with saved money could pool their money with others in order to loan it at interest or purchase equity investment. Private citizens as well could do with their own money as they please, loan it, invest it, or let it sit in the bank.

Unlike modern money sitting in banks, this money would not be getting compound interest. If the owner of money wished to avoid deterioration of its purchasing power it would require that he invest or loan it. This group of eager loaners and investors would replace the large commercial banks of the world as the providers of commercial
and personal credit. The eager commercial borrowers and consumers wishing to purchase more than their budgets allow will compete for this money.

The outcome of that competition will determine the price of money, the interest rate. This rate will reflect all the knowledge and certainty that comes from having a money market in which the volume of money is certain and known.

**It will reflect the fact that the underlying nominal inflation rate is 172% a year.**

This simply makes an interest rate of 172% an effective rate of zero. This is what I believe will be the market rate of interest, nominal 172%, effective zero. Imagine you are loaning 365 DBs to a personal friend. What should he pay you back? How about one DB a day for a year? Every payment applied directly to principle, and you (as the lender) were made whole. You have, in fact, been paid a high nominal rate, but an effective rate of zero. The amount of purchasing power received would be the amount of purchasing power returned.

Short-term commercial paper would be different from today’s, in that all holders of money would be playing under the same rules. For someone to receive money as a loan or investment, someone else must have the money to loan or invest, and surrender title and use of that money under the terms of the loan and investment. If it is a loan, then the length of term must be certain, and the interest price agreed. If it is an equity investment, then the money is permanently transferred.

This is a real market for money, unlike the fraud being perpetrated today. The demand for money must satisfy itself with an existing supply. That the process is also more just and fair is not mere window dressing, but an integral part of the cause. This market is REAL.

**VII. Conclusion**
What is truly needed in our quest for a Basic Income is broad public support. While the concept has broad appeal on philosophical grounds, it quickly subsides when the cost is translated to tax liability. If it’s someone else’s ox getting gored, enthusiasm will return, but other bridges will be burnt. Excalibrator gores no one’s ox. Excalibrator will take the stupendous power of money creation and use it to create freedom and justice. A true free market in which the money is honest and transparent, and all have access. A medium of exchange free from the manipulations by private interests.

Excalibrator will create a whole new negotiation space for the planet.

It will give money a half-life.

It is the Inflationary Helix.

It is the Monetary Screw.
Appendix IV

The Basic Income as a Foundation of a Sound Currency and a Free and Open Market, 2003

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The Basic Income as a Foundation of a Sound Currency and a Free and Open Market

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Sponsored by
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By
Stephen C. Clark
Conference Presenter

The Basic Income as a Foundation of a Sound Currency and a Free and Open Market.

Introduction
The measurement of economic interaction in the form of price, wage, and interest define the daily parameters of virtually every human being on earth. These parameters are quoted in monetary terms, dollars, pesos, yen, etc. If we are truly to understand the significance of these numbers, we must pay attention to the fundamental elements of money, how it is created, how it is defined, how it is distributed.

The benefits of human invention, human cooperation, and human exchange accrue to money. If you have no money, the price of food is an irrelevant, though tragic, piece of information. If you have a ton of money, the price of food is an insignificant piece of information. For some a single dollar can be the difference between life and death, to others it may be less important than available toilet paper.

Ninety percent of the money that goes into circulation today is created out of thin air and comes through the letting of loans by a bank. Are higher prices a reflection of a large number of loans being let? Are lower prices a reflection of a large number of loans being called? If money can be created or destroyed by other participants in the economic game, how can one be sure what price means?

The way in which money is issued, how much is issued, and to whom it is issued are all major operators in the economy. If the major portion of money put in circulation is issued only to those that a commercial bank deems credit worthy, where does this leave everyone else? If money is denied to an entire people and region, price, wage, and interest are dissociated from the life of the people.

In order to answer these questions in anything other than academic or rhetorical manner, price, interest, and wage, must be stated in numbers that refer to people as well as monetary units. Only one vehicle in the entire history of economic inquiry has come forward to reconcile and address these important issues, and that is the Basic Income Guarantee.

The accumulation and continued augmentation of human ingenuity and the articulation of human activity in monetary union have produced wealth beyond the wildest imagination of generations past. But instead of creating a world of universal plenty and leisure, money is evermore the oppressor, the commander of modern life. Our cooperation and shared human capital are actually used against the general population to enslave us. Instead of living off the fat of the land, the great majority of people on earth now serve the fat of the
land. Indeed, without the interjection of a Universal Basic Income, the increment of association and the cultural heritage will continue to accrue to money alone and mankind will slip into a form of elitist barbarism that puts no value on human life other than that of the modern “market.”

A Sound Currency

The Nature of Modern Money

The modern theories of money virtually all follow the same story. Barter begins between individuals and markets naturally arise from these interactions. A single commodity emerges from a barter system and becomes its “medium of exchange.” Ludwig Von Mises the Austrian Economist, thus states that money gains its value from its immediate use rather than its mediate function, though the mediate may later supersede the immediate. Adam Smith went so far as to say the value of money was directly related to the production cost of gold, the “medium of exchange” of his day. These notions are the critical underpinnings of the modern zeitgeist of neo-liberal capitalism. Be they world, national, or local, the neo-liberals view markets as phenomena of nature, vast interlocking networks of relative values, of which money is simply a designated reference, a designated one of many.

Money is thus treated like any other commodity. 1960 dollars can be compared to 2000 dollars in the same way one can compare 1960 pineapples with 2000 pineapples. Every piece of economic research, every bit of economic information that is quoted in dollars is dependant on this analogy being true, that is, the dollar has the same attributes as other commodities i.e. its value is set by the interaction of supply and demand in the multitude of interactive markets.

But examine this for a moment. How is the market for money different from other commodity markets? Currency divisions, be they dollars, yen, francs, or pesos, no longer have any relationship to characteristics of real commodities. Their primary issuers, commercial banks under the loose control of national central banks, resemble more of a spigot than a market. In gross political terms if the dollar begins to fall, the central bank coaxes the spigot to close, i.e. to support its value. If the dollar begins to rise, the spigot is nudged open to push its value down. That is, the market value of monetary divisions is
targeted, rather than reached. The Objectivist disciple of Ayn Rand, Alan Greenspan recognized this before he ascended the monetary throne. Modern money, far from being an objective index against which to gauge economic activity and measure relative economic value has devolved into a two edged sword, a weapon to be aimed, a tool of manipulation.

Greenspan’s preferred alternative is a return to the so-called “Gold Standard.” He believed this would restore the lost virtue of capitalism. The “Gold Standard” he speaks of is simply the institutionalization in banks of the old gold holders confidence scam of issuing more certificates than they have gold on hand. This ties the amount of currency to the public’s confidence in the loan portfolio of the individual banks. While all currency is supposedly redeemable in gold, it is never possible, its just an old version of “Mama’s got a squeeze box, daddy never sleeps at night.” Boom and bust cycles are endemic to the system because for the economy to function under the gold standard, banks must continue to create money, i.e. issue new money until the debt cycle runs its course. Its superiority according to Greenspan is that the periodic collapses are not as severe as they can be under an “unbacked currency.”

Thankfully, there have been others who have offered alternatives to the modern monetary system who did not rely on a return to medieval methods or three card Monty.

**Money as a Mechanism**

Alexander Del Mar has a different story to tell. He contends that money does not receive its value from its immediate nature but solely from its mediate, i.e. from its capacity as a medium of exchange. Money is a politically created “meta commodity” that follows certain arithmetic principles, if managed correctly. This view of money was known as Nomisma to the Greek and early Roman world, but was effectively lost in the disintegration of the Roman Empire. Del Mar contends that money derives and maintains value through the limitation of issue and specific definition of what is and isn’t money, i.e. transparency and certainty. “The unit of money is all money,” not its divisions. Money may attach itself to any form, paper, leather, metal, or if you will electronic bytes, as long as the issue is limited and known to all participants.
Del Mar notes the steady degradation of all societal notions in the later epochs of the Roman Empire. The disappearance of the state, public discourse on matters of economy and law, the steady localization of all factors of life led to a parallel deterioration of language and knowledge. Del Mar contends that our current views of money are a devolution of the previously understood nature of money as mechanism. The confusion and mystery surrounding money come from this devolution, we end up with muddled confused notions of what money is.

“Thus we have three distinct meanings for money---
1. The Classical: The Whole Numbers of money; the whole number of pieces or fractions of like denomination and function which the law requires or permits to be used for payments—no matter of what material they are composed.
2. The Feudal; A Coin; plural, moneys or “species,” meaning several or many coins.
3. The Mercantile; The whole quantity of Metal---gold or silver---of which full legal-tender coins are made, plus the quantity of such metal available for coinage under individual or private coinage laws.”

This muddling has continued to the modern day. Our money has had no relationship to gold since the 1930’s, but neither has it had any real relation to the classical. We now have a system which holds “dollars” constant by radically increasing or decreasing the number of dollars in circulation to maintain “constant price levels.” The general public is taught to focus on the pieces of money because much “smarter” people, read Greenspan, are tending to the big picture. But the big picture is this, every loan that is let by a bank that is not fully covered by monetary assets of the bank or a third party, is a tax on every other dollar in the system. Every loan that is called and cancelled from the books is a premium to any holder of currency. The general public is suckered into such a system through the promise of “secure savings,” in which small holders of money are persuaded they have a proprietary stake in the scam.

Economist Irving Fisher and Nobel Laureate in Chemistry Frederick Soddy voice similar concerns, with the emphasis on money
as a tool of measurement. They echo Del Mar in proposing that the governing monetary authority must establish a precise definition of money. Soddy, the physical scientist, chides economists for even pretending to be a science without such a definition of its fundamental unit of measure. Fisher proposes 100% money, which forbids the practice of fractional reserve credit. Fisher and Soddy both know that allowing privileged players to create and destroy the measures by which all players participate ends in a rigged game.

Both believed that money could and should be managed in a manner that kept the dollar’s or pound’s purchasing power constant. As economic activity increased, more money could be introduced. To aid in the scientific management of money, Fisher was instrumental in the creation of monetary indexes. These measured the purchasing power of monetary divisions over time by introducing the representative market basket.

While this form of monetary management has some similarity to the machinations of the central banks, two important differences should be noted. The first is that the addition or subtraction of money to the economy is done in public, i.e. transparent. Secondly, the money introduced is not in the form of loans. There is no meter running at a bank. The notes simply circulate, free of charge.

Congressman Jerry Voorhis introduced the last serious proposal for monetary reform over 60 years ago. His was a bill that would direct the U. S. Treasury to purchase the Federal Reserve System and monetize the national debt. Voorhis’s cogent criticism was that when the government needed money the Fed created money out of thin air to buy government bonds, which the Fed used as reserves to buy the bonds. Voorhis wished to introduce a money system independent of the banking system. Fisher gave his support to the program as a first step toward the creation of 100% Money. The bill originally had a 138 co-sponsors but never got out of committee. Voorhis was Richard Nixon’s first victim in the 1946 congressional race in California’s 12th District. Voorhis spent his life after 1946 promoting co-ops in all aspects of American life.

Money in Time

A preoccupation with all types of money is its cardinality, or ability to store value over time. This is contrasted by money’s ordinal
function as a medium of exchange, or a measure of the relative value of various goods and bads. Conventional wisdom has said that money must not only maintain its purchasing power over time, but that it must yield a positive rate of return if lent at interest. This belief in the primacy of the absolute cardinality of money has led some central bankers to bring the economy to a standstill, and surrender money’s function as a measure of relative value in order to maintain its cardinality. When the economy suffers from inflation, money is removed from the system. It is comparable to the medieval practice of bleeding the patient in order to let out the evil spirits.

To understand the money market, one must understand the peculiar nature of money. Money, as a call on goods, is different from other commodities. Take for instance the decision a person takes to storehouse a commodity for one’s future. If one stores food for a year, at the end of the year the person has the food, or what is left after the cost of storage and spoilage. If one stores money at the end of the year the money is still there. From a societal point of view the latter is an increase in demand, the former an increase in supply.

Sylvio Gesell identified the cardinality of money as a principal problem, if not the principal problem with money. Money did not deteriorate like other goods. This gave those with money a leg up on everybody else. It meant that money was subject to hoarding to increase its value. Those with enough money could manipulate the market to their benefit by alternately withholding and dumping money.

Gesell’s answer was stamp scrip. It was paper money issued with printed slots for the holder to affix stamps to. The stamps were necessary to keep the money current. Gesell recommended one percent stamps per month, one dollar a month on a hundred dollar bill, others up to two percent per week; Senator Bankhead proposed such a rate in a bill he introduced in 1933.

Stamp Scrip could not be hoarded for speculative purposes because it would be deteriorating over time. Gesell believed that with a medium of exchange that could not be arbitrarily withdrawn, labor could compete fairly and easily sweep capitalism and Marxist communism from the field. Gesell stated that there was no natural shortage of real capital (with the exception of land, which he believed would need special treatment) and that labor could defeat financial capital through increased production. He was, in effect, a free market socialist.
Gesell proposed that the stamp scrip should be put into circulation by the government as payment for public works projects. The money would then circulate at large, yielding a return to the issuing government. Gesell’s rate of one percent per month paid for itself in about eight years. Bankhead’s rate of two percent per week would pay for itself in less than a year.

Gesell’s major importance is the challenge to the conception of what money should do over time. If banks can monopolize the issue of money and force the entire economy to pay a tribute for its use, why cannot society do the same thing and simply pay the dividend to the public at large?

A Free and Open Market

Nature of the Modern Market

The Free Market ideal is one in which buyers have free and unfettered access to sellers and vice versa. I don’t think it takes a rocket scientist to understand that this is a situation that only exists in an ideal world. In virtually every market for every good or service in the world, market operators have established barriers to entry that prohibit all but the favored insiders. At the hub of this market insider control stand the banks. Far from being the guarantors of a fair shake for all, they are the principal gatekeepers and permission givers in the modern world.

Alexander Del Mar chronicled the “Monetary Crimes” of his era, including the shell games involving the Revolutionary Continentals and Lincoln’s Greenbacks, as well as the machinations of Nicholas Biddle in his war with Andrew Jackson over the re-charter of the Second U. S. National Bank. All involved insiders who simultaneously played roles of market participants and market supervisors to the great detriment of general public. The basic modus operandi was that whatever the asset, when the insiders were long in a commodity its status was supported, when they were short its status was undercut. The Continentals were left out in the cold to depreciate in a ruthless inflation until speculators, including many members of the Congress held strong positions. After the original Continental holders who had supplied the goods for the revolution had sold them at
pennies on the dollar, they were supported and redeemed at par. The same story was repeated with Lincoln’s Greenbacks. Status as legal tender was given, withdrawn, given again, depending on who held them. Their convertibility to gold was also a malleable concept depending on who held the greatest quantities. President of the Second National Bank of the United States, Nicholas Biddle, shamelessly flooded money into regions of the country where politicians supported him in his war with Jackson and withdrew it from regions that opposed him.

One need look no further than the three great monetary crimes of the modern era, the Savings and Loan looting of the 80’s, the Stock Market Bubble of the 90’s, and the continuing wholesale looting that is the international currency market, to see that little has changed since the 19th century.

The Savings and Loan industry began as cooperative, mutual savings associations in New England (the same as the life insurance industry). They were designed to aid in the process of home ownership by maintaining a fund that did not respond to solely market conditions. Over time they were so successful that they attained an independent existence that was to be their undoing. Because people were not required take initiative to keep them alive, the Savings and Loans were taken for granted. They were the first victims of the deregulation craze that began under the presidency of Jimmy Carter. The pool of money that had been safeguarded to guarantee money for housing was thrown open to commercial use. Wall Street, in association with real estate developers swooped in and looted the entire fund in less than a decade.

The S&L’s were bought, pumped up and cleaned out in exactly the same way that Tony Soprano looted his neighbors sporting goods store. So outrageous was the behavior, that some S&L’s were paying 50% commissions to Wall Street brokerage houses that brought in deposits. How widespread were the abuses. Bill Clintons Whitewater business partner looted Madison County Guaranty and George H. W. Bush’s son, George W. Bush’s brother Neil abetted the rip-off of Colorado’s Silverado. It was not just coincidence that close associates and/or family of the last three administrations were up to their snouts in the slime, even though these were the only two episodes that were widely publicized. William Greider contends that it was the top, most
respected Wall Street Firms that did the looting. Much of it was perfectly legal, but there was little interest in exposing the abuses.

The only real insights the public was to receive about how these transactions were justified came courtesy of Neil Bush in the Silverado case. When asked about the $100,000 bribe he took for his services in approving large questionable loans for a customer, Bush claimed that the money was not a bribe, but a loan that allowed him to invest in a good opportunity. Only thing was Mr. Bush explained with a straight face, if the investment didn’t work out he didn’t have to pay the loan back. This reveals much about how the current system works, and how risk and downside are all reserved for the unconnected.

The consequences of the 90’s bubble have been widely chronicled, and I won’t belabor them here. Only to note that when Long Term Capital Management, an investment group led by the former head of the New York Federal Reserve Bank bit off more than it could chew in the late nineties, it was quickly bailed out by Fed Chairman Greenspan. Perhaps their obligations were “Bush Loans.”

The greatest sucking sound of all, however, is still with us. It is the unconscionable use of the world’s credit in currency speculation. Banks loan their money to customers who can turn the largest profit, and currency speculation has proved quite lucrative. While labor and goods face a myriad of borders that hinder their ability to “vote with their feet” money has been completely cut loose from the socio-political-physical world that we human beings must try to survive in. Quantities of money that dwarf all the stock markets in all the world’s economies are traded daily. Small countries are routinely assaulted, having their currencies rendered useless. This is the electronic, ephemeral equivalent of the arbitrage that existed in previous centuries when one country bought and sold silver and gold in a different ratio than another country. The only difference is that now the arbitrage opportunities can be artificially created by the currency traders themselves. Virtually all of this trade is done with borrowed money, money that is systematically kept from other uses.

**Wage, Price, Interest**

A free and open market is not a phenomenon of nature. It is a system created through the active cooperation of both buyers and sellers. It is created in the general interest, a nebulous concept in these
times of degenerating public discourse. Indeed the motto of the neo-
liberals is that there is no general interest except a complete rejection
of the concept of the general interest; there is no legitimate collective
except the collective of those who do not believe in a collective.

What does this milieu do to the measures around which we build
our lives? They take them ever further from the conditions that would
insure a fair competition. Let’s begin by looking at wages.

The clock is always ticking on the human animal. Food, clothing
and shelter are permanent needs that never cease from cradle to grave.
In the negotiation space for wages, the laborer is at an automatic
disadvantage. While employers can plan and schedule their activities,
moving resources from one project to another depending on their
promise, the worker must eat to live. It is true that employees may
choose to seek other employment, though this is often not possible in
the short run. Often times the long term options require relocation or
other life disrupting adjustments.

International development efforts have concentrated on converting
all labor into wage labor. As the English commons were closed and
the great bison herds of the American plains destroyed, all commonly
held agricultural and grazing lands in the entire third world are being
dissolved: all alternative modes of survival to wage work are being
systematically eliminated. Cash crops for “export” are the offered
alternatives.

This has resulted in two devastating effects. First, certain
commodities, coffee, textiles, corn, etc. are flooding the world
markets. Prices of these commodities have plummeted and the wages
the workers in these industries have likewise dropped precipitously.
People who have switched from growing their own food to cash crops
are now in a precarious, life-threatening situation.

The negotiation space for labor has been profoundly, perhaps
permanently altered. The situation of being totally dependant on a
paycheck for livelihood gives employers virtually complete command
of the labor force. It’s not that the productivity of these people is not
sufficient to earn their living, it’s that the greatest lie of the neo-liberal
world-view is that the fruits of production accrue to the value of the
input. This says that increased productivity of labor leads to increased
wages. The exact opposite is true. Wage labor is an almost perfect
Giffen good. As wages fall, a worker needs more hours to produce the
same income. The basic law of demand is being stood on its head, the
iron law of wages, that wages automatically fall to subsistence levels is
taking its place.

Increased labor productivity leads to a surplus of labor, which
leads to falling wages. The wage rates in the first world have
stagnated in the last two decades. Wage rates in the third world have
fallen below subsistence. The only thing that stands between vast
numbers of the world’s population and starvation is the nobles oblige
of the rest of the world.

These conditions have occurred during one of the greatest boom
periods of history. What will happen if things really get bad?

As the study of economics is often split into macro and micro
views, so too are the strategies that encompass the negotiations around
wage, price, and interest. If a local or national population becomes
restive and begins to command a greater share of production through
higher wages, local conditions can be altered. Money can be removed
from the area. They can be “Biddled.” It can be done at the
neighborhood, regional, state, or national levels. Racial and ethnic
groups can be redlined. Starving people are always much more
agreeable than well-fed people.

If governments can be suckered into borrowing money in another
country’s currency, they have completely surrendered their
sovereignty to the currency speculators. Exchange rates between the
country’s own currency and the debt currency can be run up, run
down, run over, in a concerted effort to loot the assets of the debtor
country. Virtually all of Latin America and Africa hold vast amounts
of Dollar Debts. The only way to acquire dollars is through export, at
a time when commodity prices are in the toilet. This is “Biddling” by
proxy. The citizens of these countries must run ever faster to stay in
the same place. If the prospect of default is raised, as in Argentina,
they are “Biddled” even worse.

The people of these countries have lost all control over their lives.
A new word needs to be invented to describe them. They should be
called debtizens, people whose countries have been completely taken
over by banks of various types. They and their children to the seventh
generation will work to service the debt.

Rates of interest in such conditions bear little or no relationship to
anything except the whim of a coterie of big traders and Alan
Greenspan. The precious resources of country after country that
should be going to feed and cloth their people are confiscated to further fund the excesses of the hyper-wealthy around the planet.

Imagine a country in which Ken Lay’s brother-in law was the president, World-Com ran the Police, and the legislature was bought and sold (not even that tough to imagine in the U.S.A.). This gives some idea of the cesspool that capitalism has become. The markets of the world are at perhaps their most corrupt since the beginning of the modern science of economics more than two hundreds years ago. The United States with a deeply entrenched independent judiciary and democratically elected legislature is virtually powerless against widespread perversions of our markets, the condition everywhere else except Europe is far worse.

With the crony capitalism that rules the modern world we have come full circle and returned to a system of officially sanctioned monopoly. What Rockefeller and Morgan almost accomplished a century ago, Gates and Greenspan have in their sights, a leveraged buy-out of the human soul.

Salmoney, a Comprehensive Solution

A New Concept of Money and Market

Instead of trying to fit a Basic Income Guarantee into the existing money system and market, why not begin with a Basic Income and design the money system and market around it. Money is a tool of mutual aid. The basis of money should be that mutual aid. We could start by issuing to each and every person in our economy 100 currency units per day, a daily survival packet. These currency units in these packets would be the legal tender, medium of exchange. They would accumulate over time, and that accumulation would comprise the financial capital of society.

The steady accumulation of currency will eventually render the daily allotments useless. In order to avoid this, these units would deteriorate over time. A faster rate of deterioration would make the daily allotment more significant; a slower rate would make the daily allotment less significant. The deterioration could be handled in one
of two ways. The first would be to have the money actually lose negotiable value over time. Using Gesell’s rate of one percent per month, a 100 unit note would be worth 99 units at the end of a month, 89 units at the end of a year, 30 units at the end of ten years. The second method would be a steady inflation. Using the same rate of one percent per month, the quantity of currency and the currency packet would both grow at the same pace. After 100 months of currency accumulation the daily rate would increase to 101 units a day. This rate would shadow the growth of the quantity of money, doubling about every seven years. Under this system an alternative pricing system would be necessary, quoting prices in terms of the daily allotment (daily bread), rather than currency units. The rate of deterioration could be set by popular vote. The rate would be allowed to go up or down as much as ten percent a year. Instead of majority rule, an election, which took the choice of the median voter, would be most appropriate.

Salmoney would institute the following changes:

1. The Right of Issue would be removed from banks and restored to the government. Banks would be prohibited from the practice of fractional reserve credit. Banks would be converted to Banks of Exchange, whose sole function would be the security and orderly transfer of funds at the behest of depositors. Banks would be prohibited from participation in any other field of endeavor.

2. Equal Access: All money is issued to the public on a per capita basis. Money issued to the general public does not alter the economic pecking order, nor decrease the absolute numerical difference in human fortunes. It simply decreases the relative value of the absolute differences. It brings us closer together.

3. Transparency: All monetary units must have an independent and verifiable existence. Money issued would circulate until the issuing agency decided to remove it.

4. A Basic Income would be funded through a steady diminution of the currency. Under the system in which the negotiable value of the currency declines no special arrangement for price is necessary. In the inflationary system, prices would be quoted in the daily rate of the Basic Income (DB). The DB would maintain a constant ratio to the money supply thus
organically indexing for inflation. This price mechanism yields information far superior to that of existing central bank managed currencies. It also states prices in numbers that are existentially related to all members of society.

Conclusions

Money is what money says it is, i.e. it is a polymorphous tautology. It can take many forms. It can serve any master. We have the power to alter it and we must do so. Unless we redefine money, it will continue to enslave the world. We must make it a public utility that affords equal access to all. If the general population does not control at least half the purchasing power of money, money itself will have a greater voice than humanity in the structure and organization of economic life.

While the institution of a full-scale reform of money may not be a technical necessity to the institution of a Basic Income, it is a strategic necessity. The forces that control today’s economy will not give up that control without a fight. A Basic Income Guarantee is a direct challenge to those forces. Unless they are deprived of their principal tool of control, the control of money, they will not permit a Basic Income.

The supporters of a Basic Income Guarantee should also consider the benefits and superiority of a currency that deteriorates over time. Not only does the deterioration provide a viable funding source for a BIG, but the currency will also serve the purpose that Gesell promoted, i.e. the currency cannot be beneficially hoarded.

Under a Basic Income Guarantee the measurements of the economy; price, wage, and interest, would all be brought into a new realm. No longer would money be the dominant operator in the economic milieu. Price would relate to an amount of money that every person would receive daily. Wage would reflect the increased bargaining position of workers. Interest would no longer be a target for central bankers to aim for, but reflect the supply and demand of an actual commodity. Every person in every place in the world would be a source of money and development. The provision of food, clothing,
and shelter would be a cash business in every village on the planet. We would all be better served under such a regime.

Appendix i

What I have attempted to weave together are

1. The Gospel of Jesus of Nazareth, especially the Lord’s Prayer, and the story of Zacchaeus, who pledged half of all he obtained to the poor. I believe these to be prophetic comment on the Sabbatical and Jubilee Cycles of the Old Testament which comprise complete instructions on how to operate an economy

2. The Anarchists Pierre Joseph Proudhon and Peter Kropotkin

3. Sylvio Gesell, and the Concept of Stamp Scrip

4. The Austrian Marginalists for their concepts of how the market works, not their monetary theory

5. Alexander Del Mar, Frederick Soddy, and Irving Fisher on the nature and structure of money

6. The spoked wheel and the screw of Archimedes on the intentional organization of the circle, spiral, ellipse, and helix

7. A. R. Orage’s concept of the Social Dividend, with thanks to C.H. Douglas and Ezra Pound for grounding Orage in these notions.

8. Jerry Voorhis, Nixon’s first victim in California’s 1946 12th Congressional Race. Voorhis introduced the last real attempt at money reform in the 1939, a Bill to monetize the National Debt.

9. Buckminster Fuller and his concepts of tensegrity and ephemeralization. Salmoney is an example of both.

Appendix ii

Some of the movements I have listed have been associated with a particularly pernicious form of anti-Semitism. I find this to be a great tragedy, because many of the ideas are rich in promise to all peoples of earth. I disavow any racist intent and pledge vigilance
against any inclusion in any form in this movement. It is my belief that any Jewish advantage in the economic realm is due to their adherence to the encouragement to mutual aid, support and love for their fellow man that are manifest in the Jubilee and Sabbatical Cycles.

Appendix iii

One additional thing I wish to communicate to this congress is my personal position in this struggle. My personal grudge has something to do with the monetary policies of the late 70’s early 80’s when I had bet my future on a career in real estate sales. The monetary policies of the Federal Reserve first throttled the housing market, and then the economy of Oregon, being totally dependant on the demand for lumber. I bought two houses at the top of the market, and am only now back to even, after a few wastrel years, and then 16 years of teaching school at the elementary level.

But even more important to me is the life situation my parents went through. They were both born into families of subsistent farmers in Arkansas right around 1920. Beginning at about the time of their birth the commodities that their parents produced were no longer of any value to the economy at large. The prices of farm produce did not recover until 1940. The rest of the world joined agricultural America in depression in 1930 and only preparation for war with Hitler ended the malaise.

I swore to get even, not in the revenge sense, but in the sense of removing myself from the category of dupe, from the rank of the manipulated masses, not by joining my oppressors but by unmasking them and finding a common path to liberation for all who are likewise abused.
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Appendix V

Daily Bread, A Monetary Fugue, 1993

Daily Bread: A Monetary Fugue

The Lord’s Prayer
Zachaeus, Pure and Justified
Alexander Del Mar’s Theory of Money
Provisos
Frederick Soddy
Silvio Gesell
A.E. Orage
Shepard Tones
Recipe for Daily Bread
The Transcendental Number e
Living Actuarial Tables

By Stephen C. Clark

The Lord’s Prayer

Our father which art in heaven, hallowed be thy name. Thy kingdom come, thy will be done in earth as it is in heaven. Give us this day our daily bread, and forgive us our debts as we forgive our debtors. And lead us not into temptation but deliver us from evil: for thine is the kingdom and the power, and the glory, for ever, amen. Mathew 6, KJV

Our father which art in heaven, hallowed be thy name. Thy kingdom come, thy will be done, as in heaven so in earth. Give us day by day our daily bread. And forgive us our sins; for we also forgive
everyone that is indebted to us. And lead us not into temptation but deliver us from evil. Luke 11, KJV

Zachaeus, Pure and Justified

And Zachaeus stood and said before the Lord, the half of my goods I give freely to the poor; and if I have taken any thing from any man by false accusation, I restore him fourfold.

And Jesus said unto him, This day is salvation come unto this house. Luke 19, KJV

Alexander Del Mar’s Theory of Money

Money is a system. The unit of money is the sum of all money in that system. The number of dollars needed to purchase a house or a meal does not tell you its real price but the ration of a given number of dollars to the sum does. For money to be an objective tool of measurement and function as a medium of exchange the total number of dollars or yen or pesos must be public knowledge and not subject to secret manipulation.

$/\text{sum of } $ = \text{Real Price}

Provisos

Frederick Soddy

Allowing banks to create money by letting loans under the system known as fractional reserves, and destroy that money by calling those loans makes money useless as an objective measure of value. Money has devolved into a tool of deceit and domination. Instead of a medium of exchange money is now the world’s greatest impediment to exchange.

Silvio Gesell

To prevent its hoarding and encourage its circulation, money should deteriorate over time.

A.R. Orage
Individual initiative is only one aspect of economic productivity. Stewardship of our cultural and physical patrimony and social cooperation are of at least equal importance and they are the heritage of all humanity.

Shepard Tones

In J.S. Bach’s “Musical Offerings” there is a piece which Bach termed “Canon per Tonos”. In his book “Godel, Escher, Bach, An Eternal Golden Braid” Douglas Hofstader calls this The Eternal Rising Canon. It is a chord progression that returns to the original chord every six measures, except that it is an octave higher. Hofstader put this together with “Shepard Tones” a phenomenon discovered by psychologist Roger Shepard, to create what he call a strange loop. Shepard tones (see above) are created by a series of rising scales an octave apart. Each scale begins softly on the low end increasing in volume through the middle range and fading out at the top. This gives the listener an impression of constantly rising scale. When combined with Bach’s “Canon per Tonos” the beautiful fugue is a strange loop, constantly rising, yet always staying in the same place.

Recipe for Daily Bread

First: Print each day an amount of money equal to 1/365 of all money in circulation and divide it equally between all people in society. This is the Daily Bread (DB).

Second: End Fractional Reserve Bank Credit. Impose 100% reserve requirements on all demand deposits (checking accounts). Banks may loan only that money which someone has deposited and given up their use of until the loan is repaid. This is what most people believe banks do now.

Third: Quote prices as a % of Daily Bread (DB). This compensates for the diminution of the value of the individual dollars, francs, or marks. These prices bear a constant ratio to the total money in the system, and will thus reflect the real price. For example from our table that follows we see that on day one DB=$100 so that a price
of \(.25DB=$25.00\) and \(2DB=$200.00\). On day 180 \(DB=$163.19\) so that \(.25DB=$40.80\) and \(2DB=$326.28\)

Fourth: To avoid dealing with large numbers due to the diminution, create a series of currencies that follow each other in ratios of 1000 to 1, exactly as Mexico has just done with its pesos and new pesos.

\[
\begin{align*}
1000\text{ Crowns} &= 1\text{ Hope} \\
1000\text{ Franks} &= 1\text{ Crown} \\
1000\text{ Rials} &= 1\text{ Frank} \\
1000\text{ Dinars} &= 1\text{ Rial} \\
1000\text{ Dollars} &= 1\text{ Dinar}
\end{align*}
\]

Shepard Tone Money, An Eternal Rising Canon

The Transcendental Number $e$

“In vain are all conjunctions unless we be of one body, joint heirs and fellow partakers of God in Christ.” John Napier, the inventor of logarithms.

As you shall see below, by allowing daily bread to grow by \(1/365\) each day, the annual rate of growth of money approaches the base of natural logarithms $e$.

The following table is a suggested starting point for instituting daily bread for the United States. The figures work equally well for Canada and Mexico in their own currencies.

Assuming a population in the USA of 250,000,000 and an initial DB of $100.00 gives us a base monetary figure of $9,125,000,000,000. This slightly high, but it must be understood that we must replace the money eliminated through the termination of fractional reserve bank credit.

Daily Bread is just like life insurance except instead of assuming that everyone alive today will someday die we assume that everyone alive today is living.
Appendix VI

Dinero para la Gente
Money of the people 1992

Dinero de la Gente
por la Gente
para la Gente
o
Dinero de los bancos por Decepción para Avaricia

Luke 19:8-10
Y Zacchaeus se puso de pie y dijo al Señor; ¡Mirad! Díos, La mitad de mis bienes se los doy a los pobres; y si he tomado alguna cosa de cualquier hombre por falsa acusación, se lo restauré cuatro veces más. Y Jesus le dijo a el, Esta día es salvacion ven a ésta casa, puesto que el también es hijo de Abraham.

Sábado, el 21 de marzo
12:00 mediodía
Lugar: Greenfield Oak Park

La parte que desarrollar el dinero en todo aspecto de nurestras vidas será examinado. También empezaré el proceso Universal de la Prosperidad Aseguridad. Voy a contribuir un mitad de mi ingreso seminal, que es cerca d $200, a una alcancia común que sera dividida entre todos igualmente. Esto proveerá el campo en que podremos hacer crecer nuestra propia economía.

Stephen C. Clark
Todos están invitados a escuchar, discutir y participar.

Money of the People
Luke 19:8-10
And Zacchaeus stood and said unto the Lord; Behold, Lord, the half of my goods I give to the poor; and if I have taken anything from any man by false accusation, I restore him fourfold. And Jesus said unto him, This day is salvation come to this house, forsomuch as he also is a son of Abraham.

Saturday, March 21, 1992
12:00 noon
Greenfield Oak Park

The role of money in all aspects of our lives will be examined. I will also begin the process of Universal Prosperity Assurance. I will contribute one half my weekly income, about $200, to common pot tat will be divided amongst all who do likewise. This will provide the field in which we can grow our own economy.

Stephen C. Clark

Everyone is invited to listen, discuss and participate
If economics is to be a tool in service to mankind it must begin to deliver on those things that all persons long for, peace, a safe home, food and clothing for themselves and their children and the opportunity to develop and utilize their talents. The paternalistic state of the political left and the invisible hand of the political right have never delivered these to anyone but a select few. Both extremes fail to recognize the inextricable linkage between the free individual and the compassionate society.
Cosmonomics sees thee value in the discipline of he market place, but not in its brutality. Cosmonomics seeks to help all people weather personal trials, but without the bureaucratic nightmare and market distortion of the modern welfare state.

The world now produces abundant quantities of everything except customers. The economy of exclusion and poverty must give way to the cosmonomy of reward and community of interest.

Allotaxis

(Elimination of Poverty, Bureaucracy and Taxes)

The principal problem with most proposals for economic reform is that they look to guard the interest of a particular group, be it the farmers, workers, students, the aged, the physically disabled, or the idle rich. Each group seeks to get maximum benefits with minimum taxes. Pay my tuition. Depreciate my oil well. Pay me not to grow wheat. The demands are endless. Most tax reform follows the same pattern, regardless of whether taxes are “flat” or “progressive” the general rule will apply, the honest citizen will always pay more than the lobbying interests.

This creates the politics of the modern state. Each group guards its favored status with all its strength. Programs of subsidies or tax exemptions are enacted and armies of bureaucrats hired to separate the “deserving” from the freeloader. Cosmonomics avoids this trap by introducing the Transyndical, the group of everybody. It is to this group, one equal share to each person, that we grant our principal boon. All those people who are now receiving government help will still get help, except now everyone else will get the same treatment.

Our program would replace all forms of welfare, social security, unemployment insurance, and price supports by issuing a weekly subsidy amounting to 2% of currency in circulation to be divided by the Transyndical, one equal share to each person. To run the rest of the government, we would issue currency every week of up to one half percent of the money in circulation and pay the
government’s obligations, balancing this with an equal amount to be
divided among the populace. These proposals render unnecessary all
forms of income and payroll taxes. They expand the amount of money
at a maximum rate of 3% a week. Money is taxed, not through
confiscation but devaluation. All money everywhere is “taxed” at
exactly the same rate and no person can dodge this “tax”. We will no
longer need to pass judgment on who to help and who to hinder.
Allotaxis designs in a continuous, predictable inflation.

______________________________________________________

Trued Price

(Monetary Reconciliation)

The world’s economies depend upon a process known as “bank
credit” to put more than 90% of their money into circulation. This is
in essence a form of legal counterfeit, in which banks create money by
issuing loans and destroy it through calling loans. This ability to
increase or decrease the amount of money allows them to alter the
value of every dollar or franc or yen, at a whim and speculate on them
all the while. This power coupled with their ability to grant loans to
their friends and withhold loans from others, gives the banks a virtual
death grip on our world order, new or otherwise.

Any attempt to reform money must include an alternate and
equitable vehicle for introducing currency into the economy. Allotaxis
is such a vehicle and make the complete elimination of bank credit
possible. The government should raise the reserve requirement on all
demand deposits in bank to 100%. All bank accounts must reflect
actual cash. No two people may have a legal call on the same cash.
All loans must involve the surrendering of validly held legal right on
actual cash. This eliminates the bank’s power to create and destroy the
money that our entire society depends upon as a standard of value.

Allotaxis increases the amount of money up to 3% a week.
This means that the money units (dollars, pesos, etc.) deteriorate over
time, losing on half their value about every 35 weeks, or each time the
amount of money doubles. If one focuses on the individual dollar,
riyal, or mark, one half the purchasing power has been destroyed. If
one focuses on the whole economy, a different picture emerges. The
low and middle income earners have their purchasing power
augmented by the subsidy. In addition to this payment, the wealthy
and the thrifty now have a free field in capital markets. “Bank credit”
is no longer a competitor and those who wish to borrow must borrow
from those who actually have money. This leaves the purchasing
power of saved money to be determined in the marketplace.

Allowing the value of our monetary units to deteriorate
necessitates a more constant measure of price. Prices may then be
quoted as percentages of the universal human subsidy rather than in
dollars. Besides being a figure that everyone in the economy can refer
to, because they all get a weekly check in this amount, it grows in
direct proportion to the money supply. It thus completely indexes for
inflation and allows precise calibration of the information that
monetary exchange reveals.

The concept of trued price gives money a milieu in which the
ideal world of mathematics, logic and ethics and the real world of
food, clothing and shelter can be reconciled. The personal interests of
the individual are harmonized with the interests of the group. It is a
tool by which we, humankind, can take full cybernetic control of our
specie.

Universal Prosperity Assurance

(Creating Your Own Economy)

Individual who desire economic change and who do not wish
to wait for governmental action may begin on their own. Contribute
half your income to a common pot which will be distribute equally
amongst all men, women, children and aged participants on a weekly
basis. Small groups band together to form larger groups, equalizing
the common payments. The larger the group the more stable the
payment will become. All associations are summed and mitigated on a
regular basis. Any group can grow their own economy with money
based on universal grace rather than universal greed.
It is obvious to many people other than myself that the world’s economic, political and educational systems suffer from underlying false assumptions and world views. We are supposed to believe that God does not exist, that unfettered greed and a belief in the unquestioned pursuit of scientific technological goals are enough to propel man forward in a linear evolution easily understood as the product of random accident and billions of years.

It is my belief that humans must learn to operate on different principles.

There is a God and evidence, scientific and philosophic, abounds to support God’s existence.

Greed and self interest must be harmonic balance with cooperation and community of interest.

Science is a tool not an end in itself.

The universe must be understood spherically not linearly.

Humanity’s purpose is inextricably linked to intelligence and knowledge of God.

All humans have God given unique talents and potentialities which must be allowed to flourish.

With these beliefs and the state of the modern world we are confronted with the ultimate human dilemma; what to do? How do we transform our society which relies on false assumptions and values to one that embraces the previously described principles? Should we look to the body politic so entrenched in competing self interests or to the educational system which since its inception has served to domesticate us into the status quo world view? Can we look to science to transform itself waiting for a transactional paradigm shift to shatter
the flat-world thinking of our times” My good friend Stephen C. Clark would say that we must look to money and economics, or rather Cosmonomics. Money, being the root of evil, must be transformed and in doing so transform the world. Personally, as a much younger and less read art student, I thought the answer lay in people picking up raw materials and making things with their hands, creating things and recreating themselves. It is highly unlikely we can return to primitive innocence, unless jettisoned there by producing our own global calamity, and so then I think it is of utmost importance that persons of like mind continue to put forth possible answers to this all encompassing question. Keeping this in mind I believe the consideration Stephen C. Clark’s Cosmonomics to be both timely and necessary. Read it, attack it, consider it, dream it, count it, extrapolate it, keep it in…MIND. I have and will continue to do so till I or he or someone else dreams or revels or creates something better.

Friend, confidant and personal agitant,

John D. Puglisi
Appendix VIII

The Occident Express, 1986

The Occident Express

March 21, 1986

Volume one number one

Dateline Meridian Idaho, December 1985

The Christmas Tree Lot, 1st and Fairview

Editors Prologue

I find this setting the fittest possible for the opening of the Parabola Seal that Jesus set on his ministry, for I see men as trees walking. Six weeks work in freezing and wet weather, bringing to market the symbol for the secular holiday that has grown up around the celebration of the birth of the Christ Child, has earned the requisite cash to begin this enterprise. Let the rough way be made smooth and crooked paths be made straight, prepare ye the way of the Lord. Let the Age of Aquarius begin.

Salmon Fortunatus Aquarius, the Ephor Plenipotentiary and Prophet of the Most High God
Editor, The Occident Express

Publisher’s Prologue
The intent and purpose of the Occident Express is to provide a locus and focus for those men and women of good will who understand that the only hope for the survival of our species is to strike a balance between the free individual and the compassionate society. The methodology employed will be an apologetic exposition and resolution of all the relevant arts and sciences. I will dwell upon and cross freely between biology theology, physics, sports, dance, evolution, revolution history, herstory, ourstory, to reveal the nature and purpose of the human phenomenon. My compass and sextant will be the two commandments that the author and savior of the world, Jesus of Nazareth, The Christ, so graciously left for us to follow. One: To love God with all of our hearts, souls, minds, and strength. Two: To love our fellow humans as if they were us. We is us.

The nature of the knowledge that I will be bringing forth is revealed knowledge. The narratives will thus take on something of a personal perspective. It is not by accident that Stephen Carl Clark is the vehicle through whom Salmon Fortunatas Aquarius chose to speak. I am a prepared oracle. The design itself is a portion of the revelation. It was not because of meritorious behavior that such an honor was bestowed upon me, but through a gift of grace. The suffering and sacrifices of untold generations of my ancestors, both physical and spiritual, to the wild vine, Christianity, was the preparation. I am not a Christian, by any definition acceptable in modern usage or in the manner in which I will use it, Christ like. I am in the carnal pit of egocentric lust that engulfs the world today. I have been shown a better way, and the message is clear, “Find a place in your hear the beast cannot live.” We need each others help it sustain that place, that spark that Jesus left us. On with it.

Stephen Carl Clark
Repentant Sinner
Publisher, The Occident Express

Dedication
This first issue of the Occident Express is dedicated to my Great Uncle Ausbin Allred; a Pentecostal preacher, the only surviving son of my Great Grandfather Aaron Allred, a Free Will Baptist Preacher. When he got the spirit and began to preach, Ausbin was banned from his Baptist Church for damnable heresy. I talked with Ausbin for a brief time last January and he spoke to me of three things. One: Go where the Spirit leads you, regardless of whether it fits with you immediate heritage. Two: Speak the truth as God reveals it, regardless of who it may hurt that you love. Three: Beware of the lure of a paying ministry. God led that meeting, for they were the there things that were on my mind and sought guidance. Ausbin spoke and I listened. It was the only conversation that we have ever had. God be with you Ausbin.

A Prophet Making Enterprise
The Naissance of Salmon Fortunatas Aquarius

Glimpsed Veils: A Conversation Between Salmon Fortunatas Aquarius and the Woman in White

WIW- Curious thing about these earthers, they speak of floating currencies.....
SFA- ... I’ve noticed, and yet they know nothing about hyperbolics. It’s funny; they use orbital analysis in a curious, restricted game called monopoly. They work the calculus and everything but totally fail to seek the seeker.

WIW- The old no why in the I.
SFA- Race amnesia?

WIW- Depends on who’s asking?
SFA- So the conversation’s begun.

WIW- Don’t dodge the question.
SFA- I’ll just say a dry land ecologist from Greenfield.

WIW- Yes and no and no and yes.
SFA- You never could split infinitives.

WIW- I’ve you for that.
SFA- Rub it in.

WIW- Gladly, when?
January 1978, Roxie’s Ocean Front Hotel, The Prom, Seaside Oregon. I was here on the beach, a quarter of a mile down the Prom from Lewis and Clark’s salt cairn. The Pacific Fisheries Management Council, the White Man’s answer to Mother Nature, was studying the Clatsop County economy to assess the impact of salmon fishing on coastal communities. My job was collecting data for an input-output model. In seeing I saw not, and in hearing I did not perceive, for seven years of voluntary institutionalization in college and graduate school had left me incapable of making the analogy between that previous Virginia Freeholder Clark’s connection with salt, and this current Clark’s, two generations removed from Virginia, connection with Salmon.

April 1978, London, England. Stephen C. Clark, economic third eye on the job. I was chasing the mighty Chinook and sleek Coho to their rumored destinations in the British Isles or as we world travelers call it the continent. Two weeks in the packing houses of Chicago had not prepared me for the effete smoothness of the English buyers, or the class conscious bruskness that I encountered at Billingsgate, the London Fish Market. After a rather rocky start I met Geoffrey, who knew Salmon. He gave me the rundown on Britain and a list of stops for London and Paris. He assumed I’d be stopping in Le Havre to see Jacques. “Jacques is Salmon in Europe,” he assured me.

May 1978, Paris. Caviar, Russian Vodka, and smoked Salmon in Paris’s most exclusive delicatessen. “We don’t buy much Pacific Salmon.” I was told. “But if we do we get it from Jacques. You’ve met him already of course?” No, I regretted to say that I had come through Calais and planned to get to Le Havre after going to Brittany. I knew that I must meet this Jacques.
Early June 1978. A trip through Brittany and a day in the largest smoke house on the continent. They bought their Salmon on an annual trip to Seattle, and traded bits and pieces through, you guessed it, Jacques. I finally arrived in Le Havre and was ready to see the tremendous operation just to keep Jacques in paper. I got him on the phone, arranged an appointment and headed for his office. I found the address and was sure I had made a mistake because I was in a residential neighborhood. I went to the door, rang the bell, and was struck momentarily speechless by the sight of the most beautiful woman I had ever seen. She was nine months pregnant and clad completely in white. She asked me if she could help me. “I’m looking for Jacques,” I managed to get out. “In the back,” as she pointed to a driveway that led around the house. I reluctantly took leave of this fecund vision, proceeded to the rear and found a stairway with a sign that read Greek Consulate. I was baffled. I mounted the stairs. The name on the door at the top of the stairs was correct; I was indeed at the right place. I figured it was all a practical joke. A woman in a business suit answered my ring, asked me to wait, and there came Jacques.

He was an older man, possibly late sixties, but quite animated and friendly. We entered his business suite, which consisted of two desks, four telephones, and two telex machines. We talked for about two hours, with interruptions from all over the world. He bought and sold fish on three continents while I sat there. It was right then that it began to dawn on me. What I had been taught about economics was largely fabricated from whole cloth. A market was nothing more than a nexus of information. Jacques was a market, a value in-value out connection. He had the confidence of both buyers and sellers. He was a center.

I knew little of center then. I learned much about them in the next six years, but it was when I learned that Jesus himself was a descendant of Salmon that I really began to see. Anadromous Analogos, a return to the center.
Immaterial Boy

It was Mid-June 1983 at a Portland Beavers game when time began to become jumbled and I started to see the plays unfold before they happened. Abner Doubleday, who spent his declining years probing the secrets of Sanskrit, would have been pleased that such an occurrence coincided with the playing of his game of cosmic evolution known as baseball. Hours earlier on my lovely Corvallis veranda, I knew for certain that the ideas and concepts that were falling into my head wholly formed, had far greater significance than the reform of the real estate industry that I had envisioned with my corporation Real Estate a la Carte. Seeing the Woman in White, walking down the road in Dayton, shedding her clothes as she went, and the clear vision of a line shot home run to left field before it happened, was confirmation that I would have to begin taking the advice that Deep Throat had kept giving Woodward and Bernstein, and start to think bigger. I could no longer strive to make money honestly, because my job, my vocation on this once fair planet was to square the entire game, to make money honest.

…………………………………………………………………………………………………………………………

Exactly one year later, The Portland Bicycle Collective. It was here that I trued my first wheel, and the structure of the universe began to assimilate in the inner reaches of my mind. Wheeleology, or as the lovers of sophistry call it Teleology, began to dominate my waking and sleeping hours. Each adjustment of a spoke to move the rim of wheel to the right or left required an in or out compensation. Each adjustment of a spoke to move the rim of a wheel in or out required a left or right compensation. Justice, beauty, perfection. Kropotkin sat on my shoulder and whispered in my ear that science should be taught from a hands-on perspective. The left and right of politics and the up and down of the business cycle wobbling and bumping all those years, just beyond y grasp.

My hope to attach myself to process larger than myself turned to a faith. A faith in what the English speaking peoples of the world call God. Faith is the substance of things hoped for, the evidence of
things not seen. Salmon Fortunatas Aquarius, my substantive attachment to that larger process, came to full life in that following summer. This publication is an effort to share the fruits of that association.

Cosmonomics, The Origin of Specie

Introduction

Few athletic enthusiasts would favor a rule that allowed the winning team to carry its’ advantage over to the next contest. Had such a rule been instituted when I arrive at Oregon State University in 1975 they would now begin each football game with Southern Cal about 400 points behind. Yet this is how one of the great warrior tribes, the Capitalists, believe that we should behave with money. The other major tribe, the Communists, counter with the proposal that no games should be allowed unless they provide the coaches for both teams, all the referees, and have complete control of the spectators. Each of these tribes has proven itself ready, willing and able to dispatch any person or group that disagrees with them. I’ll deal a bit later with the specific whys of each group, but the point I wish to make here is that these thugs are shortening the fuse on a conflagration that neither could control and neither understands in the least. It is a force from outside this system that has brought us here and we must look beyond this system for ways out.

The basic trouble begins with the cosmology which prevails in the learned world today. Money is seen as an outgrowth of barter in primitive societies. The basic story goes that some item became standardized as a medium of exchange and money as we know it evolved. As I will demonstrate in succeeding issues this concept is not only wrong, it is patently absurd. Money is unlike anything else we encounter in this world. It is not an outgrowth of language, culture, and civilization, it their foundation, their glue, and their life’s blood. Money was introduced to earth by God for specific reasons and in a specific manner. The modern crisis is the point at which that purpose and manner are to be revealed.
Society is an autopoietic (self-creating and sustaining) colony organism. The cells are human individuals. The market process (evolution) defines our specific function. The political process (revolution) defines our general function. Cosmonomics is the metathetical surrounding and resolution of these intertwined processes. It uses as its’ basic model re relationship of orbital systems. Astronomy, the language of the heavens, and economy, the language of the biosphere, will be looked up as different aspects of a consistent cosmonomic design originating at the source. “As in heaven, So in earth.” The secrets of money will be laid bare and hopefully laid to rest for all time. In the name of the Father, the Son, and The Holy Ghost, Amen.

TERTIUM SALMONEUM

The mountains of debt that tower over the world’s governments could be eliminated immediately. Each government would simply pay its debt with printed cash and simultaneously distribute an equal amount of money on a per capita basis to every citizen. This yields a pressurized inflation, Transcendental Monetization, a reset button for a tilted economy. The income tax could be eliminated in a similar manner through Allotaxis. The government decides on its expenditure level, creates the money necessary to pay the bill, and distributes the same amount of cash divided equally among its citizens. The public and massive private bureaucracy that has grown up around the income tax would then disappear.

While waiting for the pundits, pontificators, and legislators to absorb the foregoing and act, you may begin the personal program, Universal Prosperity Assurance. Group yourselves together in unowned corporations and follow the same pattern as above. Contribute half your income to a common pot, retain half for personal use. Distribute to the common pot equally to all the men, women, children and elderly in your group. From each equally, according to performance, to each equally and according to performance. Small
groups band together and form larger groups to stabilize the common payments. All associations are summed and mitigated on a regular basis. Any group that follows these procedures can grow their own economy.

These principles organically link general welfare and personal welfare in a symbiotic union. Individual freedom and individual equality, the building blocks of a just society, are held in a dynamic balance. Money is passed through a center of love, creating a living, metabolically self-regulating economy. It is a system directly analogous to bicameral legislature of the United States in which the states maintain an equal voice in the senate and a proportional voice in the house.

Tertium Salmoneum is the conclusion the entire discourse. I am including it in the first issue so that people will be able to comprehend more fully the succeeding elucidation and because this is the same order in which I received it, conclusions first, explanations second.

E UNIBUS PLURUM

Supply side economics is the sound of one hand clapping

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A Prophet Making Enterprise, the Naisance of Salmon Fortunatas Aquarius
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Tertium Salmoneum

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Appendix IX

Jasper’s Letter to his Brother Emerson
(Written 1943, Discovered 1984)
March 7-1943
Mr. E.G. Clark Morley Mo.

Dear Bro-

I will after some delay try to ans your letter was glad to hear from you and know you was all well This leaves us all as well as common hoping this will find you all well we are having some winter it is cold & blustry here now well I was down to Mrs Dixons a few days back I told her that you wanted to know if she wood sell her place it seemed to make her mad. She said no. She was going to let it sell at her death and go to the heirs, but was aiming for Carrie to have the most. So Emerson I dont know but I think we had better go slow untill this war is over. As I think we are going to have hard & distressive times the lord only knows what is approaching the peoples of Earth. but I think this war will lead us to the fall of Babbalon & the end of Capplistic power. or in other words the end of wicked rule. it is a fight with the beast of the earth to hold their power and be ruler over the hole earth and do as the dam please regadless of rong or right. gods word tells us that the crooked ways will be made starait the ruff ways will be made smoove.

what do you think is the almity god able to perform all things that is writen in the Holy Bible I think he is and will shurely conker all nations and peoples of earth. and make
them do the will of the father. as it is writen
god says I will make people a willing people
How will he do it. Through punishment. The
truth is cast down to the ground. and all the
world is wondress after the beast. The Beast
is the money power. So you can see where we stand
The devil is going to be cast in the lake of fire
where the beast and the falts prophet are. a place
of torment. that they may reap what they have
sowed. a just reward will be given them
So let us rejoice in Faith believing the all-
mity god will perform all things that is writen
of him Faith is the substance of things hoped for
so let us put our Faith in god believing that
he will perform all things that is writen of him.
The cruelest lie that we have told ourselves a species is that we do not all long for the same fundamental things, peace, a safe home, food and clothing for ourselves and children, and the opportunity to develop our unique talents. Instead we find ourselves drawn toward an abyss where two great warrior tribes sit poised at the brink of mutual extinction. The totem of the communist is the collective, to which the individual owes all. The capitalist places divine trust in unfettered personal greed to bring earthly paradise. They speak at each other and past each other, but very little progress is made in finding a solution that will defuse this conflict between individual and society.

1) The individual owes society everything.
2) The individual owes society nothing

The root of the problem is that both propositions are true, as far as they go. This paradox of the individual-society question carries the seed of its resolution. The balance point between all and nothing is half. The individual owes half to the society. Society owes half to individuals. Accepting the notion that individuals should give half of what they produce to society gives society half of its product to distribute proportionally.

From each- Half of all they produce.
To each- Half of all they produce and equal share of one half of society’s bounty.

This system does more than provide a viable alternative to thermonuclear war over 19th century intellectual abstractions. It removes from the system the coercive threat of poverty. We would move from a society based on sanction and exclusion to one based on reward and community of interest. It is universal, no fault poverty insurance. It would replace all types of welfare, unemployment.
insurance, social security, producer subsidies, and their accompanying bureaucracies. It would create the potential for a truly free market, something the world has never seen.

Certain good ideas, especially in economics, are never so valuable as when you can give them away. An increase in the number of minds that hold ideas such as the one we introduced increases the value of the idea and the minds. This is why I ask you to give this idea away. Pass it on to a friend. Mail it across country. Make 10 copies and give them away. It is an idea that addresses the very urgent questions of our day. It has no natural political allies because it needs little interpretation and little administration. It has no market value because it cannot be bottled and sold, but as a message of hope for the future it will travel the on its own power.

On June 1, 1984 we will begin an effort to expand the personal and intellectual links of university communities to include a commercial and communications network. It will not be foisted on a gullible and unaware public, but developed in close association with active, entrepreneurial consumers. Our primary vehicle for such efforts will be a Cooperation, a hybrid between a corporation and a cooperative. It is a self-marketing tool that will allow consumers to deal on a more equitable footing with producers. We are seeking pioneer subscribers and friends, but this will be different from most other subscriptions. Like the idea we introduced today most of the material we will print will increase in value when shared. We will urge our subscribers to give their issues away to as many people as possible. Your subscription will simply demonstrate a recognition of value receive on your part. We cannot proceed without you.

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Appendix XI

About the Authors

JDP: My wife, Sarah, and I first met Steve Clark as we began the 1986/1987 school year in Greenfield, California. Sarah and I had begun our California teaching careers the previous year in South Central, Los Angeles. After a year, and a life’s worth of experiences, we went out in search of greener pastures. We landed in Greenfield, a small farm town on California’s Central Coast, on the 101 North of King City and South of Soledad. Greenfield’s students were predominantly the children of Mexican farm workers. While we were new to Greenfield, and green as far as teaching goes, Steve had just returned to his hometown. Born and raised in Greenfield, he left in pursuit of an education and the adventures that go with leaving your town. Upon his return, he landed with his undergraduate degree in history and an all but completed master’s degree in economics. More importantly, he’d returned on a mission; a money mission.

Steve, Sarah, and I soon came to realize that we had many things in common. We each wanted to make the world a better place and felt compelled to pursue this lofty goal through work with children. At the same time, Steve began to explain his ideas, concepts, quest, and revelations related to changing the world through changing the money system. Some twenty years later, we’re still working with children. In addition, over the years, Steve and I have collaborated on a variety of projects related to his work on money. These efforts have resulted in a novel, a screen-play, a web site, essays, economic presentations, business models and plans, teaching tools, and other artifacts. This book endeavors to reach the general public by illuminating some of the ideas involved in Steve’s last twenty years of reading, writing, research, and action. It’s a mini-history lesson, and a review of current thinking on a topic you rarely hear about; how money works and how it might work differently.

The very fabric of our world culture is under-girded by our money systems. Therefore, those who question it and suggest revisions or radical change are clearly fighting an uphill battle. They are outsiders and they often come from outside the ranks of working, salaried economists. Stephen C. Clark is very passionate about his plan to change our money system for the betterment of mankind. He is
schooled on the great variety of alternative money systems that have been proposed in the past and he keeps up with those present day heretics who continue to dream about a new money system. Most importantly, he has worked consistently and comprehensively to develop his own plan that synthesizes and improves upon some of the great ideas of the past. Packed into his ideas known as Salmoney, Excalibrator, and Daily Bread is a life filled with reading, writing, and networking with people interested in making money work for the people of the earth.

This book’s simple format describes four key economic heretics of the past. It follows these chapters with descriptions of political thinkers on the topic, some of the influences from outside the field of economics, and then examines present day monetary heretics. Steve then presents a brief description of his ideas about money followed by our concluding reflections on our last twenty years of musing about money and other of life’s BIG themes.

We chose the format of this book, a conversation, because we thought it provided easy access to topics that are often inaccessible. We also chose the format because it paralleled our twenty-year collaboration. Basically, over the last two decades, Steve has been telling me about what he knows about money while explaining and developing his alternative money proposals. I’ve been listening and asking a lot of questions. In the beginning I asked questions from the point of view of someone who knew nothing about money; its origins, its functions, its mysteries. Once immersed in the school of Clark, I continued to attempt to maintain this “outsider” view of the logic and economics of his proposals in order to assist Steve in developing a language that could communicate what has become crystal clear in his mind and heart.

As previously mentioned, my wife, Sarah, Steve and I have a lot in common. That first day that Sarah met Steve in the teacher’s lunchroom, she also found that their ancestors were inextricably linked. It turns out that Steve’s great, great… grandfather was hanged by the Lost State of Franklin, in present day Tennessee. Sarah’s great, great relative John Sevier was the Governor of Franklin at the time, and later first Governor of Tennessee. The particulars are lost in the mists of time, although Sarah and Steve still differ on the cause for the hanging. Following this auspicious beginning to what is sure to be a life long friendship; Steve’s work on money has influenced my world-
view in a variety of ways. I hope, that in turn, I have served at least as a bit of sand or grit that has helped to fashion some of the pearls that have emerged from his mind, heart, and keyboard.

**SCC:** When I first met Sarah Macintosh in 1986 we were in the lunch-room at Greenfield School. We were both teachers at the time. I was back in Greenfield, my home town, living at my parent’s house, after a forsaken career in economics, a short boom and bust ride as a real estate agent and two failed business efforts. Sarah had come to Greenfield from her home state of West Virginia, via L.A. In our first conversation we discovered that her father was an agricultural economist, my former field, and the historical crossing of our families was established. It was in the Smokey Mountains of what is now Tennessee. It was not yet Tennessee, but the self created state of Franklin, or was it Frankland. The story goes (a story that is sourced to my Great Grandfather’s sister) that my ancestor George Middleton Clarkson had been hung in the town of Jonesboro, for the act of murder. He had killed his brother in law in an argument over whether slavery was to be allowed in Franklin, with Clarkson in the negative. Franklin was seeking recognition from the continental congress as the fourteenth state, and Sarah’s ancestor, John Sevier, was the governor. Clarkson was tried and executed the same day, by Franklin’s chief justice Thomas Campbell. North Carolina was trying to woo Franklin back into their fold and had sent a representative, Tipton, to help seal the deal. In Campbell’s sentencing, the only existing record of the event, he warns that anyone who bothers Tipton or his party would “meet the same fate as Mr. Clarkson.” The story also relates that Clarkson wife Katherine, upon hearing of her husband’s arrest, set out to Jonesboro to intercede on his behalf. On the way she went into labor and delivered a son, my Great, Great, Great Grandfather Thomas Clark. I cannot tell you whether this story is true or not, only that I didn’t make it up. I first read the story in a book, Bond of Union, the Descendents of George Middleton Clarkson, by a cousin of mine Sue Kay Van Diver Inman in 1985.

I tell this story for a reason, and it is not to accuse John Sevier, because I don’t think he was responsible. Sevier was the charismatic leader of the “over mountain men.” These were the men who had ignored the ban against crossing the Appalachians and had carved out a life as the white tribe of the area, negotiating and fighting with the
indigenous people of the region. They had taken this military might to the Battle of King's Mountain in the war with Britain. Sevier was one of the leaders of this effort. They were true citizen soldiers, to a much greater degree than the militias of the various colonies. At the conclusion of the Revolutionary War hostilities, Sevier and his neighbors believed that they had truly won their independence, and not just from Britain, but from North Carolina and perhaps even the new United States. I think Sevier’s ear was the prize that all the competing interests sought in the web of intrigue that surrounded Franklin, and that Clarkson’s execution was a shouted message to Sevier from one of the interest groups. Sevier was later jailed and released by North Carolina and went on to be first governor of Tennessee.

I tell this story because John Sevier and the Lost State of Franklin were not just casual pieces of information that had come up in what up to then had been a casual conversation. The aforementioned incident was at the center of a quest into my own nature and karma. I had officially begun this quest in 1984 when I had pledged to God to undertake the task of understanding money and slaying the beast of the earth, pretty cosmic stuff. These feelings and intuitions had led me to believe that I was following my grandfather Jasper. I went to visit my parents the same day I had made the pledge and we discovered a letter in Jasper’s bible. It was a letter from Jasper to his brother Emerson, in which he spoke about the death of capitalism, the beast of the earth, and the money power. I was dumbfounded for a while, but I began a systematic examination of my own life, and a voluminous search for all that I could find written about money. I also followed a bit of advice I had gleaned from reading about the Delphic Oracle, which was, “always question the origins,” and had expanded the quest to my family. The central act in that quest was the death of George Middleton Clarkson. It was completely intertwined with my whole reason to be, and I was astounded. It connected directly to “the letter” and my Grandfather Jasper. I was under the sway of what the great writer and satirist, Robert Anton Wilson, called Cosmic Coincidence Control. I truly believed that there was no such thing as coincidence. Something important had just happened. My life has been enriched ever since.

I met her soon to be husband John Puglisi a couple of weeks later, and the rest as they say is history. John was working full time at Greenfield School, Sarah was a substitute like me, being held up on
credential issues, which just goes to show that the credentialing process is ridiculous to the core, as Sarah was actually a trained teacher who had completed a full program of teacher preparation in West Virginia, and John, like me, was an interloper. Sarah and John were both artists and both thoughtful and well read in ways that consistently delighted me. A beautiful still life painting of Sarah’s hangs on the walls of my parent’s new home in Arkansas. They kept my life interesting, and with those great others they kept throwing into the mix, Sylvia, Sophia, and Luca, (their children) were what passed for my social life for years. So the Sicily-Appalachia axis was created.

As one reads the comments in this book I think that people should realize that I do not intend to pass myself off as an expert on any of the people or movements that I discuss. I have read extensively in all these areas and I take few notes. The notes I do take usually relate back to a structure that is constantly running in my brain. The structure grew in integration and self-reinforcement until the early nineties and has remained fairly constant since then. I have revisited some of these authors lately, but not to the extent that these writings would be authoritative. If you want to read about Soddy or Del Mar, or be an expert on Social Credit, there are now a multitude of sources that stock their original writings that can be attained as cheaply and quickly as any other books. This was not the case twenty years ago. The books were hard to get and expensive. Several times I stood at copy machines in Libraries at universities copying whole volumes. This is how I got my first texts of Gesell, Soddy, and Del Mar. But now these guys are not just available, they are being commented on. What makes my comments different from a historical overview is that I tend to emphasize the aspects of the authors I have chosen that relate directly to my invention Salmoney. This is both a tool of illumination and a process of elimination. I have taken aspects of several peoples’ works and used them in ways that the original authors would probably not support, and I have ignored, at least in some part the reasons they might disagree. So while I think a historical, comprehensive look at these authors would be a valid thing to do, it is not what I think I should be doing and I don’t want people to think they are getting a complete overview of these writers and thinkers. I believe my work is without historical precedence in its totality, and 100% correct. I am not unaware that this leaves me subject to blind spots, which is why I think our approach to this book
is valuable. In the same sense, John Puglisi is no disinterested observer either. He has over the years invested a great deal of his personal time and energy to the discovery and elucidation of these ideas. But he is not, and thus does not suffer from the taint of, the true believer. I agree that all should question to the “nth” degree any person who says, here take this, it’ll be good for you. So hopefully, we can produce a look at some people and movements that are very important to me, and I believe should be important to everyone, how these thinkers have influenced me, and at least have another adult in the room.
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