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Where do we want to go?

An Unlimited Supply of Money

Alexander Hamilton's definition of money (p. 292) is correct as far as it goes. What he omitted, and may not have known, is that money is a natural, national resource much like water. Throughout history civilized society has worked to improve the water supply and distribute it *directly* to the people so that they may use it to nourish themselves and their families, and to businesses and other institutions so that they can use it for the permanent and aggregate interests of the community. Money should be managed in the same way. So, let's adapt Hamilton's definition of money—let's bring it into the 21st century:

> In any large human society money can correctly be considered as an inexhaustible natural resource that is essential for the welfare of all human beings—from individuals, to families, to communities, to nations, to entire civilizations—by means of which they can sustain their lives, and carry out their most essential function: to build a community, and help to build a world, in which all persons can live long lives that are worth living. Therefore, a regular and adequate supply of money should be distributed directly to all citizens to be used for any appropriate purpose, at the appropriate time, in the appropriate way, in the appropriate place, and in the appropriate amount.

Money, like water, sustains our lives and our society, and, like water, it should flow directly into every American household. Our new system of democrato-capitalism, along with our new Faction-Free Democracy, will enable us to make certain that it does.

A Regular and Adequate Supply

All spending will originate with our national government. Our money supply has no limit. It is infinite. We just need a system to distribute and manage it. Money will be supplied directly to individual citizens, to public and private enterprises, and to government entities at all levels. This money will be spent on worthwhile, non-inflationary projects that will make families, businesses, and society stronger.

Each year, from birth to death, we will distribute $36,000 to each citizen. The money will be deposited in twelve monthly installments of $3,000 in each citizen's free accounts at the **Universal Bank of the United States (Uni)**. Two thousand dollars will go into the citizen's **UniCheck** account and one thousand dollars will go into the citizen's **UniLife** account. Money from the UniCheck account can be used for any legal purpose, including discretionary deposits in the **UniSave** account which will earn a guaranteed rate of interest. The money deposited in the UniLife account may, from time to time, also earn interest.

This $36,000 stipend will be provided by the Social Security Administration and will be called the "**Social Security Lifetime Stipend (SSLS)**." The SSLS will be tax-free and cannot be used to offset any other income that the citizen is receiving or might receive in the future, no matter its source. Let's take a look at how the SSLS will directly affect our economy: [1]

Table 6						
Impact of the SSLS on Average Household Income Distribution						
Row	(1) Percent of Population	(2) House-holds (000)	(3) People (000)	(4) Without SSLS ($$$)	(5) With SSLS ($$$)	(6) Percent of Increase
1	4.8	5,913	15,078	200,000	291,800	46
2	1.9	2,288	5,834	188,957	280,757	48
3	3.4	4,175	10,646	163,130	254,930	56
4	4.7	5,806	14,805	139,084	230,884	66
5	7.7	9,460	24,123	113,772	205,572	81
6	11.9	14,687	37,452	88,800	180,600	103
7	17.6	21,659	55,230	64,264	156,064	143
8	24.0	29,434	75,057	39,503	131,303	232
9	24.0	29,531	75,304	16,261	108,061	565
	All:	122,953	313,530	69,285	158,587	132
	Total Household Income in Trillions:			8.5T	19.5	129%

Table 6, column 5, shows average household income distribution under democrato-capitalism—each household has received the SSLS from the national government, based on the average number of persons residing in it. Notice that both the richest and the poorest Americans will enjoy increased incomes. Just as the ancient Athenians used their new, rich vein of silver to benefit all of the people, we will use our unlimited supply of money to benefit all Americans. We are faced with many very difficult and dangerous problems and our unlimited supply of money, by itself, will not be enough. We must also have millions of well-trained, well-educated, well-motivated, well-equipped, healthy, strong citizens who will be willing and able to work long and hard, without financial distractions, in order to save us from ourselves. With this in mind, we must underwrite the development of all of our citizens.

As you can see in Table 6, row 9, more than 29 million households, containing nearly a quarter of our population, will have an average annual income of $108,061. The lowest two groups, rows 8 and 9, represent more than 58 million households that encompass nearly half of our population, and they have a combined average income of $119,682. The average number of people living in each of those 58 million households is 2.55 which means that the average per capita income of more than 150 million people in those low-income households is $46,927. Just place yourself in the position of earning nearly $47,000 per year versus the current $11,000 per year.[2] There is real hope that you will have the chance to go to college and to enjoy the many wonderful things that our technologies provide—there is real hope that your lot in life will improve—a lack of money will no longer be the determining factor in your life. You will be able to go as far as your talents and efforts can take you.

Under the SSLS program alone, total household income will increase by $11 trillion—more than doubling that of the current system. As you can see, the average household income will increase substantially at all levels. Everyone will benefit. The households at the highest level will go from $200,000 to $291,800 annually for an increase of 46%. Even at that high income level the SSLS will have a strong, positive effect. The lowest level of household income will rise from $16,261 to $108,061 for an increase of 565%. Money will flow like water into all American households, and poverty will be washed away. Imagine what it will mean for every mother and father to have an additional $36,000 per child per year to spend and invest for their welfare. Imagine what it will mean for society to have generation after generation of Americans who are raised under this system. Imagine what it will mean for the grandparents—they will be happy to see that the financial prospects for their descendants will be significantly improved, and they will be happy to see that their own chances for a secure and comfortable retirement will be improved as well. Imagine what it will mean for the children. Imagine what it will mean for you. This will be the best investment America will ever make. Americans will finally be able to live the American Way. For example, let's take a closer look at the impact the SSLS can have on the lives of an American family.

A Family of Three

In my home state of Texas the hourly minimum wage is $7.25. In a family of three with one small, school-age child and two adults who are working full-time at minimum wage jobs, the gross family income is $29,000—which translates to a family per capita income of $9,667. This low-income situation is true for millions of families across the country and it is a shame. But with the SSLS, this family's financial situation will improve dramatically. Each member of the family will receive $36,000 per year for an annual total of $108,000. Total family income will jump to $137,000 per year, which is less than one of our national congressmen is paid—but any American family, particularly one with a small child, is unquestionably as worthy an investment for America as any member of Congress under our present system.

The SSLS will bring on many positive changes. Business enterprises will enjoy a surge in activity that they never thought possible. With household income more than doubling, demand will also increase dramatically. But this new demand will be more demanding. Customers will demand fair treatment, good merchandise, and competitive prices. For the first time in history the marketplace will be dominated by consumers. They will have the money to buy what they want, when they want, where they want, and at the price they want. The demand for the number of goods will increase considerably, but the main demand will be for better goods and services. In other words the retail merchant will see that the number of sales tickets and the number of line items on each ticket will increase slightly, but the dollar amount of each ticket will noticeably increase as consumers buy better quality merchandise. Income will increase, and the merchant will be able to pay a livable wage.

But for the American family things will improve on other fronts, not just in the purchase of consumer goods. Families of all sizes and situations will have more money to spend on their children and on the adults as well. Families in which both parents now work at minimum wage jobs will be able to keep one parent at home should they choose to do so—if they want more and better child care, the market no doubt will respond to the demand. Diet will improve, interest in life will improve, and school participation will improve. It will be easy to see and measure. Domestic tranquility will improve. Children and adults alike will be ready, willing, and able to respond when called to serve in some government function. Our citizens will have the time and the money to focus on important societal questions as they serve their turn in running our new Faction-Free Democracy.

Technically, the SSLS process is not unusual or even difficult. We now issue checks and deposits directly to companies who provide goods and services to the government. We issue Social Security checks and deposits directly to the people—millions of them every month. In fact, in 2008, President George W. Bush made a half-hearted, feeble, inadequate attempt to stimulate the economy by issuing approximately $120 billion in checks and direct deposits to Americans who filed tax returns.[3] The people received the money, they spent or saved it as they wished, and the world did not end—nor did it get better. This direct approach is easy to understand and easy to execute, and we will rely on it to manage the SSLS. Every citizen will receive the SSLS, even people we don't like, even people who don't deserve it. As my father might say (with a smile), "Only you and I deserve the SSLS, and I am beginning to have my doubts about you." So, to be fair—to be democratic—the SSLS is for everyone. We are all in it, all the way.

The Livable Wage and the LWS

By implementing the livable wage, democrato-capitalism will do much to put money into the hands of many American citizens. Our current economic system is built on the tyranno-claim that we have a limited supply of money. This gross, unsupportable, malicious con leads to a pernicious assumption: that wages must be kept low so that profits can be maximized and businesses can continue to operate. But this assumption, based on a lie, is wrong: morally and pragmatically. If a business enterprise does not have enough income to pay its workers a wage that will enable them to build a long life worth living then the enterprise is a **BINO**—a business in name only. In fact, many of them should be described as a sweatshop: a shop or factory in which employees work long hours at low wages under poor conditions.

We have many thousands, maybe millions, of such BINOs—such sweatshops. Our tyranno-capitalist system subsidizes these sweatshops by lowering the wages of the workers. Such businesses are so poorly positioned, designed, and managed that all they can do is exploit their workers. The owners of small BINOs are trapped—they begin with the idea that their businesses will be successful and they, along with their employees, will enjoy good incomes. But most of them soon realize that their dreams will never come true. Some go out of business. Others hang on, but actually all they have is a poorly-paid job and often a large debt to go along with it—and that debt demands interest payments to the lender. Without meaning to, these small enterprises become sweatshops. Those who depend on these small BINOs have little hope for higher incomes.

The largest BINOs are freeloaders—they embrace the sweatshop model, and they do great harm to America—they practice pure tyranno-capitalism. Walmart is one of the largest such freeloaders.[4] Table 4 is clear, the greatest problem facing our economy is that more than half our people do not have enough money to participate in the American

Way. Our current economic system is not trying to correct this problem, it is actually the cause of it.

The plutocrats in the GREEB institutions accept the current economic system as if it were a law of nature. But it is really an artifact, a creation of men—tyranni, actually. Under democrato-capitalism profits will be secondary. Businesses will primarily be valued in terms of the jobs they create, the wages and dividends they pay, and their efficiency of resource usage. Our lives will be transformed for the better. Under democrato-capitalism a worker will be paid a livable wage. A business that is unable to pay its workers a livable wage is in need of government help. In such cases the government will add a **Livable Wage Supplement (LWS)** to employee paychecks through the **UniPayroll** system. In exchange for that LWS the government will accumulate equity in the business. The owner of the business will hopefully recognize that he should get to work to grow his business so that he can pay the entire livable wage himself and thereby maintain his equity. As the owner begins to pay the entire livable wage, his debt will be reduced by each LWS that the government does not have to pay. He will be able to regain his equity position. Should he fail, his business will ultimately become the property of the people, to be reorganized and restarted if possible. But the tyranno-capitalists should have no fear because under democrato-capitalism they, and their former employees, will receive $36,000 annually, and they will also be able to find a job that pays a livable wage.

If we consider the family of three that I mentioned above, we can see that the parents would still be able to work at their same jobs and they will be paid their combined minimum wage of $29,000. In addition they will be paid the livable wage supplement (LWS), which will increase their income by $31,000, which will enable them to bring home a combined income of $60,000 per year. After we add in the SSLS for each family member the total family income would be $168,000.

The following table illustrates the deposits that will be made in each family member's accounts. On an annual basis $14,500 from work base pay and $15,500 from the livable wage supplement (LWS) will be deposited in each adult's UniCheck account. In addition, $24,000 from the SSLS will be deposited in each family member's UniCheck account. And $12,000 from the SSLS will be deposited in each family member's UniLife account.

Table 7 Annual Income From All Sources Deposited in UniCheck and UniLife Accounts					
Source	**Account**	Parent 1	Parent 2	Child	Total
Base Pay	UniCheck	14,500	14,500	0	29,000
LWS	UniCheck	15,500	15,500	0	31,000
SSLS	UniCheck	24,000	24,000	24,000	72,000
SSLS	UniLife	12,000	12,000	12,000	36,000
	Total	66,000	66,000	36,000	168,000

The money in the parents' UniCheck accounts can be used for any legal purpose. However, the money in the child's UniCheck account must be used for expenses that go to meet the needs of the child—including sharing in housing costs, utilities, residence maintenance, transportation maintenance, insurance, and the like. The family can, if it wishes, use UniCheck money to purchase certificates of deposit which will be deposited in the UniSave account where they will earn interest.

The parents may wish to change their arrangement and have only one parent work, while the other parent stays home with the child. But if they decide that both should continue to work, they will have enough money to send their child to a good daycare center. Such facilities will spring up under democrato-capitalism because parents will have the money to pay a worthwhile fee for high-quality, professional daycare service. In addition democrato-capitalism, through the Uni, will make it possible to establish child-care facilities with funding and assistance to meet whatever standards may be required.

Money in the UniLife account is to be used for specific purposes. It will earn interest, and the rate will be the same for all citizens. The rate will be determined by actuaries, and can be changed as circumstances warrant. If the UniLife funds are untouched until the child completes high school at age 18, she will have $216,000 on deposit. This money can be used to pay for college or other similar training, including living expenses. Educational facilities of many types will be eligible for UniLife funds. Over the five years beyond high school graduation it is very likely that many young people will virtually exhaust their UniLife account as they move toward college graduation—and that would be a very good thing. Parents and their children will know that money will be ready and waiting to fund a college education. Higher education will become a normal part of life, just as high school is today. As life goes on, the UniLife account will replenish and grow, and can be used for other important functions of life: getting advanced degrees or other specialized training, buying a home, starting a family, starting a business, and ultimately providing a secure and comfortable retirement.

Inequality

I started teaching in a small town just outside Waco, Texas. Like the great majority of Texas school districts, there was little money to go around. My subjects were Texas History, Texas Government, Texas Geography, and Seventh Grade Mathematics. Right away I asked my principal for a map of Texas for my Geography and History classes. The next morning he gave me a roadmap that he had obtained for free at a service station. I used crayons to carefully outline or color the counties, major rivers, and major cities.

Later, I taught math and German at a large Fort Worth high school. Everything was first class. They even built a language laboratory with individual work stations so that we could use the audio-lingual method of teaching. There was a great and obvious disparity in the funding of our children's education. By 1984, the disparity had grown and lawsuits were being filed and threatened. Governor Mark White appointed Ross Perot to head up a special commission to deal with school funding inequities as well as some other pressing problems that the cowardly legislature was unwilling to face. Perot came up with a funding method that took money from the rich districts and gave it to the poor. All hell broke loose. Even in the education of our children, redistribution of wealth is intolerable for many. In addition Perot recommended that no student should participate in extracurricular activities unless he was passing all his classes. Perot's funding scheme became known as the "Robin Hood" plan and his rule about after-school activities became known as "no pass, no play." Perot's funding plan was never fully implemented. The rich districts just wouldn't accept it, and they held the political power in our state. More litigation followed. Just a few days ago the Texas Supreme Court ruled that even though the school funding system is inadequate, it is nevertheless constitutional. Coincidental with this ruling a high school in McKinney, Texas, announced that it was about to build a new sports stadium that would cost more than $60 million. So, it can't be news to anyone that rich people get the best of everything and poor people get the leftovers, if they get anything at all. Taken together, these and other disparities are known as "inequality."

In 2009, two British epidemiologists, Richard Wilkinson and Kate Pickett, published *The Spirit Level, Why Greater Equality Makes Societies Stronger*. The authors looked at the effects of inequality in many of the most advanced nations, including the United States. They observed that the nations in which individual economic inequality was great there was also inequality in the distribution of health and social problems. They looked at the following categories:

- Level of trust
- Mental illness (including drug and alcohol addiction)
- Life expectancy and infant mortality
- Obesity
- Children's educational performance
- Teenage births
- Homicides
- Imprisonment rates
- Social mobility

They found that inequality, in all nations, had a significant negative impact on these conditions. They found that America, which had the greatest inequality, also had the highest incidence of adverse effects on these social factors. Our nation was an outlier of all the major advanced nations: more inequality, more negative impact on these social elements. The nations that were closest to us were the UK, Portugal, New Zealand, Greece, Ireland, Australia, and Italy—but we were still far beyond all of these nations in our levels of inequality and social problems. At the other extreme, Japan was the outlier with less inequality and fewer social problems. Not far behind Japan were Finland, Norway, and Sweden, followed by Denmark, Belgium, and the Netherlands. All of these nations had less inequality and fewer social problems than America.

The authors of *The Spirit Level*, have made the charts from their book available at no charge. They even have a PowerPoint presentation that one can download free of charge. This link will take you there:

https://www.equalitytrust.org.uk/resources/the-spirit-level

After publication of *The Spirit Level* several independent economists published criticisms of the data and the authors' interpretations. Other scientists, as well as the authors, published their responses to these criticisms, and, from my analysis of these exchanges, the objections fell away. This exchange of views and analyses is the way that our public discourse should be carried on, but almost never is.

Independent of *The Spirit Level*, others have looked at the correlation between inequality and social problems, especially crime, and have found that as inequality goes up, crime increases, but as inequality falls, so does the crime rate. It may take an hour or two, but, with a little patience, one can read these studies on the Internet and the conclusion is inescapable: *inequality is the cause of most of our social problems*.

The authors of *The Spirit Level* also looked at all fifty American states. They were not able to obtain data about social mobility on a state-by-state basis so that category was omitted from their study. But they found that the states which had the greatest degree of inequality also had the greatest incidence of these problems. The states that had the worst inequality and the most social problems were: Mississippi, Louisiana, and Alabama, followed by Texas, Kentucky, Arkansas, Georgia, Tennessee, West Virginia, Florida, and California. At the other end of the spectrum, the states with less inequality, and fewer social problems, were: New Hampshire, Utah, Alaska, Wisconsin, Vermont, Iowa, and Minnesota. All fifty states generally followed the same rule of thumb: as inequality rises, so do social problems. Homicides increase, and so do all the other problems listed above.

Researchers are working to learn more about the effects of poverty on the development of the brains of our children. Here is an overview of one such research project:

> Children who live in poverty tend to perform worse than peers in school on a bevy of different tests. They are less likely to graduate from high school and then continue to college and are more apt to be underemployed once they enter the workforce. Research that crosses neuroscience with sociology has begun to show that educational and occupational disadvantages that result from growing up poor can lead

> to significant differences in the size, shape, and functioning of children's brains. Poverty's potential to hijack normal brain development has led to plans for studying whether a simple intervention might reverse these injurious effects.
>
> One study is considering giving low-income families a monthly income supplement of either $20.00 or $333.00 for a period of three years. Measurements will be made to see what effect, if any, will result in the cognitive and brain development for the children involved.[5]

We have already seen the impact that our unlimited supply of money can have on a family of three living in Texas. Let's take another look and see the effect the SSLS and the LWS would have on inequality. In Texas, the minimum wage is $7.25. A family of three, with one small, school-age child, and two parents who work full-time at minimum wage jobs would have an annual income of $29,000. If we compare this family's income to that of a middle-class family of three with an annual income of $72,542[6] we find that the income of the family with minimum wage jobs is 40.0% of the income of the family with the higher income. The income gap between these two families is $43,452 which is 150% of the family with minimum wages. I don't know what you think but, to me, that is a considerable gap. In the years of my youth our family income was very low, but in our small town it was not very much lower than most families there. In effect, we were poor, but so was everyone else. Many of my friends from those days have made this observation, "we were all poor, but we didn't know it." In other words we were poor but we did not suffer from the adverse effects of inequality.

Now, let's take a look at the two families of three after the SSLS and the LWS are put into effect. The minimum wage family would find that its income from wages would come to $60,000, and by adding $36,000 for each member of the family we would find a new total income of $168,000. We would also increase the other family's income by $108,000 ($36,000 for each family member) for a total family income of $180,542.

The relationship between the total incomes of these two families has changed dramatically. The minimum wage family's income of $168,000 is 93.1% of the higher-income family, when it was just 40.0% previously. The income gap between these two families is now $12,542 which is 7.4% of the minimum wage family's income when it was 150% previously.

Imagine what effect the SSLS and the LWS will have on families all across the nation. Neighborhoods generally are occupied by people of fairly similar incomes, so under the SSLS and the LWS their incomes will be relatively the same, but they will be much improved with respect to the cost of living—and the gap between the lower incomes and the higher incomes (expressed as a percentage of the lower income) will be reduced. Inequality can be minimized with the implementation of these two programs of democrato-capitalism. So, when economists and politicians tell us that they are sorry, but our high degree of inequality is a necessary byproduct of the tyranno-capitalist system, don't believe them. Most of them don't know any better, and their incomes are high enough that they don't want to rock the boat. But a considerable portion of these "status quo" jockeys do know better. They are tyranni and they naturally want to rise above everyone else. They use two methods to do it: they work to *increase* their income while they work to *decrease* yours. It is time to put a stop to this tragic system.

Please remember, there are other ways that democrato-capitalism will improve the economic status of American citizens: providing free services such as health care, providing jobs, paying interest on savings accounts, eliminating income and property taxes, providing equal pay for equal work, increasing wages as productivity increases and as citizens complete important education programs.

Universal Bank of the United States (Uni)

The Uni will be the primary system for the distribution of money from all government programs and from employee payrolls as well. Let me repeat, all current government programs, such as Social Security pensions, disability checks, and other financial assistance will continue and if any are not now issuing money they will be changed to do so.

All current commercial/community/retail/consumer banks will merge into the Uni. All other banks that hold FDIC-insured depositor accounts must transfer those accounts to the Uni—and then they will go out of the citizen banking business. The merged banks will stay where they are now, they can keep their current names, they can keep the same staff, but they must adopt Uni policies, and they must convert all of their current and new accounts to the Uni computer system: **UniSys**. Those of us who already have bank accounts can keep the same numbers and can even use the same checks. By becoming part of the Uni these local banks will become **UniBranches** and will be able to access the unlimited reserves of the Uni. This means that there will be plenty of money in every location for fulfilling the needs of the people. It means that inter-account processing will be faster and easier to correct when errors occur, as they will in any very large system. It also means that all the people will be treated equally by their bank of choice—banking policies and procedures will be universally uniform.

UniBranches will seem very familiar in many respects. They will offer the banking services that many of us use, such as insured deposits, savings accounts, loans of all the usual types, and electronic banking of the kind that is now becoming more and more common. But they will be less familiar in that they will rely on electronic dollars and cents, coins and currency will disappear, there will be no interest charges on loans, and savings accounts will pay a guaranteed annual interest rate. In addition the Uni will replace the Treasury Department and the Federal Reserve, but will keep the essential functions that those agencies now perform, while it jettisons the rest.

UniKey

The UniKey is a credit/debit tool as well as a secure identification/login device for the holder to use in making payments and interfacing with the Internet. There will be a service charge added to each financial transaction to cover the costs of processing. The UniKey will be intelligent and will capture data that can be uploaded to the holder's home computer. The UniKey can function as a credit card does today and existing credit card balances can be transferred from current credit card issuers to the UniKey account. There will be no interest charges on such balances but there will be the usual charge limits. Obviously, current credit card issuers will vanish unless they can find ways to compete by providing valuable services at fair prices to their customers. Even tyranno-capitalists should welcome such a situation because it is a clear example of their beloved market at work. But there is an obvious and important difference—in this new rational market the customer really does have a choice and therefore is on equal footing with the credit card company, something that has rarely happened in America with its long history of monopolies and consumer abuse.

The UniKey will make it possible for us to eliminate coins and currency. Transactions that now rely on currency will no longer be possible. I suppose that this will cause considerable disruption in the business of selling illegal drugs and illegal guns, or hiring undocumented workers. All monetary transactions, buyer and seller, will require the use of UniKeys and all UniKey transactions will be traceable. Attempts to establish black market currencies will then become widespread, but we can easily shut them down. Because our national government is the sole legal issuer of money in our country such black market currencies will be illegal and severe penalties will be imposed on those found guilty of perpetrating such frauds.

UniPay

The SSLS and the livable wage will establish a basic income level for every American. These two features of democrato-capitalism will definitely change our lives, but more is needed. We must spend our money wisely, and we must be protected against those who will try to take advantage of us. We will need to protect each citizen against frauds, bubbles, unemployment, overcharging for goods and services, inadequate insurance, medical misadventures, harassment from businesses, and the like. The best way to do this is to change the way we pay our bills. The overall system for paying most kinds of bills will be part of the Uni. All of us, throughout our lives, will use this universal payments system.

The $36,000 SSLS for each citizen will go a very long way toward satisfying two of the Framers' goals: "insure domestic tranquility," and "promote the general welfare." Increasing each person's tax-free income will certainly promote the general welfare for most Americans, and this will inspire tranquility. But, and this is a big "but," there are strings attached to this $36,000. It must be spent for certain things such as housing, utilities, transportation, education, clothing, health care, TV and Internet access, telephone service, food, car insurance, house insurance, life insurance, mortgage and rent payments, and the like. And a substantial part of it must be set aside as interest-earning retirement savings. Surely most Americans will not object to these restrictions. In addition the Social Security pension system will still be in effect. It will be based on payroll earnings only, but payroll deductions will be eliminated for employee and employer. The Uni will make it easy for us all—it will pay all of our routine bills so that we citizens won't have to worry about them. For most of the basic things of life, UniPay will be the single-payer.

Utility companies will no longer bill the customer, they will bill the Uni. They will send a monthly bill to the UniPay system with the details of each customer's account. The Uni will immediately pay the grand total to the utility. No longer will utility companies have to worry about collecting past due bills, no longer will they have to turn off the electricity and then turn it back on. No longer will an old man like me freeze to death in a blizzard because the utility company turned off his heat. The Uni will then deduct the proper amount from each customer's bank account. No longer will we Americans have to worry about utility bills.

UniPay will take funds from each citizen's UniCheck and UniSave accounts. In the case of a Texas family of two adults who are working at minimum wage jobs and who have two school-age children, there will be four sets of these accounts, and the amounts in each will most likely be different. UniPay will first look at the amount in each UniCheck account and deduct a pro-rata portion of the utility bill from each. The account that has the largest amount of money will pay the largest portion of the bill. Each member of the family will pay his pro rata share of the utility bill. Payments will be made automatically and posted in each family member's account. If there is not enough money in the UniCheck accounts, UniPay will then look for funds in the UniSave accounts. A similar pro-rata process will be used. If those funds are insufficient then UniPay will enter a pro-rata debit item into each account. As future income is credited to any or all family accounts, UniPay will reduce the debit balance by the amount of the credit.

By automatically extending credit for utility bill payments, UniPay will reduce the disruptions that emanate from job loss, illness, and the like. This automatic extension may keep the family together and improve the odds that they can recover from the kind of problems that we hope will never happen, but which we know can happen. Keeping families together, keeping them in their home, keeping them safe, keeping them in school and at work, and keeping them healthy are some of the most important things that any economic system can and should do. Unfortunately, our current economic system does not do them, and the painful, stressful, expensive, counter-productive consequences are self-evident.

As the single-payer of utility bills, the Uni will have a certain amount of influence. The utility supplier will naturally be willing to cooperate. For example, electric utilities will charge rates that are high enough to maintain their infrastructure. The Uni will willingly pay for these prudent acts, but it will insist that the money be spent on the right tasks. In addition, the Uni will be the source of funding for new methods of generating electricity, and it will closely monitor progress as these methods are put into place. I know that some tyranno-capitalists are shuddering in horror at these words, but all I can say is, "Welcome to the future, y'all."

Buying or Renting a Place to Live

Obviously all people, adult and child alike, will benefit from a happy home life. Democrato-capitalism can help make that possible by providing financial services which will enable all of us to have a safe, well-maintained home, no matter its size or grandeur, from a small apartment to a multi-bedroom, multi-bathroom, multi-car-garage mansion of the kind that many people enjoy today.

Mortgages will be easy to get, interest-free, and they will be adjustable in a new way. If the value of a home should fall, then the amount of the mortgage payment will fall accordingly. This means that a homeowner who takes out a 15-year mortgage will be expected to make 180 monthly payments based on the amount of the original mortgage which is in turn based on the original value of the home. Payments can never exceed the original amount but they can be reduced based on falling values. As the home value falls the payments will be adjusted accordingly. If the value rebounds then the payments will also be adjusted upward. Contribution to the homeowner's equity in the home will reflect the actual dollars paid on the mortgage.

If, for some reason such as loss of income, a homeowner cannot make a payment then the payments will be suspended. Once the homeowner can begin to make payments again, they will pick up where they stopped and there will be no penalty. Mortgage payments still outstanding, if any, will be charged against homeowner equity if the house is sold.

When the Uni makes a mortgage loan it will have certain requirements. The borrower must have adequate resources to repay the loan and to maintain the home. The loan will be interest-free but there will be a monthly charge to be used for home maintenance. The Uni will contract with local cooperatives to do regular repairs and preventive maintenance, and the homeowner will select the company she prefers. The payments will continue even after the mortgage is paid off. As I will explain later, the people have a compelling interest in making sure that all homes are in good repair.

Once a citizen satisfies certain requirements such as age, level of education, experience, and employment, she will be eligible to use the money in her UniLife account to partake of many of life's good things. She can go to college, she can start a business, she can start a family, she can buy a home, or she can do other things that will help her to build a long life worth living. The process of buying a house will be similar to the one we have today, but there will be a few differences. The qualifying process will be identical—the buyer will have to demonstrate that she has a good credit record, that she has a good income, that her budget will be able to handle her other expenses as well as the cost of the new home, and that she has enough cash on hand for a down payment and other startup costs.

An additional requirement that is not obvious but is very important is that the UniBranch loan officers must be able to see how well the purchase of the house fits into the buyer's plans for the future. Her goals, the costs to achieve them, and her timetable for completing them, could conflict with the purchase of a house.

The other differences will be easy to see. If she has to borrow money she will be charged no interest. This will be a huge advantage. Today, if she had to borrow \$100,000 at 5.0% interest for 15 years, she would pay back \$142,342 over the term of the loan, and her monthly repayment amount would be \$790.79 rather than \$555.55 on the interest-free mortgage. I know it is hard to believe but interest rates in effect increase the cost of housing by 30% or more depending on the rate and the duration of the loan. Another significant advantage of our new system is that there will be no property taxes or mortgage insurance.

However, there is one difference that at first may seem to be a large added expense. In our new system the buyer of a house must contract with a coop that will maintain the physical structure as well as the surrounding property. We, the people, under democrato-capitalism, will agree to give each of us the SSLS so that each of us may have the resources we need, when we need them, where we need them, and in the amounts we need so that we can take care of ourselves, our families, our communities, and our nation. We are all in it all the way. So, the SSLS does carry with it certain obligations, and one of those is to keep our assets in tip-top shape. Homes are among the most important such assets. Each home owner will be required to contract for maintenance services. The cost of the maintenance contract will be determined by the structural details of the home, the heating, cooling, cooking systems, the building materials, etc. will all go into determining the cost. This determination will be made by the **Asset Value Appraisal System (AVA)**. The AVA will also set the fair market value of the house. Valuations are already made by tax appraisal district entities all across the country. The AVA system will value all housing and other real assets in the country. Under democrato-capitalism all housing and other structures must be properly maintained and the buyer/owner of such properties must pay. This requirement will assure that the value of a property will be maintained at the highest level, and will contribute to the overall asset values of America. One of the criteria we will use to judge our national financial status will be the total value of all assets in the nation, including private and public assets alike. Maintenance coops will be large employers. I will say more about them later.

In the case of rentals, the same general approach will be followed. Any rental charge must include an amount to be set aside for maintenance. The Uni will manage that amount and make certain that repairs are timely and well-done. The owner of the apartment complex will bill the Uni, not the tenant. Any disputes on payments or maintenance will be between the Uni and the apartment owner. The people have a compelling interest in making sure that all apartments are in good repair, and that the tenants get the services they were promised.

Housing Bubbles

One of the most serious defects of our current economic system is that the people have very few investment opportunities. Savings accounts pay very low interest, the stock market is very risky because the price of a stock depends on its future earnings and predicting the future is always impossible to do—and big investors, through powerful computer systems, can manipulate stock prices in ways that take advantage of ordinary citizens. Housing therefore has become the primary remaining investment to increase a citizen's wealth. It is one thing to own a home and see it increase in value (while mortgage interest is reducing family cash flow), but it is quite another thing, a dangerous thing, to buy a house as a speculative investment. The Wall Street gang expected the 2008 housing crash. They designed the derivatives that ultimately produced the bubble, and they also designed derivatives to take advantage of the crash. This catastrophe was a virulent form of tyranno-capitalism, and it became a well-established tool for unscrupulous market manipulators on a grand scale.

We will put a stop to housing bubbles. A citizen's UniLife account funds can be used to purchase a residence for the citizen, but they cannot be used for a second home of any kind. If a citizen wants to buy a second home then she must find another way to finance it. When a citizen uses UniLife funds to buy a primary residence, she can borrow interest-free money from the Uni but this act will commit her UniLife funds, even those not yet deposited, to cover the amount borrowed.

If she wants to buy a residence and pay an amount that is in excess of the fair market value set by AVA, she must make up the difference in cash at the time of the purchase, and the source of that cash cannot charge interest, or have any claim on the home. Buying a residence will be a cash-only business. The Uni can, and will, advance the cash needed to buy a residence so long as such a purchase fits into the overall life plans of the buyer. The ultimate goal of the UniLife account is to build a secure, comfortable retirement, and buying and properly maintaining a home is an important part of reaching that goal.

Health Care (includes Dental Care)

Right now this system is a hodgepodge of discrete businesses of many types: charities, for-profits, independent providers of professional services, institutions that provide professional training, and several overlapping government programs that are used as political footballs by the members of our national and state governments. The deeper one digs into this morass of writhing, nonsensical regulations and tyranno-motives, the more appalling it becomes. Many years ago, I was a member of a small team of systems engineers who designed and developed one of the first Medicare systems, which became the most widely used such system in the country. I then helped develop one of the first Medicaid systems, and it too was widely used. During that period I naively saw a future in which government would provide a comprehensive health care payment system that would essentially be Medicare for all. But, as we know, it was not to be. Too much money was sloshing around in the system, and too many tyranni wanted to get their hands on all of it.

For the next thirty years I worked to provide systems and services to a wide range of health care organizations, including Blue Cross-Blue Shield plans, health care insurance companies, association groups, large employers who were self-insured, and HMO's of several kinds. I saw things grow more complicated and more burdened with silly, wasteful, even stupid regulations. Barriers were thrown up between patient and doctor. It was disgusting, burdensome and distracting to doctors, and ultimately harmful to patients. It will rightly be viewed as one of the most contemptible episodes in our history—how tyranno-politicians and tyranno-capitalists conspired to make profits from sick people. It is time to put an end to it.

We the people, through UniPay, will use our unlimited supply of money to pay for all aspects of the health care system. Training for all medical professionals will be free. All equipment will be paid for by the people—and all building space and supplies as well. No medical practitioner, at any level, will have to take on debt to learn and practice her skills. But, and this is a big "but" for a few, they must practice science. Rationality, not ideology, must prevail. There are two more big buts—they must maintain their skills and they must, as a profession, identify and deal with those whose professional skills are inadequate.

Patients must be protected, and medical professionals must be the first line of defense—not only against illness, but against bad practitioners.

Medical practitioners will not have to worry about being sued for malpractice, and they will not have to pay for malpractice insurance. The people, under democrato-capitalism, will assume the expense of caring for and compensating patients who have been injured or otherwise mistreated. But those practitioners who have been guilty of malpractice will be subject to discipline by boards of their peers which can lead to reprimand, suspension, termination of the license to practice, or criminal referral.

Compensation for medical professionals will be established by randomly selected panels of ordinary citizens and by panels of non-practitioners in the field who will work with representatives of the various professions. Medical professionals should have only one worry: what is best for their patients. They should have the resources and the skills they need to do what is best for their patients. They should be free from money worries, they should be well-paid, even made rich, for the work they do. Money, at least the profit motive, must be removed from the practice of medicine. This includes all kinds of current for-profit enterprises. The people who work in the medical professions will profit, and profit very well, directly from the work they do, not from the investments they make in medical enterprises such as their own private laboratories.

Because the people, under democrato-capitalism, will finance all drug development activity there will be no need for profit. Pumping the stock of a company that has developed a new drug, or pushing off-label uses of drugs, or stopping the manufacture of old, effective drugs in favor of more profitable new drugs that are not more effective are among the most egregious practices of tyranno-capitalism. The scientists and others who develop new, more effective drugs will be handsomely paid by the people, based on their contribution, their level of effort, and the benefit their drugs will bring to the lives of the people.

Each citizen's UniKey will serve as an identification card which entitles the citizen to health care services. Health care providers will report all such services by means of a national computer system,

UniMed. The data reported will serve as part of the compensation formula for providers. Outcomes will also be part of the calculation. These two factors will give rise to many disagreements and will result in several methods of compensation. Providers can choose the method they prefer, and that choice will be made known to patients. For example: Dr. Donna Xenon, M.D., FFS (fee for service), or Dr. Donna Xenon, M.D., SP (salaried practitioner).

All health care expenses will be paid directly by UniPay. Patients will be provided with secure UniMed data that track their health care encounters with all providers.

UniBranch Compensation

Compensation for UniBranch employees will be based on how much they contribute to the community. Factors such as housing starts, private business starts, employment, jobs, inflation, business income, students finishing high school, students finishing college, and other similar indicators of the community's overall economic health will determine the compensation of the UniBranch staff.

Operating expenses for the UniBranch will be paid by the Uni. Each branch will submit an annual budget to the Uni which will then supply the funds as they are needed. All UniBranch employees will receive regular paychecks and annual bonuses through UniPayroll.

The goal of the UniBranches is to help their customers build long lives that are worth living, This task requires providing funds to meet the needs of their customers as they pass through the stages of life—and one of the most important parts of this task is to help UniBranch customers develop and follow financial plans for each stage, with the ultimate aim of building a secure, comfortable retirement.

UniBranch Loan Committee

The loan officers of a UniBranch will process loan applications and will present those that meet their underwriting criteria to the UniBranch Loan Committee for final approval. Such committees will be chosen from the local community by means of random selection. Training will be made available on the Internet and by the local school system. In some cases, the committee will have to consider the availability of resources before approving a loan. In other cases the committee will have to consider the impact a new venture might have on existing community enterprises. These can be very difficult decisions that can be fraught with conflicts of interest.

In order to guard against special treatment of friends and family, loan filings will also be reviewed by loan committees from UniBranches that are at least 1,000 miles away. These remote committees will be chosen by random selection, and the loan files will be available on the Internet. Loan committee members will serve for one year and will be paid the livable wage for their service.

Cooperatives and Jobs

Cooperatives will be “not-for-profit” enterprises, they will be large employers, and they can be used in many types of situations: electricity providers, retail stores, manufacturing plants, hospitals, etc. We got electricity when I was thirteen years old. It was wonderful. I was fascinated by the meter, and my job was to check it each month and mail the reading to the cooperative’s office in the next county. Now, sixty-six years later, my electricity is provided by another cooperative. The service is excellent. During the Great Depression, one of FDR’s ideas led to a national program to provide electricity to rural America. What a difference a good idea can make!

Maintenance cooperatives will follow a modified version of Athenian democracy. The citizens who pay for maintenance services will be the members of the cooperative and they will hire management personnel. They will also serve on cooperative boards as needed, and they will be chosen by random selection for duty. The cooperatives will serve four main purposes: to keep the physical structures and grounds of their members in tip top condition, to provide employment for members of the community, to provide training and employment for students who live in the community, and to provide the skills needed to deal with global warming.

This latter service will be to upgrade and modify buildings and grounds to improve efficiency in the use of electricity and water. These two resources are likely to be expensive and in short supply as our world warms. The maintenance cooperatives will provide the services to switch from overuse of water to new landscape plants better suited to hotter, drier conditions. Likewise with the use and generation of electricity. The Uni will pay for the materials, but the owners of each location must pay for the labor.

The costs for the cooperative's student training mission will be paid for by the Uni. In this way young citizens can be trained in many useful skills while earning a livable wage—this wage is in addition to the SSLS, and will be deposited in the students' UniCheck accounts. Students will be full-fledged employees of the cooperatives. Vocational agriculture programs in Texas public schools are an excellent example in which students are taught specific skills about real world agriculture, and the cooperatives will teach skills in several other fields. Students will be expected to spend at least eight consecutive weeks of their high school education working for a local maintenance cooperative.

Recognize and Cherish

The veterans who met at our house so many years ago taught me that above all else our government should help those who need help, protect those who need protection, and recognize and cherish those who served and sacrificed. Now that we have an unlimited supply of money, we can answer that call. For example, we can assist veterans and many others who could use help, a little or a lot, in many different ways. We can establish government-funded programs which will provide help from building and modifying homes to make daily life easier, to maintaining houses and the surrounding grounds, to providing special equipment, to providing child care as needed, and everything and anything that can help, protect, recognize, and cherish our fellow citizens. You probably know someone who could use some help. Now you, and we, can give it to them.

Unions

All citizens who work for someone else will automatically be members of a union. The money needed for the operation of the union will be supplied by the Uni. A union member does not have to pay to be a member, all memberships are free. A union member who hates unions, or otherwise does not want to participate, does not have to participate. But he will be included in all benefits that unions may provide. In general, unions will act in support of their members and they will have the right to represent their members in dealings with employers. Unions will be able to represent their members when dealing with state labor relations panels. There will be no strikes, but there will be immediate and full support of worker interests. Professionals who wish to form their own union or join professional associations are free to do so just they are today.

The Wall Street Stock Market

I am convinced that the stock market is a casino that works against the interests of the people. Just like casinos anywhere, the house wins over the long haul. This means that there are many more losers than winners. But gambling casinos are more honest than the stock exchange because they acknowledge that the odds are in their favor and the odds should be a matter of public record. So the Las Vegas casinos are a form of recreation, but they are not a rational basis for building a secure, comfortable retirement. Neither is the stock exchange. The winners there are either lucky, which does not last long, or they have an unfair advantage, such as insider information or the tools to take advantage of split-second timing. I am convinced that there are far more losers than winners, but unlike Jamie Dimon,[7] I could be wrong.

We can check out my theory. We have the IRS data that shows the trading activity of citizen taxpayers. It shows the trades, and the gains and losses, on an annual basis. These data can be used to see how many citizens win or lose when making stock trades, and they can show the net dollar gain or loss. I will wager that there are more losing than winning accounts. Once this information is produced, the stock markets will either be vindicated, or they will be revealed for the scam they are. Under democrato-capitalism, we will require stock trades to be reported annually for each citizen. The data will be studied without revealing the citizen's name, but will be reported, in aggregate, for all to see. After all, professional stock traders agree that reliable, factual information is the most important part of their process.

Private Enterprise

Democrato-capitalism will support private enterprise. One citizen alone, or many citizens together, can invest their UniLife funds to start a business. If they need more capital than they can provide on their own, they can apply for a loan from the Uni. All they have to do is develop a business plan, just as they would do today, and the Uni will respond. The loan will be interest-free, and the collateral will be the assets of the business, held by the Uni in the form of shares of stock, and the future UniLife income of the investors.

Businesses that fail to repay their loans or their livable wage supplements, or that fail for any other reason, will become, temporarily, the property of the people. The AVA will value the business and the Uni will decide whether to sell it, make it a cooperative, or liquidate its assets and close it down. Any money received by the Uni will be deactivated and will thereby reduce the chances of inflation. In order to determine if it would be worthwhile to convert the business to a non-profit cooperative, the Uni will consult with any and all citizens who have an interest and who have an idea for the structure of such a cooperative. If any citizen(s) have an interest in buying the business they can submit their plan to the Uni, and the normal process for granting business loans will be followed.

Neither the Uni nor the government will control the means of production or distribution. The Uni will temporarily take ownership of troubled assets and try to make them viable in some form of private ownership. In spite of what tyranno-capitalists are sure to assert, democrato-capitalism is not socialism, nor is it the enemy of profit. For example, the Uni will encourage the advent of a new kind of corporation that will be aimed at citizens who have good ideas for new businesses. It will be similar to the venture capitalist model. It will be for-profit, and it will distribute dividends to its stockholders.

Today, the government invests billions of dollars in research which leads to new products and new businesses. These research projects are very often engaged in finding cures for diseases such as cancer. Private investors will fund startup companies that are in high-growth fields which have high upside potential. In many cases these venture capitalists will earn eight or more times the amount they invest. The owners of the nascent companies will be charged what amounts to 40% to 60% interest on the money invested by the venture finance companies. But these two systems of finance, while they do bring new growth to our economy, do not do enough. The Uni will invest in companies that will provide long-lasting jobs that pay good wages and performance bonuses to their employees, as well as dividends to their stockholders.

The Uni's goal is always to improve employment and prosperity. It is designed to put money into the pockets of American citizens. So, any proposal that is likely to become a good employer is one that the Uni will support with interest-free money. The company's creators, because they will be the largest stockholders, will be able to earn the creator's payout through dividends and through stock sales. Profits will be used to pay good wages and employee performance bonuses, as well as stockholder dividends. These companies will sell dividend-earning shares to the general public. Because the Uni is the primary investor in these companies, in the beginning and over time as it grows, there will be no need to retain profits. Therefore all profits can be returned to the employees and the shareholders. These special companies will be called "profit-return companies," or "PRC's."

Planning Systems: Distributing Money

One of the most divisive parts of our current system of economics is called, "redistribution." Some say that this is a process that takes money from those who have it and gives it to those who don't. The process is normally carried out through taxation, and here is where trouble begins. In *Federalist 10,* James Madison talked about this eternal problem:

> The apportionment of taxes on the various descriptions of property is an act which seems to require the most exact impartiality; yet there is, perhaps, no legislative act in which greater opportunity and temptation are given to a predominant party to trample on the rules of justice. Every shilling with which they overburden the inferior number, is a shilling saved to their own pockets.
>
> It is in vain to say that enlightened statesmen will be able to adjust these clashing interests, and render them all subservient to the public good. Enlightened statesmen will not always be at the helm. Nor, in many cases, can such an adjustment be made at all without taking into view indirect and remote considerations, which will rarely prevail over

> the immediate interest which one party may find in disregarding the rights of another or the good of the whole.

His observation about taxation was correct. Redistribution creates "clashing interests." The idea of redistribution generated much anger then and perhaps even more today. It is a very personal thing. Madison had no real solution to it. But we do. We have an unlimited supply of money. This means that there is no redistribution of money in our new system. We will not take money from one American and give it to another. We will be taking money from our unlimited supply of money and giving it to people to serve the common good, as we, the people, define the common good. In the case of the SSLS we will give each citizen the same amount—and all of that money will come from our unlimited supply of money. No citizen's income will be reduced. The income of each citizen will be increased by the same amount.

Our unlimited supply of money will allow us to provide the resources needed for worthwhile, non-inflationary projects. Human and natural resources—other than money—will be the limiting factors. In order to supply money when, where, and in the amounts needed we must have the ability to forecast those needs. These forecasts are the kind of thing that computers do very well. They can handle vast amounts of data, slice and dice it in many ways, and organize it easily into reports detailing when it will be spent, for what purposes it will be spent, who shall spend it, the time frame over which it will be spent, and more. Such forecasting systems can be extended to define and tabulate the resources needed to support the spending of our money and even report whether those resources will be available when needed. Computers are perfectly suited to take mammoth amounts of low-level data and roll it up into different summarizing levels to make analysis and understanding easier. In other words, if we have the data, computers can enable us to use it to good effect. We already collect an enormous amount of data, and the Uni will be able to collect still more.

In order to build our new systems, and in order to successfully deal with our problems we will need plans—lots and lots of them, at various levels of detail, and covering virtually every aspect of our shared lives. Plans and budgets will be established for individuals, local governments, school districts, state governments and the national government. These entities will apply for money to finance their operational requirements and they will include timelines for when the money will be needed. Groups of citizens will be chosen randomly to serve as Planning Juries to approve these plans.

School children will be offered a personal system to begin to develop their own financial plans for their lives. They will be taught how to use the system and their plans can be updated as they wish. Part of these plans is for the system to show how much money will be required to pay for the things these students want. Savings plans can be demonstrated so that ultimately most children will be taught the wisdom of getting an education and of saving. The individual planning system will be available to all throughout their lives.

The **National Planning System (NPS)** will bring together all of these financial plans and develop the **National Plan for America (NPA)** which will show how much money America will need over the next century—including how much will be spent on each project, when and where it will be spent, for what purposes, and what resources will be required to carry out the plans. Our national financial plans at all levels, except individuals and families, will be available for all to see. Because the NPA will include timelines, it will be regularly updated to show progress and changes. This money management process will make sure enough money is available to meet all needs that have been agreed to by society. All that is left is to distribute it.

Money: Limited? Or Unlimited?

Our current economic system is based on the erroneous idea that we have a limited supply of money, and in order to pay for its operating expenses our government must borrow money and pay interest on the money it borrows, or it can tax the current income of the people, or it can lower operating expenses by reducing government services for the people, or it can privatize many government functions, or it can lower the taxes of wealthy citizens and corporations so they can invest their surplus in enterprises that will hire more Americans who will become taxpayers. These bad ideas keep the government, and the people, in perpetual debt.

The truth is that our supply of money is now, and has always been, unlimited. For proof of this fact, and it is a fact, we only have to take a look at our present system of money creation. Most of the money that is in use today has been created by banks, not by the national government, or the Treasury Department, or the Federal Reserve, but by banks. Every time a bank creates a new loan it creates money.

Many years ago, I went to a local bank to borrow money to buy my first new car. I filled out the paperwork and met with a loan officer. He asked a few questions and I told him the details. He asked me to sign another document or two and called the dealership. When he was finished he told me that I could pick up the car that afternoon. The amount of the loan was $3,000, a substantial part of my income, but I had no other debts and I had three years to repay it. I didn't know it at the time, but the banker, by creating that new loan, also created $3,000 in new money.

All consumer loans, college loans, mortgages, credit card purchases, and the like create new money. The amount fluctuates depending on a few variables, but much more than 50% of our money supply is created by banks. As the loan is repaid, the money is removed from the money supply. So, by repaying my loan, I reduced the national money supply by that amount. Paying my utilities did not reduce the money supply. When my employer issued my paycheck he did not reduce the money supply. But repaying bank loans did and does reduce our money supply.

So, I ask you, what is to prevent banks from issuing loans for any and everything? What is to prevent them from issuing trillions of dollars of money? Nothing. Nothing at all. If the amount they issue gets so large that it leads to unusual behavior in the economy, or if some report that is filed with the bank regulators contains large numbers where small numbers should be, then some alert bank examiner might leap into action and put a stop to it. But bank examiners are not always that alert, and when they miss the signs havoc will ensue. Surely, this doesn't happen? Unfortunately, it does. It happens all the time. We all have heard of the "business cycle." Unfortunately, there is a "fraud cycle" as well.

The way that banking was explained to me in 1953 in a high school course called, "General Math," went like this. People deposit their money in banks. Banks loan out the deposits to people in the community. The borrowers use that money to finance all sorts of good things: cars, appliances, homes, television sets, furniture, swimming pools, clothing, etc. The borrower pays back the loan and the cycle repeats.

The banker was providing a service to the community. He paid for a building and furnishings, hired people to process the bank's business, and participated in community activities that served the common good. And it was only fair that he should be paid a good return for his service. In my little hometown, I knew the banker. I played golf with him from time to time. He was a good man, and he lived up to the banking model I was taught. His bank created money by making loans to citizens, but he did not abuse the privilege. He managed his loan program prudently. He only loaned money to people who could repay, and the loan was for an amount that was consistent with the actual value of the asset being purchased. The interest was fair and in keeping with rates in surrounding communities—and the collateral was real and sufficient. The model worked time after time, decade after decade.

Unfortunately, the model sometimes fails. We discussed in an earlier chapter how the banking system failed in the Dust Bowl. It failed for the farmer and for the banker. It was a natural catastrophe that neither the banker nor the farmer anticipated, and there was nowhere to turn. Farms failed, banks failed, collateral was devalued, and you know the rest. This failure spurred our national government to implement new procedures to minimize the size of another such catastrophe should it occur.

But there are times when the bankers are crooks. Big crooks. Lots of them. Thieves on a grand, multi-trillion-dollar scale. The most recent banking catastrophe unleashed its damaging effects at the end of the George W. Bush administration, but had its beginnings during the Clinton administration when President Clinton, in collusion with Texas Senator Phil Gramm, authorized the repeal of the Glass-Stegall Act. This act was intended to keep the biggest banks from playing games with the deposits of unsuspecting ordinary citizens. Clinton, who is known as a very smart man, either is not so smart, or he was up to no good. What finally happened is that the big banks saw an opportunity and they exploited it. Local banks, like the one in my hometown, were not part of the theft I am about to describe. Call them community banks; banks that serve the local community.

First, let's look at a somewhat simplified version of how an honest housing finance system worked when I was young—back in the 1940's and 1950's.

- **Builders** would borrow money from the local bank to finance the materials, labor, and other costs of building a new home on speculation.
- **In order to qualify** for a loan, buyers would need a job that paid them enough so they could afford to repay the loan, including the interest, and pay for all other services needed to keep the house in good condition. They would also need to have enough money on hand to make a down payment on the house.
- **The buyers** would contact a real estate agent who would help them determine how much money they could afford to spend on a house. Then the agent and the buyers would start looking at houses in the right price range.
- **The buyers** would find a house and apply for a loan. If they qualified, the bank would grant the mortgage.
- **A title insurance company** would handle the transfer of ownership from the builder to the buyers with a lien to the bank.
- **The builder** would get his money and be able to repay the construction loan to the bank.
- **The real estate agent** would receive her commission for selling the house.
- **The title insurance company** would get fees for handling the transfer of ownership.
- **The bank** would get mortgage payments, interest payments, and origination fees for processing the mortgage.

If the house was well-built, and if the buyers kept their job and made their payments, and if the house was worth the price paid by the buyers, then all was well.

The risks in this series of transactions were obvious and measures were taken all along the way to account for them. The reputation of the builder was taken into account. The location of the home and its construction materials were considered. The buyer's payment history was taken into account as well as the likelihood that the buyer's employer would remain in business.

If the buyers lost their job and could not make their payments, then the mortgage would be in default and the bank would foreclose—the builder, the real estate agent, and the title insurance company would all keep their money—the buyers would lose their home and their credit rating would be downgraded—the bank would keep the money it had already collected, but any remaining payments were not going to be collected unless the bank could resell the house.

So, the buyers and the bank were the only ones at risk, and the bank was in the driver's seat—it had the power to grant or deny the mortgage. To protect its position, the bank would check the information supplied by the buyer. The banker had a very powerful incentive to make sure that everything was on the up and up. The bank was the owner of the mortgage, and if it failed the bank would suffer. This system worked very well for decades. It became a pillar of strength supporting our overall economy.

So, how can a devious person break this system? How can he make a lot of money and get out before anyone finds out? How can he take the money and run? If that sounds crooked to you, it should, because it is crooked. But is it illegal? Will the crook go to jail? Maybe, maybe not. This situation is perfect for the tyranno-capitalist, whose credo is, "make money no matter who gets hurt."

To make an already long story short, the Wall Street banks found a way to screw the American people. They invaded the housing finance system that depended on local banks and other small lenders, institutions that had a stake in the mortgage. Here is how the Wall Street banks changed the system and virtually destroyed it.

- **Builders** would still borrow money from the local bank to finance the materials, labor, and other costs of building a new home on speculation.
- **Mortgage processing companies**, instead of local banks, would process mortgage applications. They were paid for the number and the sizes of the mortgages they handled. Their incentives were skewed. They were paid for making loans, not for making good loans. So, "liar" loans appeared in

which the buyers would lie about their income while the mortgage company looked the other way. If the buyer defaulted on a loan the mortgage company still kept its fees.

- **Builders** were paid for their houses and they could pay off the construction loan and keep the profits.
- **Local banks would** not touch these loans, but the Wall Street banks would. They bought them by the thousands.
- **Real estate agents** still earned commissions for the sales they made, but now they could make more, and larger, sales. Commissions soared. They were safe. If the buyer defaulted, the agents still kept their fees.
- **A title insurance company** would handle the transfer of ownership from the builder to the buyers with a lien to the bank. These companies processed more and larger transactions and got more and larger commissions.
- **Wall Street** banks were buying home mortgages as fast as they could and a substantial percentage of the loans were bad, and were likely to fail. But we don't have to worry about the Wall Street banks, they knew exactly what they were doing. They were not fools, but they knew where to find fools who could be duped into paying high dollars for trash.

They pooled bad loans and good loans into packages that they called, "Mortgage Backed Securities" (MBS's). The Wall Street banks knew they had to dress up the trash they were selling so they paid fees to securities rating firms who, in turn, gave the MBS's unjustifiably high credit ratings, and then the Wall Street banks sold the whole pile of camouflaged, ready-to-default mortgages to unwary buyers as good investments. They sold them in the billions of dollars. So, the ultimate suckers were the persons and groups, such as state pension funds, who bought those packages containing bad loans. They became the owners of a lot of really bad mortgages—they had put their trust in the financial system, in the government regulators, in the big Wall Street banks, and in the securities rating firms, and they were all cheated. Fraud here, fraud there, fraud, fraud everywhere. Literally thousands of thieves stole billions of dollars. Millions of people lost their jobs, millions lost their homes. And the thieves, the big Wall Street banks, are stronger than ever—our elected representatives in Congress made sure of that.

It took a while for the collapse to start, but eventually the people who had borrowed more than they could repay began to default and the whole thing cratered. And the Wall Street banks, perverted geniuses all, found ways to make money even from this. They started selling insurance policies against the collapse of the packages of bad loans. And, to top it off, the American people had to bail out the Wall Street banks because they had been looted. The profits from the sales of the bad loans had long ago been siphoned off and put into the pockets of the bankers. Nobody went to jail, and the system is still vulnerable to newer, slicker, more dishonest schemes. In Wall Street, the rule of thumb is ancient, "never give a sucker an even break."

Nobody stopped the banks from issuing new mortgages. There was obviously an unlimited amount of money available. If there had been a limited amount of money, as we are led to believe, then surely some sort of early warning system would have sounded the siren and we would have known that we were in financial danger—our money supply was being devoured.

But, in some situations, some men, usually members of Congress, are always vigilant. They are on guard against giving our precious limited supply of money to the people. They say that unemployment insurance must be shortened because it is too expensive. They say that health care is too expensive so we do not have enough money for national health insurance. They say that we can't afford free college educations for our children. They say that we can't afford to give our children good lunches at school. However, they say that we can afford to give the wealthy a tax cut. For example, in early 2018 President Trump passed a tax cut for the top income-earners, including him, that will increase the national debt by a trillion dollars. Trump also said that we can't afford to continue to pay premium subsidies that would enable poor people to buy health insurance—and he is cutting off funding for measuring the effects of global warming, thereby making it more difficult for scientists and other concerned citizens to argue that our government needs to do something to save the planet..

When George W. Bush, for political reasons, wanted to distribute $120 billion directly to the people he simply activated it. It was no big deal—after all we have an unlimited supply of money, and it can easily be distributed by electronic means. When Fed Chairman Ben Bernanke wanted to distribute two trillion dollars directly to the big Wall Street banks, he did not need congressional action, he simply activated it.[8] But, Bernanke and other high government officials deny that they were giving money to the banks—they insist that they were merely swapping Fed reserves, not money, for treasury bonds or other assets held by the banks. This sweet little swap, according to the Fed, had no effect on the national debt, or on inflation. Let me repeat: according to the Federal Reserve, giving money to the big banks is not inflationary and it does not increase the national debt, but giving money directly to people in need will lead to hyperinflation and increase the national debt. The mind boggles, the nose is overwhelmed with foul odors.

Furthermore, President Obama's stimulus plan, the American Recovery and Reinvestment Act (ARRA) distributed about $800 billion to a variety of Americans via a variety of methods. Congress authorized the ARRA in 2009 and it helped keep us from falling into a deep depression. The money was distributed, people's lives were improved, and jobs were saved, but the size of the ARRA was about 10% of what was needed. In addition, the ARRA, like George W. Bush's pitifully small stimulus, and like Ben Bernanke's huge gift to the Wall Street Banks, did not increase inflation. So, those who say that disaster always strikes when money is distributed directly to the people are wrong, and we should insist that they offer proof of their claim—or shut up.

In the final analysis, our current banking system has access to an unlimited supply of money. Our new Uni system will have access to that same unlimited supply of money. The difference between the two systems is that the Uni will use our supply of money for the common good. Our current system uses it for the benefit of the wealthy and powerful. That will change under our new system. For example, interest charged by businesses and governments is a sin and it will be exterminated. Our citizens will have equal access to rights, resources, opportunities, and protections so they will have a fair chance to build long lives worth living for themselves and their loved ones. Right now, only the wealthy and the powerful have such access.

Under democrato-capitalism we will not tax the current income of the people (rich or poor), we will expand government services for the people, we will have a few sin taxes to discourage bad behavior, and we will reverse the privatization of government services. We will give some of our unlimited supply of money directly to the people so they can pay for the basic needs of life—and, if we have the will, we can get everyone out of debt by five years after implementation.

Rocky Mountains Made of Gold

The people who defend tyranno-capitalism are wrong, but they are only repeating what they were taught in school. But they should have also been taught that we should think for ourselves. I know that my father and his friends learned that lesson. They might not have learned it in school, because many of them had to drop out and work to help put food on the table for their siblings and their parents. But if they missed the lesson in school, they definitely learned it by what they witnessed during the Great Depression and World War II. They started thinking for themselves and they never stopped. They began to do what Albert Einstein did when he produced the General Theory of Relativity and shook the universe. They designed their own thought experiments. Beginning in the late 1940s, over a period of about eight years, they pondered five economic questions with purpose and objectivity:

- Did the gold standard impose a limitation on our money supply? They decided that it did.

- Did this limited supply of money impose a limitation on economic growth? They decided that it did.

- Did disconnecting from the gold standard remove all limitations from our money supply? They decided that if we could control inflation our supply of money would be unlimited.

- Was there a way to control inflation? They decided that there was, and they designed it.

- What effect would our unlimited supply of money have on taxation? They decided that we would live tax-free lives.

As I watched economic events unfold over the years I found that they were right much more often than they were wrong, and I found that their ideas are understandable—they make sense to me. Their conclusions were not developed from their formal educations because most of them had very little. Their discussions were an impressive display of sustained, cooperative, and rational acts by ordinary men, or as they described themselves: “common men seeking a common goal.” I was an eyewitness. Here is an example of their work.

One Saturday afternoon in the summer of 1949, my usual visit to the local movie theater was marred by the fact that the *Woody Woodpecker* cartoon I hoped to see was replaced by what was called a "short subject." It was a little cinematic play about the 1849 gold rush days in California. The story was introduced by an old prospector, with a beard and gray hair, who told his audience of little boys and girls that he had gone to California to search for gold. He said he was a young man when he left home to seek his fortune. He said that he became a "forty-niner." Then the scene changed to a creek where several men, including a younger version of the prospector, were panning for gold. That is about all I remember of that tale, because I suddenly became focused on the idea that the old prospector on the screen must be an actor. I realized that the real young man who searched for gold was probably dead by that summer Saturday in 1949. It was the first time that I realized that there really was a limit to our time on earth. From that day forward, my childhood fantasies began to fall away. The games I played on the farm no longer worked, I could not become absorbed in the little-boy worlds created by my imagination. I began in earnest to try to understand the world of adults.

Gold was a frequent topic of discussion among my father and his friends, especially Uncle John. They talked about money and the gold standard. This subject came up fairly often until I went away to college eight years later. My father and Uncle John took opposite sides of the discussion, and they seemed to relish it. Uncle John would from time to time propose that our nation should return to the gold standard. He would say we should not stay on the exchange standard then in effect,[9] but we should return to the days when our currency was redeemable in silver or gold. He said that we should resume issuing and circulating gold coins as well.

My father would respond by saying, "Never!" As they talked, they would dip into the history of money, and how gold became the material of choice for minting money for national governments. But the main issue that my father pressed was that tying our money to gold created an unacceptable shortage of the funds needed to keep our economy at full speed. Uncle John would say that this shortage of money was needed to keep the economy from overheating which would lead to a collapse and another depression. This would sometimes lead to discussions of inflation of the kind experienced in some European nations after World War I. My father and Uncle John could easily lose me in their debate about the causes of that inflation. Throughout it all there was an undercurrent of strong philosophical differences between the two men. One was for easy money and the other was for hard money.

But one day something new was added to the conversation. The gold rush of 1849 came up and my father said something like this, “John, what if there was gold around here? What if huge deposits were found in the hills down in Bosque County? What if the amount of gold they dug out was a thousand times what our reserves are now? What would happen then?” Uncle John did not take the bait. He explained how the geophysical conditions necessary for the formation of accessible veins of gold, unfortunately, had not occurred in our part of Texas. So, he said, there was no gold in Bosque County. But my father would not give up. He said, “Maybe so, but there was gold in Colorado. So what if the Rocky Mountains were made of pure gold. What happens then?” The answer I remember from Uncle John was that inflation would occur because Congress would give everybody a million dollars a year, everybody would stop working and producing, and prices would skyrocket—too many paper dollars, backed by unlimited gold, chasing too few goods. But they finally agreed that moderation would be able to control inflation.

They agreed that the unlimited gold could be used to expand the economy, that more businesses could be started resulting in more, better-paying jobs. They agreed that the national debt could be paid off—at a moderate speed. They agreed that the government would never have to go into debt again. Deficit spending would disappear—there would just be “spending.” The most dramatic realization, to me at least, was that there would no longer be any need to collect taxes. This resulted in many jokes about the IRS. I gradually realized that gold was valuable only because it was scarce—and I realized that our monetary system, our system of economics, really our economic life, was shaped, controlled, by that scarcity.

Ever since those days I have often thought about mountains made of gold, and my father left me with one more idea that I think is important. He said that money is simply a medium of exchange. It is made possible by the willingness of people to accept money in exchange for goods and services. Even if money is backed by gold, or silver, or diamonds, or oil, it works only if the sellers believe that they can later buy what they want with it.

It is crystal clear that my father was right—we can activate the money we need to pay for our government's expenses, and we don't need to collect taxes. It is clear that borrowing money and collecting taxes to repay the debt, along with the debt ceiling law, make our government *less* credible, make our money *less* trustworthy. I wondered why we did not change our system of economics accordingly. Finally, slowly, it began to dawn on me that the reason we did not stop government borrowing is that it must be advantageous for someone. Even though there is no advantage to the people for the government to borrow money or collect taxes, we nevertheless do both. We are taught a lie—we are taught that we must collect taxes in order to pay off the debt created by deficit spending.

As a practical matter we have had an unlimited supply of money for more than eighty years, and we have officially been off the gold standard since 1971, so we can repeal those laws that were intended to hoard gold—there is no need for the debt ceiling law. In fact, the rest of the world already knows that we are no longer on the gold standard—they have known it for decades—and they don't give a damn. In fact, they are not on the gold standard either, but their governments, like ours, continue to govern as if the gold standard was still in place. The mind boggles.

When our government borrows money by selling securities it receives dollars for them, it uses dollars to make interest payments on them, and it uses dollars to buy them back when they mature. And, according to the current fairy tale, the government then takes the money it gets from selling securities and pays for its operating expenses—and those payments are made in dollars. But it is clear that the sellers of goods and services to our government *cannot* know if the dollars they receive are from government borrowing, or from tax revenues, or from the government printing press. It makes *no* difference—there *is* no difference—there *cannot ever be* any difference—at all. So, for all of these reasons, there is no need for our government ever to borrow money, or to collect taxes to raise money. In effect, our printing press is the monetary equivalent of my father's Rocky Mountains made of gold—endless trillions of dollars made of gold.

And, over the years, my father and Uncle John began to discuss their ideas about how to handle all that gold. They talked about what would happen if the gold were discovered on private property—this would lead to trouble. They had come to think of this vast supply of gold as a national resource. They decided that the unlimited gold supply would be better used if it were discovered on public land. They also decided that Uncle John's fears of inflation could be handled by using the unlimited gold in ways that promoted full employment. Even Uncle John conceded that a worthwhile project, financed by Rocky Mountain gold, would do no harm if it was consistent with the costs and wages spent on other such projects here and around the world.

But we still borrow money, and there is no good reason to do it. It works against the common good. But it does work for the good of the tyranno-rich. Back when kings had to borrow gold or its paper equivalent, there was an actual scarcity of gold, and therefore there was an actual scarcity of money. Those who had the gold could leverage their position to extract profits from those who did not have the gold—thus we have banks. When we went off the gold standard, we effectively destroyed that scarcity forever. Today, there is no actual scarcity of money, but a false scarcity has been created by the confusing, convoluted collusion, really a con, between the Treasury Department, the Federal Reserve System, and the tyranni who control the Wall Street banks and our national government. This skullduggery takes place right before our eyes. It is hurting the people, and it should be eliminated. We can activate all the money we need. In fact, there was a time when Abraham Lincoln did that very thing.

Lincoln's Greenbacks

By the Coinage Act of 1792, and under the power granted by the Constitution, Congress authorized the Department of the Treasury to mint the following coins:

Table 8		
Description	**De-nomina-tion**	**Composition**
Eagles	$10.00	16.0 g pure gold
Half Eagles	$5.00	8.02 g pure gold
Quarter Eagles	$2.50	4.01 g pure gold
Dollars or Units	$1.00	24.1 g pure silver
Half Dollars	$0.50	12.0 g pure silver
Quarter Dollars	$0.25	6.01 g pure silver
Dismes	$0.10	2.41 g pure silver
Half Dismes	$0.05	1.20 g pure silver
Cents	$0.01	17.1 g pure copper
Half Cents	$0.005	8.55 g pure copper

Paper money was issued by private banks, and some were not very reliable. But you can see that our national government was definitely limited in the number and denominations of coins it could issue. In order to determine the number of Eagles we could have issued all we had to do was divide the total grams of pure gold in the possession of the United States government by the number of grams necessary to produce one Eagle. This simple math would follow for all other kinds of authorized coins. Whatever the numbers, it was clear at the time that we did not have enough gold on hand to produce the Eagles that a growing population and economy would require.

Hard money produces shortages—be they jobs or food. Hard money produces hard times.

So, our government coinage was supplemented by securities sales and other ways of raising money from external sources. For this privilege our government had to pay interest to those who bought our securities. And, of course, the discovery of new deposits of gold (in 1849 for example), silver, and copper would have changed our coin calculation, but still the population and the economy grew. The need for money increased. Growth suffered because of it. The futures of an ever-growing work force were limited by the lack of money to finance new enterprises. Competition, one of the holiest parts of capitalist theology, was not given a fair chance to work its wonders. The men who controlled the gold made the rules, and determined who would win. Capitalists habitually say that government cannot pick winners, but tyranno-capitalists pick them by shutting down competition in favor of monopoly and price-fixing, by restricting available finance, by controlling legislation, by using insider information, and by capturing the regulators and the media.

When the Civil War came along, it was crystal clear that a great deal of money would be needed to buy materiel and to pay the soldiers. This burden was beyond the gold capacity of our government, and banks wanted very high interest rates before they would lend to the government. Someone, it is not clear to me exactly who, came up with the idea of issuing a new kind of money. But we do know that Lincoln did go along with the issuance of Greenback dollars. During the war and for nearly a century afterwards, more than $300 million of these bills were kept in circulation. They were called "Greenbacks" because they were printed with green ink, with some prominent red ink in strategic places. But the key element was that this money was *not* tied to gold or any other metal. It was tied to the full faith and credit of the United States of America. It was called "legal tender money" because the authorizing legislation said that these bills must be accepted as legal tender in payment of most debts. There were a couple of exceptions, and the legislation was fine-tuned as experience showed the way, and the bankers, who did not profit from the Greenbacks, did what they could to discredit the whole idea.

These bills were blamed for inflation during the Civil War, and they probably did contribute to it, but one should not forget that the war prevented many goods from the South from flowing into northern markets causing prices to rise, and manufacturing facilities in the North were shifted to war support which caused shortages as well. So, many things contributed to the rise of inflation.[10] In fact, inflation is a common part of making war, even without Greenback dollars. But even though the government was actually printing money without tying it to gold or without borrowing from banks, there was no runaway inflation or hyperinflation. Lincoln's Greenback dollars did their job. They helped to finance the war without depleting the gold holdings of the government, and they incurred no debt because they did not come into being by borrowing. Imagine that! This was our first national currency, and it was literally created by the government printing press—and it worked very well for many decades after the end of the war. But eventually, bankers, through their control of Congress, managed to kill the issue of new Greenbacks as the economic need for more money developed, and our nation went back to the bad old days of paying others to let us issue our own money. This is a positively stunning thing. Think about it. We had to borrow from private banks and others in order to raise money. The mind boggles.

Author H. W. Brands opens his book, *Greenback Planet*, with the following words:[11]

> On January 1, 1863, Abraham Lincoln signed the Emancipation Proclamation, freeing most of America's slaves. On March 3 of that year, he signed a revision of the Legal Tender Act, freeing the American dollar from its dependence on gold and silver. The first measure marked the demise of the system of political economy Americans had inherited from colonial days; the second signaled the launch of American capitalism toward global dominance.
>
> The dollar had been America's official currency for decades, but it had always been chained to precious metal; by creating fiat money, backed only by the credit—and credibility—of the federal government, Lincoln made possible innovations in finance unimagined by previous generations. Some of these innovations would be felt at once, as the greenback underwrote the Union victory in the Civil War and accelerated America's industrial revolution. Other revolutions would take longer, not least [because] stubborn tradition distrusted nonconvertible currency and continued to demand gold.

He goes on to say that the bankers and others whose fortunes were tied to gold did all they could to restore the old ways of managing money, but Franklin Roosevelt and later Richard Nixon recreated what Lincoln had done 108 years before and finally the American dollar was able to finance the greatest worldwide growth the world has ever seen. The intellectual descendants of the men who fought Lincoln's dollars are even now trying to limit our money supply. It is time to stop this nonsense, this destructive, dangerous, deadly nonsense.

Hyperinflation

Whenever I tell others that we have an unlimited supply of money, I often get three reactions: the supply of money *is* limited, whatever you spend *must* be recovered by collecting taxes, and if you *don't* collect taxes to pay for what you spend, runaway inflation will destroy our economy. In other words: “Weimar! Hungary! Bolivia! Zimbabwe!”

When I ask people to furnish proof that we have a limited supply of money, the answers get vague and confusing. Some say that there is a limit on how much money the government can issue, and that is true. In 1917, Congress passed the “debt limit law” which is just what the name says it is. It says that the government must borrow to get money to pay its bills, and it can only borrow a specific amount of money before it must stop. At that point we will run out of money—we can’t pay our bills. But that is an artificial limit imposed by Congress nearly a century ago. Times were different then—we were still on the gold standard and there was an actual physical limit to the amount of gold.

However, because our dollars are no longer connected to the gold supply, there is no such physical limit and therefore the law has no real meaning, except as a political football. The two political parties rage against each other in theatrical, self-serving antics aimed at their constituents, to the delight of the for-profit television networks. This seemingly titanic struggle is nothing more than routine electioneering, but because it is couched in terms of the economic destruction of the nation it scares the hell out of a lot people—and it should, because these madmen in Congress will one day go too far and make good on their threats—they will stop paying government debts—not because there is a shortage of money, but because they are angry in the way that little children sometimes are angry. But all of this emotional blackmail is not based on reality. There is no limit on our money supply. The fact that Congress can routinely pass a simple act that raises the debt ceiling is ample proof of that fact. Once such an act is passed, life goes on just as it would have if the debt limit law had never existed. It is clear that the debt limit law is not truly a limit to the amount of money that is available to us—it is a human-made barrier to economic prosperity that has become another political tool for the extraction of votes and campaign contributions from the people—tyranni are as tyranni do, and they do it with all their might.

Others, who long for the gold-standard days, say that we can only print thirty-five one-dollar bills for every ounce of gold that the United States owns. But that is no longer true, if ever it was. Remember, during the Lincoln administration greenback dollars were printed and they were not connected to gold or any other metal. They were limited by an act of Congress, but that was just an earlier version of the debt limit law.

Then the conversation begins to drift. Nobody can give me proof that we have a limited supply of money. We can impose such a limit on ourselves if we choose, but such an imposition is not a natural limitation on the supply of money. So, I ask people if they agree that the United States Treasury can, if it wishes, turn its printers on full blast and print money from now until the end of time. Most folks agree to this ridiculous idea in the same way they would humor a four-year old. They say that such a silly thing is possible, but we shouldn't do it because runaway inflation will ensue—then they pat me on the head.

Yes, hyperinflation has occurred in world history, and it was devastating to the nations who endured it. But it hasn't happened very often and its causes are well understood. Matthew O'Brien published an article in *The Atlantic Magazine* in which he discussed the four worst cases of hyperinflation since the beginning of the 20th century: Hungary (1945-46), Zimbabwe (2007-09), Weimar (1922-23), and Bolivia (1985-86). O'Brien succinctly described the conditions that led to these economic tragedies:

> It [hyperinflation] typically begins with an economic implosion. War and revolution are the usual suspects—or in Zimbabwe's case, an ill-advised land reform. The economic collapse begets a collapse in tax revenues. Perversely, this makes the government look like a terrible credit risk. Cut off from international lenders, the government is left with a gaping hole in its budget, and no way to fill it. The choice is between pain today from austerity or pain tomorrow from printing money. It gets worse. These governments usually have piles of foreign debt to pay off, too. Whether it's from reparations or excessive borrowing doesn't matter so much. What matters is that big chunks of what cash the government does have is earmarked for foreign creditors. That's politically toxic in a society going through a collapse. For politically weak governments, the temptation to substitute an inflation tax for actual taxes is enormous.[12]

The German Weimar Republic is a very well-documented example of O'Brien's analysis. It emerged in 1919 from the German Empire which lost World War I. Near the end of that war, the German government was ready to crumble. The arrival of American troops and supplies in 1917-

18 pushed it to the edge and it approached President Woodrow Wilson to ask him to broker a peace settlement. Wilson had publicly described the kind of peace settlement he thought would be appropriate. The Germans told Wilson that they would accept a peace agreement along those lines. So the victorious allies: France, Britain, Italy, Japan, and the United States met in Versailles and worked out terms that they forced on the Germans. The terms were shocking. They required the Germans to pay millions in reparations and those payments should be in gold or in foreign currency—not in German currency. In addition the Allies took possession of all German colonies, took over the German merchant fleet, and later took over the Ruhr, Germany's mining and industrial region.[13] These terms clearly could never work. The Germans had no gold or foreign currency, so they defaulted on their reparations payments. For the German people there was no money, so the government printed it. This might have worked but the people by then had no confidence in the German government and soon hyperinflation erupted. Instead of creating a world at peace, the tyranno-capitalists who were in charge created World War II and the Great Depression. Hyperinflation is the result, not the cause, of government failure.

None of this was a surprise. John Maynard Keynes, a British economist who went to Versailles to advise British officials on the economics of the proposed terms, warned that these harsh, draconian terms would impoverish the German people and lead to a generation of German youth who would hate the Allies. He said that the peace terms were nothing more than seeds of war. He resigned from his post as a government advisor and wrote a book, *The Economic Consequences of the Peace,* which became a worldwide best seller. He was right. The Weimar Republic failed catastrophically and provided fertile, prepared ground for the irrational, tyrannical, horrifying ideas of Adolf Hitler.

America is not like Weimar, or Zimbabwe, or Hungary, or Bolivia. We are the richest country on earth. People from other countries, including the countries themselves, buy our bonds. Our debts are denominated in our own currency, not in foreign currencies, or gold. Some people raise the alarm that our debt to China will bankrupt us should that country ever demand payment. But this is a false alarm. China buys our bonds because we are a safe haven. In effect China is buying certificates of deposit in a secure bank: the United States of America. We sell bonds to foreign governments to help them manage their own economies, and to keep our money strong. We don't need to sell bonds in order to raise money. In spite of all the blustering and bluffing that goes on internationally, China and America have a mutual interest in creating and sustaining productive, inclusive economies. But if China should ever wish to cash in its bonds, we will happily pay the proper amount—in our currency.

If we use our unlimited supply of money wisely we will greatly reduce the risk of hyperinflation—but we will not eliminate it. In addition to foolish money management, there are three other things that could cause hyperinflation: rising global temperatures caused by the burning of fossil fuels, nuclear war, and asteroid or comet bombardment from outer space. We can still do much to reduce and adapt to the adverse effects of global warming. We can do little to keep Vladimir Putin, or some other tyrannus in Russia, North Korea, or some other nation, from attacking us with nuclear weapons. We can do even less to protect ourselves from a natural rain of ruin from the heavens. Any of these three catastrophes can produce the requisite conditions for hyperinflation. They each can devastate many of our largest cities, they can severely damage our food and water supplies, they can disrupt our power, transportation, and communication systems, and they can make key areas uninhabitable or otherwise useless. Huge portions of our population will become migrants, who are producing nothing, who have no place to go—and who have nothing to eat. Should we suffer any of these catastrophes, we will be like Weimar, or Zimbabwe, or Hungary, or Bolivia—but on a worldwide scale.

We are the strongest military power on earth. We are in little danger of ever being invaded by a foreign power. But if we become weak, if we have a large part of our population who are left out of our economic wealth, if we do not produce the goods and services that we need to keep our population healthy, happy, well-educated, well-fed, well-trained, well-equipped, well-housed, well-paid, and well-motivated to work long and hard, without financial distractions, then we can destroy ourselves. Global warming can produce great economic dislocations. Right now our economy is severely, dangerously, perhaps fatally, constrained by the tyranni who control our government. They selfishly want to increase their wealth and power at the expense of the rest of us—which undermines the strength of the nation as a whole. By increasing the amount of money that is available to all Americans, by carefully managing the money supply, and by wisely spending that money, we will accelerate our economy so that we can combat the adverse effects of tyranno-capitalism and of global warming, and in so doing, raise the standard of living for all citizens.

So, what it boils down to is that money is an agreement within nations and between nations. It is a convenient way to conduct, track, and manage our economic activity. We are free to print, really "activate" is a better term, as much of it as we please, and we are free to distribute it by any system we choose. We should be grateful that we do have an unlimited supply of money, and we should use it for the benefit of all.

Taxation and the Fire Hose Problem

Those who say that disaster will strike if we just spend, and spend, and spend are right. Our unlimited supply of money is so vast that to just turn it loose on society would be like trying to drink from a fire hose—we simply could not handle it. But you and I are rational enough to realize that we should manage our supply of money so that it will help us instead of hurt us. My father and Uncle John designed a two-part solution to the fire hose problem more than sixty years ago. They said that our unlimited supply of Rocky Mountain gold should be spent on worthwhile, non-inflationary projects, and they said that we would have to drain excess money from our system as well. Like the ancient Athenians who invested in the construction of a larger, more powerful navy, our new banking system, the Universal Bank of the United States (Uni), will identify, quantify, budget, and fund worthwhile, non-inflationary projects—we will use our unlimited supply of money for the benefit of all the people. And, by adapting the public works idea of the ancient Athenians, we will ask every American citizen, while living or after their death, to contribute their estates to public works projects. This will enable us to drain excess cash from our system, and it will enable us to lead tax-free lives.

The tyranno-capitalists have taught us, with the insidious help of many prize-winning, well-paid, and very wrong economists, that we must tax the people in order to have money to pay for the goods and services that the government must provide. And we are taught another crazy idea: we must balance our books every year. We fall for it because it has the ring of truth—after all, somebody has to pay for these things. It is an old, painful story. It is also unproductive. It holds us back. And, it is a lie.

We do not need to tax people the way we do today. We will need to remove excess money from our economy to help control inflation. We can call it taxation, I suppose, but it will be different from the taxes we know and love. Today, we are going about it in the wrong way. Today, ordinary Americans have to pay taxes out of their current income. This limits the money they have for living and for investments.

This new system will have many benefits. It will take excess money out of our economic system, thereby helping to control inflation. It will remove a great financial burden from all Americans—our income will truly be *our* income. We will be freed to concentrate on building our lives. And, except for a few sin taxes, our lives will be tax-free. And, the greatest benefit is that national economic growth will accelerate, America will become richer, and Americans will have a much higher standard of living.

So, how can we live a tax-free life? By paying our taxes after we are done with life. Instead of paying taxes out of our current income as we do today, we will pay them through the sale of our estates after we die. After certain carve-outs for bequests to our children and other loved ones, the remainder of our estates will be turned over to the Uni to sell—and our descendants will have the right of first refusal. If they want to buy the old home place, they can. In any case, our assets will become the property of living citizens, and the money the Uni receives from the sale will be deactivated, thereby reducing the amount of money in the system. So the solution is quite simple. America is more than rich enough to fund the costs of government at all levels—and for millennia—without taxing current income. America will tax our earthly assets after we pass on to our reward. And we will balance our books over a floating period of one hundred years rather than a period of one year as we do today. And we will include on the balance sheet all assets owned by the people of the United States, as individuals and as a nation.

Unlike the tyranno-banks that hurt Dust Bowl farmers, unlike the Wall Street banks that caused the Great Recession, unlike the tyranno-banks and brokerage houses that caused the Great Depression, and unlike our current banks that do not seem to be helping our current economy, America's bank, the Uni, will be here for the long haul. By managing our money supply over a span of one hundred years, everything changes. As we build a better, richer, America and as our individual assets increase in value from generation to generation, the money derived from those assets will recover the money we have invested in each and every American.

Because all American citizens will be given economic assistance throughout their lives there is less pressure on parents to pass on to their children their entire estate. Their children, in most cases, will be financially secure by the time their parents reach the end of their lives. In such cases parents can look for other ways to give their wealth.

For example, a citizen can give her assets to the nation. She can take a look at a list of projects that are scheduled to be funded by the people and she can direct that her assets be applied to project(s) she favors. Her contribution will be duly noted in the historical records of the project(s). If a citizen does not want to do this then her assets will be sold after her death and the money generated will be deactivated, thereby reducing the amount of money in the system. The assets that are sold will continue to contribute to the wealth of our nation. Of course, citizens will not have to wait until their death to give assets to worthwhile projects. This kind of generosity has been a wonderful part of our history. Democrato-capitalism will provide enough capital to all our citizens to enable them to go as far as their efforts and talents can take them. This will result in a much wealthier population, and therefore, a much wealthier nation. By investing in the lives of every American, we, the people, will be investing in our own futures.

This tax-free life is a gift from all who came before us, who knew that their lives should have been better, who paid taxes and quietly bore the arrogance of the IRS and the plutocrats, and who, all the while, wished for better times for themselves and better lives for us, their posterity.

We the people intend to inhabit the United States for thousands, hopefully millions, of generations, and democrato-capitalism is the economic system that will make it possible for us to survive and thrive. Tyranno-capitalism is a wasteful, selfish system that ravages our people and our national resources for the short-term benefit of a few. Democrato-capitalism will conserve our resources so that over the long-term they will be available as needed. Money is a natural, national resource and we will distribute it to the people just as we will distribute water. This means that we will give each individual a job and a basic amount of money to serve her basic needs. When problems arise, either human-made or natural, our economic system will be adjusted to protect the people and, to the extent possible, enable them to live useful, productive, normal lives. No more depressions, no more grand larceny perpetrated by tyranni in positions of economic power. Our economy will work for the common good and it will transform our lives.

All American citizens are, and of right ought to be, entitled to equal access to rights, resources, opportunities, and protections, so that they can go as far as their talents and efforts can take them, and they can build long lives worth living for themselves and their loved ones. Our unlimited supply of money will make these things possible.

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[1] Columns 1-4 of Table 6 are identical to the same columns in Table 4 (p. 294). Table 4, Column 5, shows average household income distribution under tyranno-capitalism.

[2] See Table 4, (p. 294).

[3] This was about 1.1% of the amount needed. You may wonder how Bush came up with the money. He printed it—actually some bureaucrats and bankers, acting under his command, pressed a few computer keys and lo, the dollars were *activated* from our unlimited supply of money.

[4] In February of 2015, Walmart announced that it would increase the wages of its employees so that the lowest-paid of them will get $9.00 per hour by April of 2015. And it also said that all its workers would be earning at least $10.00 per hour by February of 2016. These increases are years overdue and still inadequate. The minimum wage for Walmart employees in Texas should immediately be raised to $15.00 per hour which is well above the grossly inadequate current minimum wage in Texas of $7.25. Minimum wages in other states should be adjusted to match the increase in Texas of 107%.

[5] *Brain Trust*, article by Kimberley G. Noble, *Scientific American* March 2017, pp. 46-49

[6] http://www.cnbc.com/2017/03/24/heres-how-much-money-middle-class-families-earn-in-every-us-state.html

[7] James "Jamie" Dimon is President and CEO of JPMorgan, which is the largest American bank.

[8] The checks and deposits issued by Bush's stimulus program never produced any actual, physical money. They produced electronic bits and bytes in various bank accounts. Our supply of money is virtual, it becomes real when it is activated by electronic changes in bank accounts. When we deactivate money we simply make more electronic changes in those bank accounts and reduce the account balance.

[9] Uncle John was talking about the exchange agreement established by the Bretton Woods Conference of 1944. That agreement prohibited individuals from exchanging their paper dollars for gold, but permitted the central banks of other nations who were parties to the agreement to exchange their dollar holdings for gold. Uncle John and many others of the time maintained that it was a big mistake for us to go off the gold standard, and they wanted to return to the golden days of yesteryear.

[10] Inflation is caused by the inability of sellers of goods and services to keep pace with demand. This is a failure of capitalism, and it reduces the purchasing power of capitalists. This failure and the shrinking value of their piles and piles of dollars is why capitalists hate inflation as if it was the murderer of their mothers. But this situation is not unusual. Capitalists (especially tyranno-capitalists) have always blamed others for their failures, and they have always taken credit for good things that they did not do.

[11] H. W. Brands, *Greenback Planet*, Kindle Location 14

[12] http://www.theatlantic.com/business/archive/2012/03/the-hyperinflation-hype-why-the-us-can-never-be-weimar/254715/

[13] Bill Mitchell is a Professor of Economics at the University of Newcastle, NSW, Australia. In his blog he discusses the causes of hyperinflation. Here is the link: http://bilbo.economicoutlook.net/blog/?p=3773