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How did we get here?

Tyranno-Capitalism

Our system of government was deliberately designed by some of the greatest minds our nation has ever known. But our system of economics was not designed by anyone—it developed over many years under the brutal process of evolution by natural selection, also known as "the survival of the fittest," other times known as "the invisible hand," or "the free market," or "trickle-down economics," but more accurately described as "Nature, red in tooth and claw."[1] This system is usually referred to as "capitalism," and because it overwhelmingly works against the common good, I call it, "tyranno-capitalism."

Slavery was monstrously cruel in many ways: masters whipping and murdering their slaves, raping them, breeding them and selling their children, breaking up families by selling a parent or a child down the river—the horrors were many, and they are eternally sickening. Slavery was a business model, the original form of tyranno-capitalism. The slave owner was no rocket engineer—he was a tyranno-capitalist. By becoming a slave owner, he satisfied one of the two primary desires of tyranno-capitalists—he had power over others.

To satisfy the other desire, to become wealthy, he understood what he had to do. He had to put his slaves, his capital, to work on some task that would produce something that could be sold for a price that would exceed the costs of running his plantation, including the minimum expenditures necessary to keep his slaves alive and strong enough to work as long as there was light to see.

For a while plantations did not pay very well because there was no crop that would produce the profits the master wanted. But Eli Whitney invented the cotton gin which reduced the labor needed to produce a bale of cotton. Tyranno-capitalism flourished. The cotton planter was wealthy and he had power over others.

Unfortunately, tyranno-capitalism is still the major business model in America. Since the beginning, most of America's growth has been financed by unpaid slaves and the underpaid laborers who succeeded them. This resulted in an unfair transfer, a theft, of wealth from the slave and the laborer to the benefit of the tyranno-capitalist. After a long, long time American workers were able, for a short while, to demand and get better wages and benefits. But the tyranno-capitalists, in their fevered pursuit of profits, busted unions and sent jobs overseas to countries that paid very low wages. Even though the mass of American workers, underpaid as they are, cry out for resources and opportunities that will give them a better standard of living, the tyranno-capitalists manage to keep wages very low, and they manage to let the infrastructure erode as they pollute and plunder the planet—birds do not foul their nests, but we do. Thanks to tyranno-capitalists, we are fatally fouling the only nest we have.

Most institutions and systems of government have two forms: tyranno and democrato. It all depends on who controls them. But slavery has only one form: tyranno. There is no such thing as democrato-slavery. Capitalism comes close to being a single-form system, but, thank goodness, it can have two forms. I have worked for a few capitalists, and a small number of them were very successful.[2] They all practiced democrato-capitalism—their enterprises worked for the common good. They were good businessmen, aggressive, smart, and indefatigable, and they were also fair, they kept their word, and they not only tried to do the right thing, they almost always succeeded at it. It was a pleasure to have a very small part in their enterprises and watch them grow by leaps and bounds—it was a rocket ride. I am sure that there are many democrato-capitalists hard at work right now, and I wish them well—America needs them. But, at this moment, in this world, tyranno-capitalism is ascendant. Our national and state governments are accomplices in forcing the people to serve tyranno-capitalism.

This should not be surprising. The Framers, particularly James Madison, designed a system of government that was vulnerable to takeover by capitalists who did what capitalists do: find an opportunity and exploit it. Unfortunately, human nature plays a decisive part in such a situation and tyranno-capitalists, because they are ultra-aggressive, because they are willing to do *whatever* it takes to win, became the dominant force in our national economic life. They are like the white supremacists who ruled the tyranno-South: they are too sure of themselves, they are certain that they are above the law, extortion is their favorite tool, they will never give an inch, they will not listen to reason, they understand only force, they are often self-destructive, and they are wrong—thank goodness they do not have their own militias.

But they do have their own government. Tyranno-capitalists and the tyranni who control our national and state republics fit together perfectly—they show the effectiveness of symbiosis in the accumulation of power and wealth. When they come together to form tyranno-capitalism they become a powerful economic engine—they become a faction which does more harm than good. But if tyranno-capitalism could become democrato-capitalism there would be no better system for building the kind of economy that the people deserve, and that they have waited so long to see. And there is no better system than democracy for controlling tyranni. So, there is hope. We can restructure our government, and we can control capitalism so that it works for the common good. It won't be easy—not because of any systemic or technological obstacle, but because of human nature.

Invisible Hand or Heavy Hand?

There are three phrases that can be used to describe our system of economics. The first two, the most well-known, were written in 1776 and they have been of great importance in the story of America. I am speaking of "all men are created equal" and the "invisible hand." The first comes from the Declaration of Independence, written by Thomas Jefferson. The second comes from *An Inquiry into the Nature and Causes of the Wealth of Nations*, a book written by the Scottish moral philosopher Adam Smith, who is often regarded as the father of economics.

The third phrase is one that is rarely used, but I think it is very important to this discussion. The first two phrases, it is claimed, connote freedom, liberty, equality, and independence—but only Jefferson's actually does. The third describes the dark side of tyranno-capitalism. It describes the harsh, oppressive exploitation of ordinary workers in America and throughout the world. I am speaking of the "heavy hand." The "invisible hand" is not really invisible. One can easily see it at work should one wish to do so. When one does decide to look, one can see how tyranno-capitalism takes advantage of its workers. One can see that the "invisible hand" is truly the "heavy hand" of exploitation.

The meaning of "all men are created equal" is crystal clear on its own terms; there is no need to add anything. Instead of needing a context to give it meaning, it actually *gives* meaning to any context in which it is considered. For example, in the context of the law, "all men are created equal" is the fundamental starting point for anyone making or enforcing the law. In the context of freedom to pursue life, liberty, and happiness it reminds us all that there can be no limit to what one can choose to do with one's life, so long as that choice does not harm others in pursuing their life, liberty, and happiness. It is an essential element in defining civil rights, educational opportunity, and economic opportunity. And, in the very beginning, it served a powerful purpose—it gave the citizens' army and militias of the loosely-united colonies something to fight for, and even to die for.

But as I showed in several earlier chapters, this crystal clear meaning was rejected by tyranni who did not believe in equality for certain groups, and who relied on tradition, ideology, false hypotheses, hypocrisy, intimidation, torture, religion, states' rights, misogyny, xenophobia, homophobia, terrorism, racism, and pure, simple hatred to deny equality to the seven hated groups. The Framers designed a system that has enabled such deliberate nastiness to thrive for more than two centuries—and it is still going on. Even if we grant that the Founding Fathers were caught up in a situation that was beyond their power to change, there is no excuse today, and none since the end of the Civil War, for allowing inequality to diminish us. Just because tyranni believe in inequality there is no reason to let them continue to force it on us and our children.

Unlike the phrase, "all men are created equal," the meaning of "invisible hand" is not crystal clear on its own terms—it must be explained. "All men are created equal," is an absolute, self-sufficient term, but "invisible hand" is not absolute, it must be understood in terms that are supplied by some context—which means that like a verse from some holy book it can be used to mean anything. But Adam Smith, the author of the term, did supply context, he did define it. Here is what he said (*emphasis added*):

> But the annual revenue of every society is always precisely equal to the exchangeable value of the whole annual produce of its industry, or rather is precisely the same thing with that exchangeable value. As every individual, therefore, endeavours as much as he can both to employ his capital in the support of domestic industry, and so to direct that industry that its produce may be of the greatest value; every individual necessarily labours to render the annual revenue of the society as great as he can. He generally, indeed, neither intends to promote the public interest, nor knows how much he is promoting it. By preferring the support of domestic to that of foreign industry, he intends only his own security; and by directing that industry in such a manner as its produce may be of the greatest value, he intends only his own gain, and he is in this, as in many other cases, led by an *invisible hand* to promote an end which was no part of his intention. Nor is it always the worse for the society that it was no part of it. By pursuing his own interest he frequently promotes that of the society more effectually than when he really intends to promote it. I have never known much good done by those who affected to trade for the public good. It is an affectation, indeed, not very common among merchants, and very few words need be employed in dissuading them from it.[3]

This long paragraph contains the *only* mention of "invisible hand" in Smith's masterpiece of early economic thought, and it is used simply to ornament his description of what *might* happen in an ordinary economic event: a merchant deciding whether to invest his capital in foreign or domestic industry. It seems that if capitalists are able to invest in endeavors of their own choosing, without being forced to do so by an agency of government, then they *might* choose to invest in domestic industry to satisfy their own purposes, and accidentally, society *might, but not necessarily*, benefit as well. Thus, in his example, Smith says that the serendipitous coincidence, should it occur, would magically materialize as if guided by an "invisible hand."

Samuel Fleischacker, a scholar who specializes in Adam Smith as well as the history of moral philosophy, published *On Adam Smith's 'Wealth of Nations,' A Philosophical Companion,* in 2004. He discussed Smith's "invisible hand" paragraph in detail, and here is part of what he said (*emphasis added*):

> So Smith is by no means pronouncing a universal rule [in this paragraph]. It would be odd, moreover, if such a rule appeared in this context. Smith is in the midst of making a relatively small point (that merchants will tend to base even their "carrying trade" in their home ports), and has adduced a few plausible but weak generalizations about merchant behavior in support of that point. *If he wanted to proclaim that an invisible hand always guides individual economic decisions toward the good of society, we would expect that proclamation at the opening of the book, as part of his grounding theory of economic activity.* The theory Smith gives us there does support the claim that individuals generally promote the social good in their economic behavior without intending to do so, but there is no hint that this holds in all cases, much less that it is guaranteed to hold by either empirical or metaphysical laws.[4]

Thomas Jefferson gave the phrase "all men are created equal" the most prominent position in the Declaration of independence. After a single-sentence opening, he introduced self-evident truths and made "all men are created equal" the foremost of them. On the other hand, Smith introduced "invisible hand" on page 192 of the copy of *Wealth of Nations* in my bookcase—that is very far from pride of place. Smith by no means intended for the phrase, "invisible hand," to be the primary operating principle for one of the largest economies the world has ever known—in fact, he did not think it was an operating principle of any kind.

In another place in *Wealth of Nations* Smith observed that capitalists are not to be trusted. He was talking about merchants and manufacturers and how they deal with ordinary people. He said (*emphasis added*):

> Merchants and master manufacturers are, in this order, the two classes of *people who commonly employ the largest capitals*, and who by their wealth draw to themselves the greatest share of the public consideration. As during their whole lives they are engaged in plans and projects, they have frequently more acuteness of understanding than the greater part of country gentlemen. As their thoughts, however, are commonly exercised rather about the interest of their own particular branch of business. than about that of the society, their

judgment, even when given with the greatest candour (which it has not been upon every occasion), is much more to be depended upon with regard to the former of those two objects, than with regard to the latter. Their superiority over the country gentleman is, not so much in their knowledge of the public interest, as in their having a better knowledge of their own interest than he has of his. It is by this superior knowledge of their own interest that they have frequently imposed upon his generosity, and persuaded him to give up both his own interest and that of the public, from a very simple but honest conviction, that their interest, and not his, was the interest of the public.

The interest of the dealers [merchants and manufacturers], however, in any particular branch of trade or manufactures, is always in some respects different from, and even opposite to, that of the public. To widen the market, and to narrow the competition, is always the interest of the dealers. To widen the market may frequently be agreeable enough to the interest of the public; but to narrow the competition must always be against it, and can only serve to enable the dealers, by raising their profits above what they naturally would be, to levy, for their own benefit, an absurd tax upon the rest of their fellow-citizens. The proposal of any new law or regulation of commerce which comes from this order [merchants and manufacturer] ought always to be listened to with great precaution, and ought never to be adopted till after having been long and carefully examined, not only with the most scrupulous, but with the most suspicious attention. It comes from an order of men, whose interest is never exactly the same with that of the public, who have generally an interest to deceive and even to oppress the public, and who accordingly have, upon many occasions, both deceived and oppressed it.[5]

Smith is clearly rejecting the concept of the "invisible hand" in these passages. Instead of just letting the "invisible hand" work its magic, he warns his readers to be suspicious of any proposal that comes from the capitalists. He says to always take great care to analyze such proposals before agreeing to them. In another chapter Smith warned us that capitalists who are in the same business will use every chance to scheme against the interests of the people—a clear example of the "invisible hand" at work. He said:

People of the same trade seldom meet together, even for merriment and diversion, but the conversation ends in a conspiracy against the public, or in some contrivance to raise prices.[6]

Smith's lone use of the term, "invisible hand" has been deliberately pulled out of context and repeatedly used to the great detriment of the people. His clear message was to be wary of capitalists.

Tyranno-capitalists favor the "invisible hand" for several reasons. The one that has the greatest adverse impact on society is that there is no need to worry about the common good—it will "theoretically" emerge from the independent and self-serving actions of individuals who are participating in the economy as producers and as consumers. To tyranno-capitalists, this means also that there is no need for central planning, or for government intervention in the economy—self-interest will suffice. Another important reason that tyranno-capitalists embrace the "invisible hand," is that it gives permission for the worship of the concept of the "free market." This concept says that all is fair in love, war, and the economy. To tyranno-capitalists the term "free" indicates that the market is free from government regulation, but it really is more accurate to say that "free" stems from the term "free-for-all," which is a schoolyard game in which there are no rules against roughing up the other players—such a game is better described as a brawl, or a scam, or a bubble, or as worthless derivatives—or as Wall Street. Because there are no rules in a free-for-all, there is no such thing as fair play.

The terms "Adam Smith, the invisible hand, and the free market," are all used by tyranno-capitalists, perhaps unconsciously, as aliases for evolution by natural selection, the eternal Darwinian struggle. In such an economy it is clear that there are far more losers than winners, and it is also clear that the net outcome today, next year, or decade after decade, is *not* good for society as a whole. Adam Smith realized that the economy of a society is best served when it is organized around rules of fair conduct, and this understanding would cause him to reject the distorted application of his views as support for the theories of tyranno-capitalism.

Just as there are many flaws in the Madisonian Republic, there are many flaws to be found in relying on the "invisible hand" and the "free market" as the operational basis for our system of economics. There is one deficiency that we can easily understand by recalling some of our high school or college math. It involves the concept of "vector" as it is often taught as part of courses in Algebra, Trigonometry, Analytical Geometry, Calculus, Differential Equations, and the like. A vector is simply some force that has both magnitude and direction. A common illustration of vector is the speed and direction of the wind. In my part of Texas it is usually 12 miles per hour from the south—and because of this constant exposure we Texans who golf can usually learn to play well in the wind. But if we apply the concept of vector to the invisible hand, we can easily see that it simply does not work.

Imagine that our economy is a giant, seagoing vessel with huge sails and it is traveling across an endless ocean which is dotted here and there with islands. Some of the islands have wonderful treasures such as houses, cars, permanent jobs, appliances, pensions, educations, health insurance, savings accounts, and more while others have great terrors such as unemployment, illness, bankruptcy, poverty, hunger, poor education systems, and the like. Some islands have peaceful lakes with thriving and edible fish as well as clear, fresh, safe water—while other islands have dangerous reefs made invisible by leaked crude oil spewing from exploded, abandoned drilling rigs. Imagine that each of our economic institutions—individuals, families, small companies, giant multinationals, big banks, small banks, and all the rest—is a vector of wind. Each element blows in the direction and at the speed it wants so that it can reach the island it wants. In this way, the great vessel of our economy is pushed by the vectors from each economic interest as they blow in different directions and with different speeds on our economy's sails. No one can predict which direction our economy will take, no one can predict how fast it will move, no one can predict what treasures or terrors it may encounter, and under the *unregulated* invisible hand, no one can persuade the various economic interests to coordinate their vectors and move the economy toward the island containing the common good. But our economy will definitely move, and this movement, according to tyranno-capitalists, is the magical invisible hand. All of these vectors blowing on the sails will send us toward something, and for some of us it will be in the right direction, while for others it will be in the wrong direction. So, tyranno-capitalists, when they talk about the splendor of the invisible hand, are talking nonsense. It is a myth—it is a false hypothesis. *If the common good is ever reached by the invisible hand it will be brief, accidental, and rare.*

The situation becomes even more troublesome when one considers that our various economic elements have greatly varying vectors. Some giant multinational corporations may have the economic strength of millions of ordinary citizens, others have government influence that will enable them to unfairly magnify their force, and still others function as pirates (think Wall Street banks) who will swoop down on ordinary citizens who have been lucky enough to enjoy a fair wind and to get their hands on some treasure. By hook or by crook, these pirates take that treasure and move on. When the victims of such piracy ask for help they discover that the protective armada (think securities-rating firms, the Department of Justice, Congress, the Fed, and bank regulators) which they expected to come to their aid has been bought off by means of a booty-sharing scheme concocted by the pirates.

Another serious deficiency of the invisible hand is the idea that central planning is a bad thing. Of course that is utter nonsense. Many of our greatest national successes were achieved by centralized planning. We were able to slowly climb out of the Great Depression (which was caused by the invisible hand) due in large part to the innovative plans developed by Franklin Roosevelt and his cadre of far-sighted thinkers. Most national institutions were subject to government plans for conducting World War II (which was caused by the invisible hand). I doubt that we would have been successful if we had left the war effort to the invisible hand of defense contractors who would have produced whatever they liked so as to get the order for war materiel while maximizing their profits—after all, Dwight Eisenhower warned us in his farewell address to be wary of the military-industrial complex. Almost all of our infrastructure development since the Civil War has been a result of government planning and funding. The backbone of our national transportation system is the interstate highway system started by President Eisenhower. And don't forget NASA—or Medicare—or Medicaid.

The folly of letting the Wall Street banks run free in the design, marketing, rating, and insuring of dubious financial instruments resulted in the crash that occurred at the end of the George W. Bush administration. One can say that the government did a rotten job of regulating the banks, but one cannot say that the crash was the result of government planning. In fact, the crash is a perfect example of just how the invisible hand works. If it is not regulated and if it is not subjected to any planning, then it produces disasters on a vast scale. Such is the problem with extreme weather due to global warming. The lack of government regulation and planning has enabled the "invisible hand" of tyranno-capitalism to run free thereby polluting our air and water and placing the future of our civilization and our species in grave danger.

Tyranno-Capitalism vs. the People

According to tyranno-capitalist theory, the people should interact with our system of economics in such a way that the invisible hand will, in real time, combine the dynamic sums and vectors of all the choices that the people have made and then, also in real time, produce the goods and services that are consistent with those choices. So, according to tyranno-capitalist theory, if the economy is not what the people want then they, the people, must have made the wrong economic decisions. They must have done a bad job of interacting with our system of economics. Even though they knew what they wanted, and even though they made choices that they were told would produce the economic life they wanted, they didn't get it. So it must be their fault, because tyranno-capitalism, if the people made the right choices, would give them what they want. If they don't survive or thrive, then that is life. Survival of the fittest don't you know? Evolution by natural selection is always on the job.

But I know the people, lots and lots of them, and I am even related to some. The great majority of them are smart, honest, hard-working, and trusting. They even believe their leaders who tell them that tyranno-capitalism is the answer, just as they believed their leaders who told them that we live in a democracy—and they continue to believe their leaders as each new generation comes of age. Tyranno-capitalists and government officials tell them that if they get an education (even if they have to borrow to pay for it), and if they work smart and hard, and if they buy a home and a car and a refrigerator, and clothes, and if they buy the latest phone as soon as it comes out, and if they buy all the rest that they see advertised on television, and if they watch televised sports on the latest television sets while eating the right salty treats and while drinking the right low-calorie beer, then they will get what they want. So, it couldn't be the people. They have made the right choices—they have impoverished themselves doing the things that tyranno-capitalists and the government tell them to do. There must be something else that is wrong.

If we look at the record, we can see that tyranno-capitalism, and its miracle-working figment of the invisible hand, produced slavery, centuries of discrimination against non-males, non-whites, non-Christians, non-heterosexuals, non-natives, the disabled, and the lower classes—voter suppression, hatred of unions and foreigners, waste of national resources, huge financial disparities in our population, damage to the environment on an immense scale, global warming, several recessions including the recent Great Recession, the collapse of the Wall Street banks, the death and destruction caused by the murderous, tyranno-capitalist greed of British Petroleum in the Gulf of Mexico in 2010[7], the collapse of the savings and loan industry a few years ago, a few wars, the Great Depression that my parents and grandparents lived through—and much, much more. None of those things was done in service of the common good.

The people haven't been making the wrong choices—that is not the problem. The problem is that the people, because of our Madisonian Republic with its three corrupt branches of government, have not been allowed to make the *important* choices. For example, if the people were allowed to make the important decisions then all of the failures listed above would have never taken place. We, the people, would have chosen to have a clean environment, we would have chosen to keep jobs in the United States rather than send them to China, we would have chosen to pay our workers a fair wage that keeps pace with corporate profits and productivity increases, we would have chosen to educate and nourish our children, we would have chosen to maintain our infrastructure, and all the rest. But under tyranno-capitalism the people *are not allowed* to make the decisions that are important to the economic welfare of our nation. They have no power to make any choices other than to buy their pills at this drugstore or that one, or to buy their nuts and bolts at Home Depot or Lowe's, or to buy their clothing at Wal-Mart or at the little shop on the square. The people have no power to bargain with their employers for decent wages and benefits. So, the invisible hand never worked for the people, it worked only for the tyranno-capitalists. The people never got a chance to make choices that would make a difference. We can see clearly now, the invisible hand is really many hands, and they are not invisible. Tyranno-capitalism is controlled by, is in the heavy, oppressive hands of, tyranno-capitalists. In many respects, our Madisonian Republic has been replaced by tyranno-capitalism.

How do I know that the people have not been allowed to make the important choices? I know because the Framers freely admitted it—they were proud of it. The authors of the *Federalist* essays repeatedly, and unfairly, disparaged the Greek democracies. In *Federalist 10* James

Madison told us that in his theoretic, "pure" democracy representatives *were not* used. Instead, he claimed, all the citizens made all the decisions themselves which would lead to destruction of the government by factions. Therefore, according to Madison, our nation had no choice but to implement his Madisonian Republic, the one with the theoretic "scheme of representation." A few representatives, Madison said, were better than many or no representatives—a few representatives were better than letting the people make important choices. But during the debates about whether to ratify the Constitution someone challenged Madison's sales pitch. This challenger rightly pointed out that in the ancient democracies representatives *were* used. So, if those ancient democracies were vulnerable to factions, as Madison claimed, and if those democracies used representatives, wouldn't Madison's representative republic be vulnerable to factions as well? This was a challenge that had to be answered, so Madison responded. In *Federalist 63* he made it clear that even though the ancient democracies and the Madisonian Republic both relied on representatives, there was one critical difference. Here is what he wrote (*emphasis in the original*):

> From these facts, to which many others might be added, it is clear that the principle of representation was neither unknown to the ancients nor wholly overlooked in their political constitutions. The true distinction between these and the American governments lies *in the total exclusion of the people in their collective capacity,* from any share in the *latter*, and not in the *total exclusion of the representatives of the people* from the administration of the *former*. The distinction, however, thus qualified, must be admitted to leave a most advantageous superiority in favor of the United States.

You may recall that in an earlier chapter I pointed out that the *Federalist* essays were written in haste and therefore some of the arguments they presented do not make sense. The paragraph just quoted at first seems to be a good example of that point, but it is not. I think that the author said what he meant to say, but he did not want his readers to fully understand the consequences of what he said, so he brilliantly constructed it to make his readers shrug their shoulders and move on. The author of this confusing language actually was saying this:

> Yes, representatives were used in the ancient democracies, and they are used in our American state governments, and they will be used in

> our new republic. But the use of representatives did not cause the ancient democracies to fail, the use of representatives has not caused our American state governments to fail, and it will not cause our new republic to fail. The failure of the ancient democracies was caused by the people having too much transformative power. The people of the ancient democracies could decide among themselves what they wanted their democracy to do and then order their representatives to do it. In effect, the citizens of these ancient democracies retained and exercised all transformative power, and their representatives were delegated administrative power only. In effect, the people ruled. This resulted in all of the failures cataloged in *Federalist 10*. But we do not have to worry about this in our new republic.
>
> Under our new Constitution, the American people cannot decide for themselves what they want the government to do and then order the government to do it. The people can only delegate their transformative power to a small group of elected representatives. The American people can only decide which representatives they want to give their transformative power, and in turn, these few representatives will meet in person to decide what *they* want the government to do—only *they* will have—only *they* will exercise—the transformative power of the people. Under the new Constitution, the people will *never* be permitted to act *in their collective capacity*. In this way the governing elites will hold *all* transformative power and thereby be assured that they can keep the factious masses under control. America will be safe in the hands of the elites.

So, in *Federalist 63* Madison wanted to show that there was an important difference between the proposed new government and the ancient ones, and that difference was to *exclude* the people from acting in any way except through their chosen representatives. This "true distinction," as he called it, emphatically confirms that the new constitutional system, with its scheme of representation, was intended to mute the voice of the people and steal from them their transformative power. And because our national government, by design, is controlled by the wealthy classes, then the transformative power of the people is given over to the invisible, but heavy, hand of tyranno-capitalism which makes all the important economic decisions. This is the element of tyranno-capitalism that causes it to fail. Just as it is designed to do, it works for the good of a few individuals but not for the masses. In other words, our system of government is deliberately designed to keep the people from using their transformative power to decide whether jobs should be kept in America or sent overseas. Our system of government is deliberately designed to keep the people from using their transformative power to decide whether we should maintain our infrastructure or let it crumble, or to decide whether we should give our children good breakfasts and good educations or let them enter adulthood unprepared to fit into society—you get the idea.

The Great Depression and Tyranno-Capitalism

The best example of the propensity of tyranno-capitalism to work against the common good was impressed on me by those World War II veterans who met in our home to discuss America's institutions. I listened to them from 1946, when they returned from the battle, until 1957 when I went away to college. They talked of many things, but the most impassioned discussion was about the Great Depression and the effects it had on them and their parents. Most of these young men were not quite teenagers when the Wall Street stock market crashed. Then they spent their teen years living through the Depression. From those experiences they developed a clear understanding of the weakness of our economic system.

Those young men looked at their own lives and at the lives of their parents to serve as a guide as they began to define what our new, postwar economic system should do for the people. They were dead certain about one thing, and when they talked about it I could often hear anger in their voices. *They knew beyond any doubt that America's systems of government and economics had failed their parents, and had failed them as well*. They would recall the way the Great Depression had virtually destroyed the lives of their parents and ultimately drove them to despair. They would remember what their own formative years had been like. Hunger was no stranger to many of them. Being kicked out of their homes was a burning memory for some.

They also were certain that Herbert Hoover was to blame. They did not blame him for the 1929 crash, but they talked about his refusal to do anything to help the people who were suffering. In their discussions I heard for the first time about Hoovervilles, and I heard them talk about Hoover ordering General Douglas MacArthur to obliterate the Hooverville that had been constructed by World War I veterans who were seeking the bonuses they had been promised. This terrible act took place in 1932. Those veterans of World War II probably learned of this misuse of military power from their parents or other adults with whom they had contact. The stories of those adults probably led them to dislike Hoover and MacArthur. They ridiculed MacArthur's famous "I shall return" proclamation after he fled the Philippines just ahead of the invading Japanese army. They were offended by his use of the first person singular pronoun.

So, it became crystal clear that those veterans were demanding that such mistreatment at the hands of the government should never be repeated. They thought that the World War I veterans should have been given their bonuses in 1932.[8] They wanted help to be given directly to the people if serious economic downturns should come again. They remembered how hard it was to watch their parents suffer through the Depression and they did not want their own children to witness the same tragedy.

Needless to say, the heart-felt words of those young men left an indelible impression on me, and I have read a great deal about the Depression and about how Hoover and then Franklin Roosevelt handled it—and I have heard many first-hand accounts of what life was like in those awful days. In my reading about Hoover I found many authors who defend his actions, but their defenses are flimsy. At bottom, when a human being has great power he can be judged by what he does with that power. Hoover worked against the common good; he was a tyrannus.

On August 11, 1928, Hoover made a speech at Stanford University in which he accepted the Republican Party's nomination for the office of President of the United States. He made promises that were very well received by a very large part of our population. After World War I the economy slowed and farmers were particularly hard hit. Hoover knew this and he said:

> One of the oldest and perhaps the noblest of human aspirations has been the abolition of poverty. By poverty I mean the grinding by undernourishment, cold, and ignorance, and fear of old age of those who have the will to work. We in America today are nearer the final triumph over poverty than ever before in the history of any land. The poorhouse is vanishing from among us. We have not yet reached the goal, but, given a chance to go forward with the policies of the past eight years, we shall soon with the help of God be in sight of the day when poverty will be banished from this nation. There is no guarantee

> against poverty equal to a job for every man. That is the primary purpose of the economic policies we advocate.

Hoover's first promise was a lulu. He said that the end of poverty was in sight and in order to reach that day, his administration would work to provide a job for every man who was willing and able to work. Remember, this was in 1928, fifteen months before the Wall Street collapse, and seven years before Social Security was enacted. He continued with a summary of the problem in American agriculture:

> The most urgent economic problem in our nation today is agriculture. It must be solved if we are to bring prosperity and contentment to one-third of our people directly and to all of our people indirectly. We have pledged ourselves to find a solution. There are many causes for failure of agriculture to win its fair share of national prosperity. The after-war deflation not only brought great direct losses to the farmer, but he was often left indebted in inflated dollars to be paid in deflated dollars. Prices are often demoralized through gluts in our markets during the harvest season. Local taxes have been increased to provide the improved roads and schools. The tariff on some products is proving inadequate to protect him from imports from abroad. The increases in transportation rates since the war have greatly affected the price that he receives for his product. Over six million farmers in times of surplus engage in destructive competition with one another in the sale of their product, often depressing prices below those levels that could be maintained.

I think it is fair to say that Hoover's summary was on target. The American farmer was in trouble and Hoover understood the economic weaknesses that contributed to the problem. He said that American agriculture needed to undergo "reconstruction." That word was fraught with special meaning for many of the people who earned their living from agriculture. It looked back to the dark days of reconstruction after the Civil War. But something needed to be done, and Hoover had a well-earned reputation as a very smart man who knew how to get things done—at least in the business world. His engineering skills had produced great success for him, and his work in public service also enhanced his aura of competence. He next outlined what he and his party would do if they were elected to power.

> Differences of opinion as to both causes and remedy have retarded the completion of a constructive program of relief. It is our plain duty to search the common ground on which we may mobilize the sound forces of agricultural reconstruction. Our platform lays a solid basis upon which we can build. It offers an affirmative program.
>
> An adequate tariff is the foundation of farm relief. Our consumers increase faster than our producers do. The domestic market must be protected. Foreign products raised under lower standards of living are today competing in our home markets. I would use my office and influence to give the farmer the full benefit of our historic tariff policy.

Sound's familiar doesn't it? Then he reviewed what already had been accomplished by his party—Republicans had held the office of President for all but twenty of the preceding sixty-eight years. Hoover said that he would be building on a solid foundation.

> An outstanding proposal of the party program is the whole-hearted pledge to undertake the reorganization of the marketing system upon sounder and more economical lines. We have already contributed greatly to this purpose by the acts supporting farm cooperatives, the establishment of intermediate credit banks, the regulation of stockyards and public exchanges, and the expansion of the Department of Agriculture. The platform proposes to go much farther. It pledges the creation of a Federal Farm Board of representative farmers to be clothed with authority and resources with which not only to still further aid farmers' cooperatives and pools and to assist generally in solution of farm problems but especially to build up, with federal finance, farmer-owned and farmer controlled stabilization corporations which will protect the farmer from the depression and demoralization of seasonal gluts and periodical surpluses.

If we take him at his word, Hoover was not reluctant to talk about new and larger government agencies. He was clearly in favor of bigger government, whether or not he would ever admit it. He clearly was in favor of providing money and authority to help American farmers improve their lot. Next he rejected opposition complaints that his proposals would be too expensive. When new programs are proposed, the party out of power always asks the eternal, political question: "Who is going to pay for this program?" Hoover said:

> Objection has been made that this program, as laid down by the party platform, may require that several hundred millions of capital be advanced by the Federal Government without obligation upon the individual farmer. With that objection I have little patience. A nation which is spending ninety billions a year can well afford an expenditure of a few hundred millions for a workable program that will give to one-third of its population their fair share of the nation's prosperity. Nor does this proposal put the government into business except so far as it is called upon to furnish capital with which to build up the farmer to the control of his own destiny.

If we take him at his word, then Hoover was willing to spend money to help the farmers. He was willing to use government power to meddle in agricultural markets. He was willing to create credit banks to provide needed capital. Nothing was wrong with the underlying ideas of his programs, except to say that ever since that time tyranno-capitalists have denounced them—for tyranno-capitalists, helping people in need is bad public policy. In a little over a year, Hoover would begin to accept this guiding principle of tyranno-capitalism.

In the November election of 1928, Hoover easily defeated Democrat Al Smith. But the Wall Street stock market crash occurred in October of 1929, businesses closed, banks failed, unemployment soared, Hoover's promises of prosperity were not kept, his policies failed, poverty increased, and he was doomed to be a one-term president.

As the economy worsened the people appealed to the national government for help. Hoover was willing to do some things, but his response was far from adequate. Rather than giving direct aid to suffering Americans as he had promised in 1928, he suddenly proposed "volunteerism," which was his term for a process (really a hope, or a dodge) in which Americans would help one another to weather the storm. And, based on many first-hand accounts I have heard from those who were there, people did help one another, but when they had almost nothing to give, such help did not go very far. More help, government help, was needed. Hoover did not give it. "Volunteerism," at least his version of it, is the ancestor of tyranno-capitalism's "trickle-down economics."

As people lost their jobs, homes, and savings, they needed housing. None was to be found. So, they built shelters out of any materials they could find: scrap lumber, salvaged building stones and bricks, tar paper, sheets of metal siding, even cardboard. Entire shantytowns arose, and they came to be called “Hoovervilles.” Life in these towns was dangerous because adequate sanitation infrastructure for such habitations did not exist.

But Hoover did not relent. He believed that giving money directly to suffering people would soften them, make them less likely to work (as if they could find a job), and weaken the “rugged individualism” which he believed was the hallmark of the American character. On December 10, 1930 the *New York Times* published an article with the headline, “President Hits Congress.” Hoover chastised the congressional Democrats for demanding more direct relief for poor Americans. He said that such relief would lead to an increase in taxes, and he added, “Prosperity cannot be restored by raids upon the public treasury.”

By refusing to give direct help to Americans who were destitute, Hoover was condemning them to live out their lives suffering from “the grinding by undernourishment, cold, and ignorance, and fear of old age” that he had promised to protect them from when he accepted his party’s nomination for the office of President. His evolved nature could not be denied. In just a few months after taking office, as his power and then his desperation increased, Herbert Hoover revealed his tyranno-nature. His obliteration of the Bonus Army’s Hooverville, his constant refusal to give direct aid to people in need, and his zealous protection of the public treasury from the public, are all acts against the common good in the name of the law. This perverted logic was perfectly described by Anatole France, who said:

> The law, in its majestic equality, forbids rich and poor alike to sleep under bridges, to beg in the streets, and to steal their bread.

Herbert Hoover punished the American people as if being poor was a crime, and that unjust punishment is still in effect. Tyranni are as tyranni do, and they are still doing it with all their might.

What Hoover failed to understand is that the public treasury belongs to the public—the people—and they are free to do with it whatever they please, whenever they please, however they please. His analysis was based upon his acceptance of the idea that our system of economics is fundamentally sound. He and countless economists over the years have believed that our system of economics is a law of the universe. Such irrationality governed us in 1930 and it still does today—in spite of a mountain of evidence to the contrary. Tyranno-capitalism was in full flower during the administration of Herbert Hoover. The system that he used to do great damage to the lives of millions of Americans is essentially the system that we live under today. We can look on its works, my fellow Americans, and despair—or we can change it.

It is heartbreaking today to see what financial privation does to our children, it is a very great sin. Those government officials who stood by while this great sin was happening should hope that their God is not a just God. And, for me, it is also heartbreaking to think what my parents and grandparents, and others of their generations, had to endure just because our government leaders hated people who were poor. We could have eased the suffering of millions upon millions of Americans and Europeans, and many others, just by accepting and using our unlimited supply of money. It has always existed. As soon as we humans began to engage in commerce we were bound to discover the unlimited supply of money. It has always been there—in cyberspace—waiting to be discovered and used for the benefit of humankind.

Whenever I have casually discussed with others the possibility of giving money to poor people, the most common first response is that poor people do not deserve it. But those who hold that unkind, heartless opinion surely forget the causes and effects of the Great Depression and the Dust Bowl. Both of these human-made disasters created millions of new poor people. Many, if not most, of the people I grew up with in my small hometown were children and grandchildren of people who were made poor by the Great Depression. The lives of two generations of Americans, the World War II generation and their parents, were directly damaged by a lack of money, and by today’s standard they would be at fault—they would be judged as undeserving of help. Of course such a charge is unsupported by the facts. The dastardly lie that we have a limited supply of money was hard at work then, particularly in the halls of Congress. This lack of money, the politicians claimed, made it impossible to restart the economy by the direct infusion of an adequate supply of money to those most in need.

My parents, who were part of the World War II generation, were only eleven years old when the stock market crashed, so there is no way they can be blamed for the poverty that struck them and millions of other children. But they, and countless others, *were* blamed and they grew up in an America that did not give them the resources and opportunities they needed to flourish—the economic lives of those children were cruelly, irrevocably stunted by arrogant politicians who failed to do their duty, and by the majority of economists who gave the politicians a bogus, "scientific" basis to support their harsh, false, moral judgments.

The Dust Bowl and Tyranno-Capitalism

The Dust Bowl provides us with an excellent model of our current economic predicament. It shows the terrible, shameful consequences of interpreting poverty as proof of moral failing. It shows how the lives of millions of Americans can be destroyed by politicians who cling to economic policies based on the lie, and it is a lie, that we have a limited amount of money. It shows the human tragedy resulting from a rush to make money at the expense of the environment. It shows how the destructive effects of the Dust Bowl could have been mitigated by democrato economic policies.

When Franklin Roosevelt took power on March 4, 1933, three terrible things were happening. The Great Depression had been underway for more than three years, the extreme tyrannus Adolf Hitler was nearing his takeover of the German government, and the Dust Bowl was about to explode in Oklahoma, Texas, and adjacent states. Roosevelt understood that he would need money to deal with the Depression and he understood that the gold standard, by design, severely limited the amount of money the government could issue, which limited the programs that could be implemented to deal with our national problems, and which naturally increased the power of the banks and wealthy individuals who had money to lend. This yellow metal, which had comparatively little intrinsic value, was used to devastate the lives of millions of Americans. The gold standard was a tool of tyranno-capitalism and it created the Great Depression, magnified the effects of the Dust Bowl, and worst of all, enabled the extreme tyrannus Adolf Hitler to exploit the hunger and fear of the German people and seize dictatorial power. All three of these disasters were human-made, and they all grew out of a human-made scarcity of money. From wealthy men losing their fortunes on Wall Street, to families forced from their farms in the Great Plains, to unimaginable horrors in the concentration camps of Nazi-occupied Europe, tyranno-capitalism has much to answer for.

In the 1930's a lack of water and a lack of money combined to trigger one of the largest internal migrations in American history. Over that period millions[9] of people left their homes and went elsewhere, many to California—where because of their extreme poverty they were unwelcome. If we pay attention to our own history we can learn something.

In the Dust Bowl states the Great Depression was underway, so money was even more scarce than usual, a prolonged drought had caused crops to fail for several years, repeated plowing of dry soil had led to wind-driven erosion that removed the most productive topsoil and reduced crop yields even when it did rain, many farmers had mortgaged their farms and equipment to the limit, and local bankers had carried overdue notes about as long as they could. These problems finally reached unsustainable levels. The banks demanded payment and the farmers were forced to auction their farms and equipment to the highest bidders. Millions were forced off their land and became known as "Okies" no matter which state they were from. Our national government tried to help by buying livestock at better than market prices, and it instituted long-term programs to develop and implement better methods of soil management. In addition, special programs for aiding those who had been hit the hardest were implemented, and large numbers of trees were planted as bulwarks against the high winds of the plains. But these efforts were too little, too late. For a time, the drought triumphed.

But, over time, the drought broke, new farmers used better soil management methods, and technology provided improvements. Crops rarely failed, credit was available, consumers had the money to buy the crops, cash flow was positive. Over the years, farmers who were still in the region were able to do better. In the 1960's I visited the farm of a friend in the Texas Panhandle. He and his father had raised wheat, cotton, and sorghum there for many years and they had been consistently successful. On one occasion my friend and I made a tour of his irrigation system to check the pumps and the flow. He had several pumps that took water from the Ogallala aquifer and transferred it throughout his fields. My friend's farm was powered by electricity which was provided through the local cooperative, which itself was a product of a New Deal program started by FDR during the Great

Depression. This was a very different world from that of the Dust Bowl days. My friend was definitely a farmer, and he definitely had to work hard, but he had the resources he needed to be successful—he had ready access to power, water, and money—and access to customers who had the money to buy his crops.

But in the fifty years since I first visited my friend's farm, depletion of the Ogallala aquifer has accelerated. It is estimated that the present draining of the aquifer is three times the rate that it was in the 20th century. Unfortunately the recharging process for the aquifer is very slow. There is little rainfall in the Panhandle and wind-aided evaporation reduces that amount significantly before it can find its way into the underground supply. Some areas of the Ogallala have been pumped virtually dry and will take hundreds of years to replenish. And, of course, global warming and another prolonged drought are jeopardizing water supplies all over Texas—and Texas is not alone. The states that depend on the Colorado River for agricultural uses, such as California, are already being forced to accept reduced allotments due to a severe depletion of river flows. If the current trends continue we will have even greater population dislocations than we saw during the Dust Bowl days. It will be déjà vu on steroids.

This little review of history shows how farmers need money and water in order to operate their farms successfully. The simple lesson is that we are all farmers. We each have our own lives and families to grow and we need the resources to do it. Money is necessary to build and sustain a life worth living, just as water is necessary to make a successful wheat farm. Successful farms contribute to the common good, and so will the successful lives of our citizens. Our lives must be nourished in order to succeed. This nourishment can be of many forms, and it must be supplied when needed and in the amounts needed. We have the money we need—it has been lying around cyberspace for thousands of years, but we do not have the system we need to distribute it where and when it is needed. The tyranni who now control our money supply do not want us to have it. They have many explanations for denying our children what they need, but at bottom there is only one reason for this despicable behavior—our tyranno-rulers who deny the people access to the money supply (which is, after all, an inexhaustible national resource), do so because they think that we do not deserve it. They say things like, "The Lord helps those who help themselves, you must earn your bread by the sweat of your brow, and there is no such thing as a free lunch," and they call us names such as, "freeloaders, takers, and deadbeats." These tyranni will never change. So long as they are in power, our people will suffer. But we will soon replace these tyranni, and our new economic system of democrato-capitalism will provide nourishment when and where it is needed so that our citizens can live long lives that are worth living.

Between the stock market crash in October of 1929 and FDR's inauguration in March of 1933, 41 months had elapsed and 11,000 banks had closed. That's an average of 63 banks every week. They closed because they could not muster the capital to stay open. They were bankrupt. They were formed under the model of tyranno-capitalism. They were formed mostly by men who had managed to get hold of some capital and were trying to earn a profit from the labor and dreams of others. The bankers had some sort of formula that they followed which included an expected rate of loan failures, a way to properly value collateral assets, an expected cash-in value on those assets in the event of a foreclosure, a schedule of bank operating expenses needed to keep the doors open, and a trust that the crops would not fail, at least not totally for years, and that crop prices would not falter—and all governed by an interest rate that would produce a profit. It was a complicated business transaction between an honest farmer and a tyranno-banker. But that model was doomed to fail—in fact, tyranno-capitalism is always doomed to fail. The reason is simple. When profits depend on being able to predict the future there will always be downturns. The model may work for a while if banks go into an area where business is on the upswing, but that is more luck than skill and does not last forever. Banking is a temporary business. Yes, there are banks that have been successful for many years, but their longevity is due to two factors: our national government has supported the banks in order to keep them in business, and many banks have changed their model, they are no longer making investments with their own money—they have ceased to be banks. They are no longer trying to predict the future. They have become service providers and consumer finance companies, and they often drift into the exploitation of their customers. They are not building a society, they are mining for gold in a society that somebody else built—they are living off the sweat of someone else's brow.

The really big banks, like those on Wall Street, practice full-bore tyranno-capitalism. The executives do whatever it takes to “earn” their bonuses. Their business is all about the bottom line; it is never about building a society. They can’t pick winners either, but they have learned how to exploit investors, the stock market, the government, and some have even laundered money for drug dealers on a large scale. They are masters, not of the universe as they claim, but of putting their thumb on the scales. They eye the masses and the government as wild cheetahs eye a herd of impala—they are looking for the easy kill.

In the Dust Bowl the banks were undercapitalized, and so were the farmers—they could not ride out the drought, resulting in shuttered banks, ghost farms, ghost towns, desolate prairies, barren futures—and trucks loaded with meager possessions, shattered dreams, and forlorn people, on the way to nowhere.

The farmers of the Dust Bowl days borrowed money from banks that followed the tyranno-capitalism model. In this case the farmers were part of the supply side and they borrowed from the tyranno-capitalist bank in order to acquire the land, equipment, seed, and supplies in order to plant crops. These banks loaned money to the farmers in return for interest and equity. Unfortunately, the drought and poor soil management practices reduced the farmers’ production and the depression emptied the pockets of the consuming public thereby destroying demand and the prices that the farmers could get for their lowered production. The tyranno-capitalist banks needed profits in the near term, they were not in it for the long haul. They failed—they did not have enough money to stay in business, and because of the weaknesses of the Hoover economy our national government had neither the money nor the will to ride to the rescue.

But if democrato-capitalism had been in operation back in those dry old days, things would have been very different. Our national government would have required the banks to adopt democrato polices in exchange for keeping them afloat. Under these new policies, these people-friendly policies, the banks would have made loans to the farmers but they would have been interest-free. They would also have repayment terms that could be adjusted as circumstances required. When production declined due to the prolonged drought the democrato-banks would have reduced or suspended the loan repayments. When demand dropped because the consumers lost their jobs, the loan repayments would again have been lowered. In this way, the farmer would have been able to keep his farm and continue to produce as much as weather and poor soil would have permitted. If he chose to move on he would have been able to do so with support from the democrato-capitalist bank until he found a new situation—there is no doubt that this would have been a mighty thing.

On the demand side, the national government would have *directly* deposited money into the checking accounts of the consuming public (including the farmers) so that they could buy the things they needed. In this way the economy would continue to function at high levels. This money would not have been a loan. It would be treated as income by the public as if it had been a regular paycheck. There would be no need to kick people off their farms or out of their homes and force them onto the street—no one would ever go hungry.

The interest of the national government would be to keep the economy going while the conditions that caused the problems in the first place could be corrected or eliminated. In the case of the Oklahoma farmers, they could stay on their farms and plant trees to reduce erosion, change soil management practices, and otherwise find ways to keep going. There can be no doubt that such practices would have made all the difference in the world. The Dust Bowl soil problems would still have been at work, but the people involved would have been protected, and eventually they would have seen their farms turn from dusty brown to healthy green. By investing in farms and all sorts of other economic entities before trouble arises, our democrato-capitalist system will be a primary force in building and sustaining a better America wherein people can live long lives worth living.

Tyranno-capitalism is a great, enduring failure. It is a curse. If it were a success, then the people would be fully employed, wages would be sufficient for all to enjoy a comfortable standard of living, young children would be well-fed and well-educated, all those who want to go to college would be able to afford it, sweatshops would not exist anywhere in the world, there would be two new cars in every garage, home ownership would be available to all who wanted it, health care would be of high quality and affordable, everyone's teeth would be white, straight, and free of disease, everyone would have a nice computer with an operating system that was reliable and easy to use, our national infrastructure would be well-maintained, all Americans would have the very same civil rights, we would have lowered greenhouse gases in the atmosphere to a safe and sustainable level, our rivers and streams would be safe, clear and clean, our food supply would be safe, affordable, healthy, and tasty, government tax revenues would be sufficient to eliminate excessive deficits—you get the idea. But none of these elements of the common good are true today even though we live in the most advanced capitalist system in the history of the world. Capitalism has failed, and it has failed badly.

But from the point of view of the tyranno-wealthy, tyranno-capitalism is actually a huge success. Tyranno-capitalists are wealthy beyond imagination. They have only six unfulfilled desires: to be comfortably insulated from contact with the people, to pay no taxes, to be richer, to age without wrinkles, to have a full head of hair, and to live forever. So tyranno-capitalism has worked for the tyranno-capitalists, and only the tyranno-capitalists—just as any reasonable person would expect.

So we now know why things are such a mess, and this gives rise to a new problem. If tyranno-capitalism is a failure, what do we do about it? The answer, according to the men who control our government, is to punish the people for the failure of the tyranno-capitalist system. That answer is obviously wrong, but it has a familiar ring. Remember, James Madison told us that republican governments have many problems, and the best way to solve them is to implement more republican government. Remember, the doctors who attended George Washington at the end would bleed him and if he weakened they would bleed him again. That kind of crazy, irrational thinking is what we are dealing with right now. Our leaders and the leaders of the wealthy European countries are saying that even though tyranno-capitalism has failed, the cure is more tyranno-capitalism. We should lower taxes on the rich and cut social services for the poor (who once suffered from "poverty," but now suffer from "austerity") so as to give more money to the tyranno-capitalists. In order to make up for the lost government revenue the people, as Little Jimmy Dickens once sang, have been told to "take an old cold tater and wait." And wait they have—and the tater is older, colder, and in crumbs.[10] The mind boggles—the heart aches.

The Hypocrisy of Tyranno-Capitalism

Tyranni are nothing if not hypocrites. While they constantly sing the virtues of the "free market" and the "invisible hand," they are nevertheless in favor of government regulation in situations where they can write the rules. Through their control of the government they have written tax laws to ease their burden—not only for themselves personally, but also for their enterprises. It is amazing that some of our largest companies, which make billions of dollars in a given year, pay no taxes but receive government subsidies. They have lived off free (to them) infrastructure development, and abatements of local property taxes all over the nation. Their tendency to dump their toxic waste and pollution to be cleaned up at the expense of the people is a routine part of doing business, and this process has been given an obfuscatory name by economists: "externalities."

To be true to the self-evident truth that "all men are created equal," all of the branches and departments of our government should treat all men equally. Even though James Madison expressed his agreement with this nicety he was also doubtful that it would come to pass—he even predicted just how it would fail. He predicted that the "apportionment of taxes," would be decided in favor of the powerful. He wrote:

> [There is] 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.[11]

But as we know, his understanding of economic classes was not perfect. His idea of the "predominant party" was the mass of ordinary people, the majority of American citizens in other words. He feared that they would exercise their majority power and take the gold and jewels of the rich. But to borrow a phrase from John Quincy Adams, Madison's fear revealed a failing "at the bottom of his soul." His fear of the people was wholly unjustified, but because he had the power to do it, he designed a government to protect the gold and jewels of his wealthy elite class from the lower classes. By giving the control of the government to the wealthy elite minority, he enabled them to "overburden" the majority—the people. Congress, largely populated by sycophants of the tyranno-capitalists, has betrayed the people. The "rules of justice" have been trampled.

Another betrayal of the people occurred in response to the crash at the end of George W. Bush's term in office. The government, President and Congress alike, saw to it that trillions of dollars and credit were showered upon the failed Wall Street banks, while General Motors was saved from bankruptcy, and while doing too little for the people—the stimulus package that managed to get through Congress was pitifully inadequate. The rise in unemployment as a result of the Bush Crash has produced a 77% increase in the number of Americans enrolled in the Supplemental Nutrition Assistance Program (SNAP)[12]. According to democrato-economist Paul Krugman, "almost two-thirds of SNAP beneficiaries are children, the elderly or the disabled, and most of the rest are adults with children." In the same column, Krugman reports:

> Adjusted for inflation, the income of the top 1 percent rose 31 percent from 2009 to 2012, but the real income of the bottom 40 percent actually fell 6 percent.[13]

Where is Madison when we really need him? "The rules of justice," indeed! Clearly the tyranno-capitalists through their control of the national government are working against the common good. It is impossible to believe that the majority of ordinary Americans would allow such a failure of government if they had it within their power. But our Madisonian Republic prevents them from taking care of those who are most in need.

Muzzled Watchdogs

The national government has the power to regulate the major functions of our system of economics. It has created several institutions to exercise this power, ostensibly to protect the people. The Department of Justice has powers to investigate and prosecute lawbreakers. The Securities Exchange Commission (SEC) is an independent regulatory agency. The Commodities Futures Trading Commission is another—in fact at one time it had the responsibility to regulate some of the complex derivatives that were the cause of the Bush Crash. There are dozens of Inspectors General for a variety of government agencies and departments that have the power, supposedly, to keep everything on the straight and narrow path. The idea is that these watchdogs and regulators will objectively, ferociously, protect the people from the predations of greedy tyranni. But this idea has never worked well at all, and in recent years it has failed completely. The Masters of the Universe, the financial banksters, the speculators, the market manipulators, the bribers, and the fraudsters have captured the agencies who are supposed to protect ordinary citizens. The watchdogs are now muzzled. To date, there have been almost no adverse effects for those who crashed our economy, and there will be none in the future. New regulations are just for show, they will never be used to prosecute the lawbreakers of the future—and if prosecutions are ever pursued nobody will go to jail.

The Federal Reserve System

For example, let's take a look at the Federal Reserve System. It has been given very broad powers and responsibilities by Congress[14]:

- **Conducting** the nation's monetary policy by influencing the monetary and credit conditions in the economy in pursuit of maximum employment, stable prices, and moderate long-term interest rates
- **Supervising and regulating** banking institutions to ensure the safety and soundness of the nation's banking and financial system and to protect the credit rights of consumers
- **Maintaining** the stability of the financial system and containing systemic risk that may arise in financial markets
- **Providing** financial services to depository institutions, the U.S. government, and foreign official institutions, including playing a major role in operating the nation's payments system

The Federal Reserve, for many years now, has been a colossal failure in regulating the banking and financial system. At the end of the George W. Bush administration, and the start of the Great Recession, the financial system was far from sound and it was definitely unsafe. The Fed has failed to contain systemic risk. It did pour huge amounts of money into the failed banks on Wall Street, thereby protecting the paychecks of the tyranno-capitalists who controlled them, but it did nothing for the millions of Americans whose lives were damaged. Over time the financial condition of the Wall Street banks improved, thanks to the generosity of the Fed, until they are now stronger than ever. The banks were treated much better than the people. Both the banks and the people had “toxic assets,” but only the banks were rescued by the Fed. Chairman Ben Bernanke, after years of such largesse, hinted that he might slow things down a bit. Here is how Business Insider described what happened (*emphasis added*):

> The consensus on Wall Street was that the FOMC [the Fed’s policy making board] would elect to taper its monthly bond buys to $75 billion from the current $85 billion pace. When the FOMC released a statement at 2 p.m., saying it isn't ready to taper because it is awaiting "more evidence that progress [in economic growth] will be sustained before adjusting the pace of its purchases," stocks soared, bonds soared, gold soared, and the dollar tanked as traders recalibrated their bets toward *continued easy money* from the Fed.[15]

Former Fed Official Andrew Huszar

Lest you think that I am alone in my reaction to Chairman Bernanke’s unwarranted support of Wall Street at the expense of the people, I want to call your attention to an article by Andrew Huszar, a former Fed official who was in charge of the initial phase of this program. His article was published in *The Wall Street Journal*, the nation’s strongest supporter of stacking the deck in favor of the rich and powerful.[16]

Huszar begins his article with these words:

> I can only say: I'm sorry, America. As a former Federal Reserve official, I was responsible for executing the centerpiece program of the Fed's first plunge into the bond-buying experiment known as quantitative easing. The central bank continues to spin QE as a tool for helping Main Street. But I've come to recognize the program for what it really is: the greatest backdoor Wall Street bailout of all time.

Huszar tells us how it all started:

> I was working on Wall Street in spring 2009 when I got an unexpected phone call. Would I come back to work on the Fed's trading floor? The job: managing what was at the heart of QE's bond-buying spree—a wild attempt to buy $1.25 trillion in mortgage bonds in 12 months. Incredibly, the Fed was calling to ask if I wanted to quarterback the largest economic stimulus in U.S. history.

After about a year, Huszar evaluated the effectiveness of the QE program and reached the following conclusions:

> Trading for the first round of QE ended on March 31, 2010. The final results confirmed that, while there had been only trivial relief for Main Street, the U.S. central bank's bond purchases had been an absolute coup for Wall Street. The banks hadn't just benefited from the lower cost of making loans. They'd also enjoyed huge capital gains on the rising values of their securities holdings and fat commissions from brokering most of the Fed's QE transactions. Wall Street had experienced its most profitable year ever in 2009, and 2010 was starting off in much the same way.

Huszar, to put it mildly, was very disturbed by these results:

> You'd think the Fed would have finally stopped to question the wisdom of QE. Think again. Only a few months later—after a 14% drop in the U.S. stock market and renewed weakening in the banking sector—the Fed announced a new round of bond buying: QE2. Germany's finance minister, Wolfgang Schäuble, immediately called the decision "clueless."
>
> That was when I realized the Fed had lost any remaining ability to think independently from Wall Street. Demoralized, I returned to the private sector.
>
> Where are we today? The Fed keeps buying roughly $85 billion in bonds a month, chronically delaying so much as a minor QE taper. Over five years, its bond purchases have come to more than $4 trillion. Amazingly, in a supposedly free-market nation, QE has become the largest financial-markets intervention by any government in world history.

Let the good times roll! The wealthy bankers and traders of Wall Street were back in party mode, while the rest of us were outside parking their cars. If the Fed had distributed the same trillions of dollars to the people, our population would have received an average of $15,000 per person—a family of three would have received $45,000, and most of that money would have been spent back into the economy. The mind boggles. It is clear to me the Federal Reserve is not the friend of the people. The

Bernanke debacle was preceded by the destructive actions of another Fed Chairman.

Alan Greenspan

Former Fed chairman Alan Greenspan was responsible for lax regulation of the banks by his agency and for fighting off the warnings that came to light from time to time while the disaster was building. Greenspan, who served as the Chairman of the Federal Reserve from 1997 to 2006, is a devout believer in the mystic power of the "invisible hand." As you will see, Greenspan and James Madison had something in common—they each believed in a "theoretic" system that did not work as they promised. Madison believed in his "theoretic" republic and Greenspan believes in the "theoretic" "invisible hand."

In his position Greenspan had a powerful influence upon national economic policies. He was a strong advocate of tyranno-capitalism and "free markets." He worshipped the "invisible hand." If you should think that "worship" is too strong a word then read the following words from Greenspan (*emphasis added*):

> Today's competitive markets, whether we seek to recognise it or not, are driven by an international version of Adam Smith's invisible hand that is unredeemably opaque. With notably rare exceptions the global invisible hand has created relatively stable exchange rates, interest rates, prices, and wage rates.[17]

I take Greenspan's phrase, "unredeemably opaque," to mean that he cannot explain or understand how the "invisible hand" works. It sounds to me that he is worshipping some powerful, almost godly, force. Greenspan's belief in the "invisible hand" was so certain, so pure, and so irredeemably stupid that he believed that it was not necessary to regulate the financial industry to protect consumers against fraudulent practices. *Forbes Magazine*, one of the strongest supporters of tyranno-capitalism and "free markets," recently published an article by Eamonn Fingleton, which concluded by saying:

> It is fair to say that Greenspan emerges as probably the biggest—and most dangerous—fool in American financial history.[18]

While the article focuses on the mistakes made by Greenspan and identifies him as one of the chief offenders in promoting a regulation-free financial system, there is plenty of blame to go around—worshippers of tyranno-capitalism and "free markets" can be found throughout our government and institutions. In his *Forbes* article Fingleton refers us to an essay by former bank regulator Bill Black. In the essay, entitled *How Elite Economic Hucksters Drive America's Biggest Fraud Epidemics,* Black writes (*emphasis added*):

> At the heart of Greenspan's failure lies an ethical void in the brand of economics that has dominated American universities and policy circles for the last several decades, a brand known as "free market fundamentalism" or the "neoclassical school." (I call it "theoclassical economics" for its quasi-religious belief system.) Mainstream economists who follow this school assert a deeply flawed and controversial concept known as the "efficient market hypothesis," which holds that financial markets *magically* regulate themselves (they *automatically* "self-correct") and are thus immune to fraud. When an economist starts believing in that kind of fallacy, he is bound to become blind to reality.[19]

Greenspan, along with others mentioned by Black, was greatly responsible for the financial debacle that came to be called the "Great Recession." Appearing before a congressional committee, Greenspan was grilled about his economic philosophy by Henry A. Waxman. Here is a key part of their exchange:[20]

> **Waxman:** Do you feel that your ideology pushed you to make decisions that you wish you had not made?
>
> **Greenspan:** Yes, I've found a flaw. I don't know how significant or permanent it is. But I've been very distressed by that fact.

This is about as close to an admission of error that Greenspan is likely ever to make. But he is still spouting nonsense. I doubt that he found a flaw in the "invisible hand," because he had already proclaimed that he did not understand the "invisible hand" because, he said, it is "unredeemably opaque." If he was right about this, then he would not be able to find a flaw in something his mind's eye could not comprehend. What he should have said is that he had realized that the "invisible hand" does not work. This would be easy to see because our economy has suffered because of the "invisible hand." It is just plain silly that he went on to say that he doesn't know "how significant or permanent" the problem is because he could never be able to make such a judgment about a process that is "unredeemably opaque." But such inconsistent, nonsensical remarks were a hallmark of Greenspan's tenure as chairman of the Fed. I have watched him on several occasions over the years as he spewed obfuscatory nonsense to the members of Congress while they all nodded in what they hoped was a sagacious and knowing manner.

(It is very tempting to wonder just what Greenspan meant when he said that he was "very distressed." I wonder how his distress is manifested. I wonder if his distress is comparable to the gut-wrenching fear of those who lost their jobs, or their homes, or their savings, or…)

Madison and Greenspan are both tyranni. Each of them advocated for policies that worked against the common good. Madison did not want ordinary Americans to have a voice about the important decisions facing the nation, and Greenspan felt no need to protect ordinary Americans from frauds perpetrated by the financial elites. Both men were elitists. Remember, Madison warned us that "Men of factious tempers, of local prejudices, or of sinister designs, may" obtain office, "and "then betray the interests, of the people."[21] So, the Federal Reserve System, like other government systems, is only as good as the men who control it.

The Federal Reserve System is a product of Congress, and Congress has the power to pass other laws that work against the people. In the case of the Great Recession, Congress had long before passed a repeal of the Glass-Steagall Act, which had successfully kept the Wall Street banks under control for many years. Glass-Steagall was passed in 1933 during the Great Depression, and its purpose was to separate institutions that gambled on the stock market from institutions that handled the deposits of the people. Tyranno-capitalists wanted to get their hands on the people's deposits and they tried to do so year after year. Finally, collusion between Phil Gramm and Bill Clinton accomplished the goal, and Glass-Steagall disappeared in 1999. We can see clearly the consequences; unfortunately millions of us have suffered because of it. In the aftermath of the Great Recession, the leaders of the two banking committees of the Congress blustered that they would fix the problem. But they have done very little, and there is no hope that the key features of the Glass-Steagall Act will be reinstated.

Then there is the matter of unemployment. The Fed has a duty to provide conditions favorable to “maximum employment, stable prices, and moderate long-term interest rates.” It has paid attention to stable prices (controlling inflation) and to low interest rates, but there is no evidence that it has paid appropriate and sufficient attention to unemployment. While the tyranno-capitalists rebounded quickly from the Bush Crash, thanks to the Fed, the rest of us have not made much progress at all over the past five years and counting.

Federal District Judge Jed S. Rakove

An analytical and well-informed view of the way our watchdogs have been muzzled was provided in an article written by Jed S. Rakove, a United States District Judge for the Southern District of New York. The article was published in the January 9, 2014 issue of *The New York Review of Books*, and it is called, “The Financial Crisis: Why Have No High-Level Executives Been Prosecuted?” Rakove considers the possible reasons that no prosecutions have been carried out. He says:

> One possibility, already mentioned, is that no fraud was committed. This possibility should not be discounted. Every case is different, and I, for one, have no opinion about whether criminal fraud was committed in any given instance.
>
> But the stated opinion of those government entities asked to examine the financial crisis overall is not that no fraud was committed. Quite the contrary. For example, the Financial Crisis Inquiry Commission, in its final report, uses variants of the word “fraud” no fewer than 157 times in describing what led to the crisis, concluding that there was a “systemic breakdown,” not just in accountability, but also in ethical behavior.
>
> As the commission found, the signs of fraud were everywhere to be seen, with the number of reports of suspected mortgage fraud rising twenty-fold between 1996 and 2005 and then doubling again in the next four years. As early as 2004, FBI Assistant Director Chris Swecker was publicly warning of the “pervasive problem” of mortgage fraud, driven by the voracious demand for mortgage-backed

> securities. Similar warnings, many from within the financial community, were disregarded, not because they were viewed as inaccurate, but because, as one high-level banker put it, "A decision was made that 'We're going to have to hold our nose and start buying the stated product if we want to stay in business.'"
>
> Without giving further examples, the point is that, in the aftermath of the financial crisis, the prevailing view of many government officials (as well as others) was that the crisis was in material respects the product of intentional fraud. In a nutshell, the fraud, they argued, was a simple one. Subprime mortgages, i.e., mortgages of dubious creditworthiness, increasingly provided the chief collateral for highly leveraged securities that were marketed as AAA, i.e., securities of very low risk. How could this transformation of a sow's ear into a silk purse be accomplished unless someone dissembled along the way?
>
> While officials of the Department of Justice have been more circumspect in describing the roots of the financial crisis than have the various commissions of inquiry and other government agencies, I have seen nothing to indicate their disagreement with the widespread conclusion that fraud at every level permeated the bubble in mortgage-backed securities.

Rakove is clear. There is ample evidence that fraud was committed. It was widespread and many officials took note of it. Rakove discusses at length why no prosecutions have taken place, and the possibilities he raises are disheartening. He identifies three principal excuses given by prosecutors for not pursuing high-level executives. First, one well-known prosecutor says that it is difficult to prove that a high-level executive knew about the wrong-doing in his company. The second excuse is that the people who were sold the worthless derivatives were sophisticated buyers so they are at fault, not the seller. The third excuse is that prosecutions would harm the economy. Rakove rejects these excuses and explains why. Follow this endnote for the link to Rakove's article:[22] But for our purposes here, we need only consider that our system of tyranno-capitalism perpetrated fraud in order to take financial advantage of the people, and while the innocent suffered, the guilty went free.

The United States Supreme Court

The Supreme Court also has a voice in the establishment of government economic policies. The current Court, led by Chief Justice John Roberts, is the most pro-business since the end of World War II. Adam Liptak, a reporter for the *New York Times*, published an article about the Court on May 4, 2013. His article was given the title: “Corporations find a Friend in the Supreme Court.” Liptak provided a broad overview of the opinions of several Court watchers. Here are some of the people and organizations whom he quoted in his article, along with a little of their comments:

> **The Minnesota Law Review** conducted a study that ranked the 36 justices who served on the court over those 65 years [1946-2011] by the proportion of their pro-business votes; all five of the current court’s more conservative members were in the top 10. But the study’s most striking finding was that the two justices most likely to vote in favor of business interests since 1946 are the most recent conservative additions to the court, Chief Justice Roberts and Justice Samuel A. Alito Jr., both appointed by President George W. Bush.
>
> **Arthur R. Miller**, a law professor at New York University said: “The Supreme Court has altered federal procedure in dramatic ways, one step at a time, to favor the business community,” he said, by, among other things, “increased grants of summary judgment, tightening scientific evidence, rejecting class actions, heightening the pleading barrier and wholesale diversions into arbitration.”
>
> **Brian T. Fitzpatrick**, a law professor at Vanderbilt University, commented on the AT&T Mobility case which prevented customers from joining together to sue the phone service provider. Fitzpatrick said: “The decision basically lets companies escape class actions, so long as they do so by means of arbitration agreements. This is a game-changer for businesses. It’s one of the most important and favorable cases for businesses in a very long time.”
>
> **Erwin Chemerinsky**, the dean of the law school at the University of California, Irvine, said: “The Roberts court is the most pro-business court since the mid-1930s. I think this helps understand it far more than traditional liberal and conservative labels.”

Arthur Levitt on Alan Greenspan and Brooksley Born

On October 20, 2009 Public Television aired an episode of "Frontline" called "The Warning."[23] It is about the efforts of Brooksley Born, who was the head of the Commodity Futures Trading Commission during the administration of Bill Clinton. The regulation of some forms of derivatives fell under her organization, and when she took office she became concerned that something was wrong. Her efforts were thwarted almost immediately by Robert Rubin, the Secretary of the Treasury, Larry Summers, head of the Council of Economic Advisers, and Alan Greenspan, Chairman of the Federal Reserve System. These three powerful men prevented regulation of these derivatives and the variety and sales of these worthless products continued to grow until the fraud collapsed near the end of the administration of George W. Bush. The entire episode is encapsulated by one interview in which Arthur Levitt, then Chairman of the Securities Exchange Commission, talks about Alan Greenspan and Brooksley Born.[24] Here are his remarks about Greenspan:

> Alan is a good friend, and I knew him before I came to Washington and knew him well when he was there. We played golf and tennis together; we saw a good deal of one another.
>
> He was probably the most highly respected and most revered person in the city at that time. He was more than an economist. He is a very broad-gauged individual with large numbers of friends and a tremendous following in Congress, where people hung on every word—most of which they didn't understand, but because it was Alan, they thought it was great.

This kind of "buddy" relationship among high-level officials is extremely dangerous and it is far from professional. But it is a way of life in Washington. You scratch my back, and I'll scratch yours. Here are Levitt's remarks about Brooksley Born:

> [I] didn't know Brooksley Born. I was told about Brooksley Born. I was told that she was irascible, difficult, stubborn, unreasonable. I've come to know her as one of the most capable, dedicated, intelligent and committed public servants that I have ever come to know. I wish

> I knew her better in Washington, and I wish my view of her was more rounded by personal exposure. ...
>
> In my life I've had so many occasions of finding my impressions were incorrect and revising them, depending upon the circumstances, depending upon what stage of life I happen to be or what other factors were bearing on it. You've asked me about these people, and I've come to know all of them reasonably well. I've got to say to you that I have just huge affection and admiration and trust in Brooksley Born.

So, as a result of character assassination between powerful men in a male-dominated world, a woman was “put in her place” and the nation suffered. This was fraudulent behavior. Born said that these financial instruments needed to be regulated in the interests of the people, but the buddy system disagreed thereby deliberately deceiving the people into thinking that all was well. The motive for this trickery was that the leading men were all personally interested in protecting the bankers who were selling these instruments.

Brooksley Born

The Frontline episode mentioned above is about the efforts of Brooksley Born to regulate the financial instruments called “derivatives.” She thought they were very dangerous and she was right. However everyone else said she was wrong and they had the power to shut her up. They used that power and ultimately persuaded Congress to pass a law prohibiting her agency from regulating derivatives. The fix was in, and it was led by Alan Greenspan, Larry Summers, and Robert Rubin. Born resigned shortly after Congress acted. In the Frontline episode mentioned above Born was asked about a lunch meeting with Greenspan that took place shortly after she went to work as head of the CFTC. She said that she would not talk about it on camera, but some of her aides did, and I was able to find an interview she gave to the Stanford University Alumni Magazine. Born was a graduate of Stanford Law School and was the first female editor of its Law Review. The lunch took place in Greenspan’s private dining room at the headquarters of the Federal Reserve. Here is some of what was said:[25]

> **Greenspan**: Well Brooksley, I guess you and I will never agree about fraud.
>
> **Born**: What is there not to agree on?
>
> **Greenspan**: Well, you probably will always believe there should be laws against fraud, and I don't think there is any need for a law against fraud.

Greenspan, according to Born, believed that the market would take care of itself. She added, "That underscored to me how absolutist Alan was in his opposition to any regulation."

The careless, unprofessional, cavalier, elitist attitude of Arthur Levitt, the aggressive, misogynistic actions of Robert Rubin and Larry Summers, and the hostile, uncooperative attitude and misguided beliefs of Alan Greenspan combined to force the muzzling and ultimately the resignation of Born—the only person in that small group who was acting honestly and forthrightly in service of the common good. It is no coincidence that the miscreants were tyranni and the good public servant was a democratus, and it is no accident that she, and we, the people, lost the argument. It is an old, old, sorry story, and it is still going on.

The Bogus "Science" of Economics

Economics is not a science. It is not even a close call. It is one of the GREEB institutions, which are all ideology-based. Science, technology, engineering, and mathematics (STEM) are all fact-based institutions and have done more to build civilization than any other institutions—and it is no accident that these institutions have been and remain dominated by democrati—our great march of progress was not made just to satisfy the authoritarian fantasies of tyranni as they pursued wealth and power, but rather it was led by democrati who sought to know the real, objective facts about the real world, not just in their own eyes, but also in the objective eyes of their peers. In other words, *facts, proof, objectivity, and truth matter most in science, technology, engineering, and mathematics.* Truth is discovered, not decreed. Education could have, should have, been included in this powerful group, but over the last sixty years it has steadily, increasingly, fallen victim to politicians, tyranno-capitalists, and religious zealots.

Government, religion, and business, more often than not, have been dominated by tyranni and have worked against the common good. Economics has contributed a net loss to the common good, and it too has been dominated by tyranni who use it to push their selfish agendas. But on the other hand, in this age of widespread science-denial it is good to see that some economists want to be a part of science—if not as real scientists then at least as intellectuals who follow scientific methods and disciplines as far as possible. I think that we need much more of that attitude here in America. But those who embrace the scientific process must understand that they might face disagreement and criticism from others—that is, after all, the way that science works. All those who follow the scientific method must accept that their ideas are subject to dispute, correction, or even rejection, by others.

On October 20, 2013, Raj Chetty, a professor of economics at Harvard University, published an op-ed essay in *The New York Times* with the title, "Yes, Economics Is a Science." The next afternoon, Paul Krugman, in the same newspaper, responded to Chetty's article with a blog post entitled, "Maybe Economics Is a Science, But Many Economists Are Not Scientists." Chetty complains that people do not give economists credit for using scientific methods in analyzing data and running mathematical models. Krugman agrees, but goes on to say that even if the scientific character of some aspects of economics is acknowledged within the academy, politicians and some non-scientific economists will still create false hypotheses in pursuit of their selfish goals. Krugman was right to hedge his bets.

The two short essays are worth reading, but they actually miss the most important point—what Chetty and other economists who claim to be scientists fail to do is to compare "apples to apples," by which I mean the question of science versus economics would best be answered by looking at the framework and the processes of each field of study. Science, technology, engineering, and mathematics study the immutable laws of the universe by relying on the scientific method of observing, experimenting, hypothesizing, and disproving. Most public economists (those who have influence on public policy) study the mutable laws of human-made systems by relying on ideology, electoral politics, generalization of personal experiences, and superficial ideas of cause and effect. The output of the scientific method can be relied on as a basis for building bridges, developing medicines, finding the fundamental building blocks of our universe and the like. All of this contributes to the common good. But the "laws" developed by economic theory are so weak and so dependent on so many irregular, discontinuous variables that they should not be relied on as a basis for government policy. Precisely because of this fundamental weakness, they can easily be used by demagogues to promote policies that work against the common good. In short, science produces the truth, but economics produces falsehoods.

Let me repeat—the essential, and vast, difference between science and economics is that the former studies the reliable universe, and the latter studies an unreliable, human-made system whose functions change radically and swiftly depending on which political party is in control. But unfortunately, economists such as Chetty accept our federal system and our system of economics as if they were systems of immutable laws in the same way that the laws of the universe are immutable. They claim to be conducting an effort, a scientific effort they say, to understand those laws and then use what they learn for the benefit of humankind.

But their search is hopeless. Our federal system and our system of economics are human-made and if we can't understand them, and if they do not produce the results we want, then we can change them or replace them with something better. Instead, we the people suffer under nonsensical economic policies determined, not by the force of ideas, but by the force of personalities—or as some might say: by the force of personality disorders. Tyranni are more aggressive than democrati and because there is no way to decide economic policy questions based on facts and the common good, tyranni dominate the debate. Nothing could better demonstrate this error than the idea that our government must *borrow* money in order to *have* money and that it must tax the people in order to repay the money it borrows. This irrational idea, this multi-trillion-dollar con, imposes a serious limitation on our economy, and on the people. Unfortunately, the great majority of economists accept it as an immutable law just like the law of gravity—but it is like gravity in only one respect—it is pulling us down.

The economic policy debate takes place within a failed system of economics that favors the privileged capitalists at the expense (literally) of the struggling working classes. The debate should be over which system of economics will benefit the people the most, over which system of economics will best serve generations of Americans yet to come, and over which system of economics will enable our citizens to have an equal chance at economic success upon which to build long lives worth living.

So if the practitioners of economics want to work for the common good, then they should throw out our current system of economics and design a new one. It wouldn't be hard to do better than we are doing today. In the meantime, the practitioners of economics should take the good analytical work that they sometimes do and return it to the field of mathematics where they got it, and go into another line of work. Or, they could abandon their fantasy of being a science and strive to be a useful system of data analysis that works for the common good. In any case, the "laws" of our current system of economics are whatever some credentialed economist says they are, and even when his laws are proven false beyond doubt he suffers no penalty. An error, a distortion, even a deliberate lie, can produce public policies that work against the common good—and the errors, the distortions, the lies, just keep on coming.

An example of this non-scientific handiwork was accidentally discovered by a University of Massachusetts (UMass) graduate student in the early part of 2013.[26] He was assigned a classroom task of replicating the results reported by two well-known economists, Carmen M. Reinhart and Kenneth S. Rogoff (hereafter known as R-R), in an academic paper they published in May of 2010. Their paper appeared in the *Papers and Proceedings of the American Economic Review*. The paper discussed the hypothetical economic consequences that might occur as the ratio of a nation's debt to its gross domestic product gets larger and larger. The analysis relied on data from several nations and covered a period of more than one hundred years. Reinhart and Rogoff concluded that when the national debt reaches 90% of the annual gross domestic product (GDP) then the overall output of the economy will decline sharply, leading to severe economic problems. Tyranno-politicians jumped on this conclusion as proof that our national debt was at a dangerous level and severe austerity measures were needed to reduce it. But in their gleeful avarice, they leaped too soon.

As it happened, the UMass graduate student was unable to duplicate the R-R results. After some back and forth communications between UMass and R-R, the student was given access to the original data base and the programming code used by R-R. He found three problems. One was a very simple error in the programming code, which, unfortunately for the authors, altered their conclusion significantly when corrected. A second problem was that some of the data were inexplicably given weight that tended to favor the final conclusion reached by the authors. Their sets of national economic statistics for the period covered in their study were not consistent, so they had to be adjusted in order to make meaningful comparisons. These adjustments were questionable to put it generously. The third problem involved the exclusion of some elements of some of the national data sets. These exclusions also tended to favor the conclusion reached by the authors, but when the excluded data sets were actually included the authors' result shrank to insignificance. Paul Krugman, Nobel prize-winning economist who was a graduate student at Massachusetts Institute of Technology along with both Reinhart and Rogoff, criticized the sloppiness of the R-R paper and they responded in a letter that Fareed Zakaria quoted to Krugman who was a guest on his (Zakaria's) program on CNN (*emphasis added*):

> **Zakaria**: They [R-R] say: "You've attacked us in very personal terms, virtually non-stop. You've doubled down. Your characterization of our work is selective and shallow. It's deeply misleading."
>
> **Krugman:** It's very unpleasant, because Ken is a magnificent economist. He's done fabulous work over the years. And then this one paper, which was thrown out hastily, unfortunately, is the one that has had the greatest impact on policy debate…The fact of the matter is this one result—claimed result—which is that growth falls off a cliff when debt exceeds 90 percent of GDP, that's what the world picked up. And that result is false. That result is clearly not true. There is a mild negative correlation between debt and growth, *but that cliff doesn't exist. It never existed in the data. It certainly isn't anything anyone should believe now.*
>
> That paper of theirs did a lot of damage by giving people who didn't want stimulus, who didn't want any kind of expansionary policy, a way to scare their opponents, to say if we don't do it my way, we'll go over the 90 percent line and terrible things will happen.
>
> And my problem now with Carmen and Ken is that while they've said a lot of things that indicate more flexibility, they have never, to my knowledge, said clearly, OK, there is no cliff at 90 percent. And we really need that from them. For them to say, look, you know, we think debt is dangerous, we think it's a problem. But 90 percent, that was an artifact of some things in our original calculation that don't appear in subsequent work.[27]

I happily confess that I am not an economist but I am a mathematician who taught math and who used math in the conduct of my computer systems work for thirty years, which included the requirement to be a competent, professional programmer. Based on three decades of successful experience in the skills where these errors occurred, I can say that the errors were simply unacceptable and if the authors had produced this work in a class of mine I would have given them an "F." If they had performed such work in my business I would have been embarrassed and would have apologized immediately to my customers. I do not know if I would have fired them, but I certainly would have considered it. Reinhart and Rogoff have publicly acknowledged their coding error (what else could they do?), but they have vehemently rejected the criticisms leveled at their other two problems that have been widely excoriated by economists in a variety of public forums. If you want to read more about this amazing chapter in our economic saga, then just search the Internet for "Reinhart Rogoff error" and you will find plenty of detailed analysis and comment—and the overwhelming majority of it rejects the work of the two economists.

Unfortunately, this hubbub has changed nothing. The policy makers in our national government and the two major, competing schools of economic thought (fresh water and salt water) have continued with their squabbling as if nothing had happened. But it did happen, and austerity was reinforced in those countries where it was already punishing the lower classes and adopted by more policy makers here and in Europe. Millions of ordinary human beings have suffered greatly and unnecessarily because of the Reinhart and Rogoff fiasco. The fact that a graduate student, in a class exercise, stumbled on this faulty work that has played a major, harmful role in the lives of millions, is simply stunning, that is if one assumes that economists subject their scholarly papers to peer review, and if one assumes that such peer review is performed earnestly and professionally in keeping with scientific principles and standards. So, no matter whether or not economics is a science, it is not a *useful* science to consult in making important policy decisions. Economists should be excluded from any role in policy making and they should be replaced by actuaries and data analysts. As a science wannabe, economics is not ready for prime time. If economics is a science, then it is a barren science that has offered little of value since the ideas of John Maynard Keynes. But even if it is a nascent science it is at the stage of searching for its Galileo—perhaps even for its Archimedes.

John Maynard Keynes is the greatest figure in economics. In 1935, he published his masterpiece. In the Preface, he said (emphasis added):

> I have called this book *The General Theory of Employment, Interest and Money*, placing the emphasis on the prefix *general*. The object of such a title is to contrast the character of my arguments and conclusions with those of the classical theory of the subject, upon which I was brought up and which dominates the economic thought, both practical and theoretical, of the governing and academic classes of this generation, as it has for a hundred years past. I shall argue that the postulates of the classical theory are applicable to a special case only and not to the general case, the situation which it assumes being a limiting point of the possible positions of equilibrium. *Moreover, the characteristics of the special case assumed by the classical theory happen not to be those of the economic society in which we actually live, with the result that its teaching is misleading and disastrous if we attempt to apply it to the facts of experience.*

Keynes was very clear: for more than a century, classical economics was a disaster when it was applied to the real world. His stimulus approach had considerable influence, but over the years the theories of tyranno-capitalism became dominant, and, like classical economics, did not serve the common good, causing us to suffer the financial disasters that have plagued us ever since.

I have tried to understand economics. I have taken a class, I have read a few books, including Paul Krugman's 940-page textbook, and it just does not make sense to me. Max Tegmark is from Denmark, and like many of us he made a stab at picking a career when he graduated from high school. Here is what he wrote (*emphasis added*):[28]

> When the time came to apply for college, I decided against physics and other technical fields, and ended up at the Stockholm School of Economics, focusing on environmental issues. I wanted to do my small part to make our planet a better place, and felt that the main problem wasn't that we lacked technical solutions, but that we didn't properly use the technology we had. I figured that the best way to affect people's behavior was through their wallets, and was intrigued

> by the idea of creating economic incentives that aligned individual egoism with the common good.
>
> Alas, I soon grew disillusioned, concluding that *economics was largely a form of intellectual prostitution* where you got rewarded for saying what the powers that be wanted to hear. Whatever a politician wanted to do, he or she could find an economist as advisor who had argued for doing precisely that. Franklin D. Roosevelt wanted to increase government spending, so he listened to John Maynard Keynes, whereas Ronald Reagan wanted to decrease government spending, so he listened to Milton Friedman.

Tegmark decided to become a physicist and is author or coauthor of more than two hundred technical papers, twelve of which have been cited more than five hundred times. He holds a Ph.D. from the University of California, Berkeley, and is a physics professor at MIT. I applaud Tegmark's wish to make "our planet a better place," and I agree with his description of economics as being "a form of intellectual prostitution." I wish I had thought of it.

Another scientist, more famous than Tegmark, was Albert Einstein. He shared Tegmark's wish to make the world a better place, and he believed that the economic scourge of capitalism produced more evil than good. He was inclined toward socialism which is a dirty word in America today, but based on my reading of his views I think he was more inclined toward any system that worked for the common good. In any case, he wondered if the field of economics would be useful in designing a government of the future. In 1949 he wrote:[29]

> Let us first consider the question from the point of view of scientific knowledge. It might appear that there are no essential methodological differences between astronomy and economics: scientists in both fields attempt to discover laws of general acceptability for a circumscribed group of phenomena in order to make the interconnection of these phenomena as clearly understandable as possible. But in reality such methodological differences do exist. The discovery of general laws in the field of economics is made difficult by the circumstance that observed economic phenomena are often affected by many factors which are very hard to evaluate separately. Economic science in its present state can throw little light on the socialist society of the future.

There is nothing more to say—economics is not a science.

The Oxymoron of "Creative Destruction"

For all of my life I have heard people say that we should run our government like a family. Economists have heard it too, and they generally respond with the usual weak argument. Here is what Paul Krugman had to say about it:

> I've spent a lot of time trying to knock down the bad analogy between governments and individuals, and the line that the government should act like an individual family or business, and cut back when times are tough. The key point is realizing interdependence: your spending is my income, my spending is your income, and if we all try to slash spending at the same time the result is a depression. Somebody needs to step up and spend when others won't—and the government can and should be that somebody.[30]

Krugman, who is a very smart man, is an expert in his field. He is sixty-four and he is part of the Generalists[31] cohort. When he was in the Experts Cohort, he gained considerable expertise—in fact, he was a leading member of that cohort. But now, as a Generalist, he is well into applying and testing his expertise in the real world. That activity, over time, is what turns Generalists into Sages. He is not yet part of the Sages Cohort, and will not reach that status for more than a decade. By that time, many of his views about economic theory and its application will have changed—I hope for the better. He is after all, an economist, and economists spend the bulk of their careers living in a theoretic world, a world that has very little connection to ordinary family life, a world where economists have all the answers and where we, the people, (as the prevailing attitude of nearly all economists clearly indicates) are not able to understand or correctly apply those countless, ambiguous, conflicting, sophomoric answers. But if he begins to spend "a lot of time" *listening* to, and *thinking* about, families and the economy, he will learn something—he will learn that running government like a family means that money should be used to build a better life for all family members. In a family, those who control the money supply should use it for the mutual benefit of everyone. I think he will learn that our economy should grow from the bottom up, not the top down. I think he will learn that democrato-capitalism is the way to go. In fact, if you and I get busy, we may be able to implement democrato-capitalism before Krugman reaches Sages Cohort status.

But for now, Krugman's remarks show the fundamental difference between systems designers and economists. In my working life, I assumed, based on experience, that my customer knew more about her business than I did, and if a customer asked for some system capability I tried to give it to her, and if I couldn't or shouldn't I would be able to give her a real reason for it. In America today our citizens are crying out for a system that gives them enough money to meet the needs of their families—they are crying out for a system that will enable them to be secure and build long lives worth living for themselves and their loved ones. Yet there is no answer from the economists of the world. Krugman does seem to be taking a tiny step, really a nod, probably just a feint, in the right direction when he says, "Somebody needs to step up and spend when others won't—and the government can and should be that somebody." But apparently he feels no duty to act on his inclination; he gives us no real path to change—now, or ever.

Let's take a closer look at Krugman's axiom of interdependence: "your spending is my income, and my spending is your income." He is correct as far as he goes, but there is more to the story. We know from cruel personal experience that if you lose your job you must spend less, which means that someone else has less income, but more importantly it means that your family suffers. There is no guarantee that large corporations, who earn billions of dollars, will spend their profits back into the economy. In fact many corporations have ignored Krugman's axiom, and ratholed overseas a total of more than two trillion dollars in profits to avoid taxes. They have sucked money out of our economy thereby making the pie smaller for the rest of us. They have taken the money they obtained from the spending of ordinary citizens and turned it into profits for themselves rather than spending it to create income for others. And we know from personal experience that our system's perverse incentives are such that an employer can decide to abruptly cut off the incomes of thousands of citizens and suffer no penalty for having done it. This is not a relationship of interdependence. It is a relationship of the powerful and the powerless. Interdependence exists only when an economy works for the mutual benefit of everyone.

What Krugman and the entire economics profession should realize is that interdependence can exist only when all participants in the economy have an income that enables them to conduct their businesses and their lives. What they should realize is that the only way to ensure that level of income is for the government to be the primary spender in our system. All spending should originate with the government. For example, Krugman, as quoted above, says that the government should start spending when everybody else stops spending. Nonsense. Why should we wait until everybody stops spending before the government starts spending? Why shouldn't the government spend to stimulate the economy all the time? After all, it has plenty of money, and we have plenty of genuine needs for it.

There is an oxymoronic name for the unwillingness of tyranno-capitalists, and the government they control, to stimulate the economy. Economists call it "creative destruction" and it does irreversible damage to the lives of ordinary citizens. The term first appeared in 1942 in a book written by Joseph Schumpeter: *Capitalism, Socialism, and Democracy.* In his book, Schumpeter said (*emphasis added*):

> The opening up of new markets, foreign or domestic, and the organizational development from the craft shop to such concerns as U.S. Steel illustrate the same process of industrial mutation—if I may use that *biological* term—that incessantly revolutionizes the economic structure from within, incessantly destroying the old one, incessantly creating a new one. *This process of Creative Destruction is the essential fact about capitalism.*

This term has been discussed and analyzed many times over many years, and the conclusions are always the same: capitalism is like evolution by natural selection, it creates and it destroys. But capitalism is not a natural process like evolution by natural selection—it is human-made, and we can change it, or at the very least we can control its harmful effects. Michael Cox and Richard Alm summarized the problems caused by "creative destruction" in an article published in *The Concise Encyclopedia of Economics*.[32] They set the context of their brief discussion by telling us that creative destruction "has become the centerpiece for modern thinking on how economies evolve." Then they quickly reveal the bitter truth about capitalism (*emphasis added*):

> Schumpeter and the economists who adopt his succinct summary of the free market's ceaseless churning echo capitalism's critics in acknowledging that lost jobs, ruined companies, and vanishing industries are inherent parts of the growth system. The saving grace comes from recognizing the good that comes from the turmoil. Over time, societies that allow creative destruction to operate grow more productive and richer; their citizens see the benefits of new and better products, shorter work weeks, better jobs, and higher living standards.
>
> Herein lies the paradox of progress. *A society cannot reap the rewards of creative destruction without accepting that some individuals might be worse off, not just in the short term, but perhaps forever.* At the same time, attempts to soften the harsher aspects of creative destruction by trying to preserve jobs or protect industries will lead to stagnation and decline, short-circuiting the march of progress. Schumpeter's enduring term reminds us that capitalism's pain and gain are inextricably linked. The process of creating new industries does not go forward without sweeping away the preexisting order.[33]

Under capitalism, according to Schumpeter, Cox, Alm, and thousands of other tyranno-economists and tyranno-politicians, society must be willing to sacrifice the lives of citizens who happen to be working in a business that fails—no matter the cause. Such sacrifice is the price that must be paid for economic progress. We know this to be true because we have witnessed it year after year in America and all over the world. We ordinary citizens recognize it as unemployment, loss of savings, loss of homes, less for our children, reduced pensions, loss of health care and other benefits, unhappiness, lowered expectations, shattered hopes and dreams, and all the rest. But Cox and Alm felt a need to drive their point home. They closed with this:

> Over the past two centuries, the Western nations that embraced capitalism have achieved tremendous economic progress as new industries supplanted old ones. Even with the higher living standards, however, the constant flux of free enterprise is not always welcome. The disruption of lost jobs and shuttered businesses is immediate, while the payoff from creative destruction comes mainly in the long term. As a result, societies will always be tempted to block the process of creative destruction, implementing policies to resist economic change.

> Attempts to save jobs almost always backfire. Instead of going out of business, inefficient producers hang on, at a high cost to consumers or taxpayers. The tinkering short-circuits market signals that shift resources to emerging industries. It saps the incentives to introduce new products and production methods, leading to stagnation, layoffs, and bankruptcies. The ironic point of Schumpeter's iconic phrase is this: societies that try to reap the gain of creative destruction without the pain find themselves enduring the pain but not the gain.

So, rather than apply their collective expertise to eliminate the pain while keeping the gain, the professional economists of the world simply throw up their hands and say, "Take it or leave it." They admit that they cannot solve this destruction of human lives. I doubt that any of them, with the exception of John Maynard Keynes, have ever tried.[34]

How Tyranno-Capitalism Distributes Money

In *Federalist 30*, Alexander Hamilton discussed the general power of taxation, and he correctly described the proper and indispensable role of money in the operations of the state and in the lives of the people. He did not realize that he was prescribing a process of money management that the ancient Athenians had followed. They used an unexpected, rich silver strike to invest in a large shipbuilding project that was for the mutual benefit of all Athenians, they gave money to the poor to compensate them for income lost when they went to the Assembly, and they paid citizens who were chosen by lot for long-term administrative duties. Hamilton hated the Athenians, but he unconsciously endorsed their ideas. He said (*emphasis added*):

> Money is, with propriety, considered as the vital principle of the body politic; as that which sustains its life and motion, and enables it to perform its most essential functions. A complete power, therefore, to procure *a regular and adequate supply* of it, as far as the resources of the community will permit, may be regarded as an indispensable ingredient in every constitution. From a deficiency in this particular, one of two evils must ensue; either the people must be subjected to continual plunder, as a substitute for a more eligible mode of supplying the public wants, or the government must sink into a fatal atrophy, and, in a short course of time, perish.

As it turns out, things are even worse than Hamilton feared—our Madisonian Republic has failed to provide "a regular and adequate supply" of money, the people have been "subjected to continual plunder," the "public wants" have not been satisfied, and our government has fallen into "a fatal atrophy" which prevents us from maintaining and improving our infrastructure, and which blocks the prudent, aggressive, large-scale, time-sensitive actions needed to deal with the adverse effects of global warming.

Tyranno-capitalism created hyperinflation in the Weimar Republic in the aftermath of World War I, then it created the Great Depression and the Dust Bowl, then World War II, then the collapse of the savings and loan industry, then the recent Great Recession, and for the last thirty years has exacerbated global warming. The immense economic harm done to American citizens by our economic system is surpassed only by the harm flowing from the perennial oppression of the seven hated groups that our national and state governments have practiced under the guise of states' rights. The Federal Reserve is a sham, and the officers of the system should be ashamed of themselves for accepting money under false pretenses, and I grow weary cataloging the sins perpetrated by those who practice the bogus "science" of economics. *The fact that "creative destruction" is accepted as an essential part of tyranno-capitalism is appalling*. It is obviously invalid and it is obviously easily corrected—that is, if one wants to correct it.

Last, but not least, the tyranni who control our government and our economy have created an artificial shortage of money in order to increase their personal power at the expense of the people. Tyranno-capitalism's approach to money management is to keep the people from ever having "a regular and adequate supply." It uses five basic techniques to keep the people in a permanent state of financial privation:

- First, it pays very low wages in order to maximize the profits of the tyranno-capitalists.

- Second, it loans money to the people at a high price so they can temporarily make ends meet.

- Third, if the people fail to repay their loans on time the tyranno-capitalists can seize their assets and often force them out of their homes or off their farms.

- Fourth, it does not pay the full cost of doing business but leaves it to the people to pay through higher taxes, an unsafe workplace, a hostile and unhealthy environment, and fewer government services while the tyranno-capitalists get whatever they want from the government and pay relatively low taxes, if they pay any at all.

- Fifth, when economic downturns occur, such as the Great Depression or the Great Recession, the tyranni who control our government do all they can to deny or minimize financial assistance to the people. They restrict the duration of unemployment insurance, they forbid giving money directly to the people, and they cut back on food stamps and other such assistance. They punish the people for the failure of tyranno-capitalism.

This evil, irrational, phony shortage of money has been manipulated in ways that burden and confuse ordinary citizens while giving the plutocrats immunity from their machinations—and it supports tyranno-capitalism's overwhelmingly lopsided distribution of money in favor of the plutocrats while forcing many millions of us into perpetual debt. This cruel, destructive, arbitrary, cockeyed distribution of money can be seen in the following table: [35]

Table 4				
Average Household Income Under Tyranno-Capitalism				
Row	**(1) Percent of Population**	**(2) House-holds (000)**	**(3) People (000)**	**(4) Aver-age Income ($$$)**
1	4.8	5,913	15,078	200,000
2	1.9	2,288	5,834	188,957
3	3.4	4,175	10,646	163,130
4	4.7	5,806	14,805	139,084
5	7.7	9,460	24,123	113,772
6	11.9	14,687	37,452	88,800
7	17.6	21,659	55,230	64,264
8	24.0	29,434	75,057	39,503
9	24.0	29,531	75,304	16,261
	All House-holds:	122,952	313,530	69,285
	Total Household Income in Trillions:			8.2T

As you can see in row 9, more than 29 million households containing nearly a quarter of our population, have an average annual income of $16,261. Rows 8 and 9, the two groups with the lowest incomes, contain more than 58 million households, encompass nearly half of our population, and have a combined average income of $27,863. 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 Americans is $10,926. Just place yourself in the position of earning less than $11,000 per year. There is little hope that you will ever have the chance to go to college or to enjoy the many wonderful things that our technologies provide—there is little hope that your lot in life will ever improve—the lack of money will be the dominating factor of your life.

Tyranno-capitalism is a failure and it is damaging the lives of most of our citizens. The “invisible hand” is a huge, lucrative scam that would make a snake-oil salesman envious. It has never worked for the common good and it never will. It is something that belongs in a Monty Python comedy sketch. But instead our economists and our political leaders hold more allegiance to it than they do to America. Money talks.

The economic errors that I have discussed in this chapter are clear, unmistakable, defining, undeniable characteristics of tyranno-capitalism. We will replace this abominable system. It is not worthy of the American people. The formula for success is simple and certain—we will adapt the superior idea of Athenian democracy that money should be used for the benefit of all the people, and we will adapt Alexander Hamilton's prescription that the government should provide a "regular and adequate supply" of money to the people and their institutions—in effect, all spending will originate with our new government, Faction-Free Democracy. As you no doubt expect by now, we will replace tyranno-capitalism with democrato-capitalism.

[1] Alfred, Lord Tennyson, *In Memoriam,* Verse LVI, line 15

[2] I worked as a computer programmer and systems designer for the following men when their enterprises were just getting started: Charles Tandy at Radio Shack in Fort Worth, Ross Perot at Electronic Data Systems in Dallas, and Kenny Troutt at Excel Communications also in Dallas. All three of these men created something out of nothing but an idea. They created economic activity that delivered real, honest value to their employees and their customers—and they all kept their promises to me for which I shall always be grateful. I have learned that such integrity is not the norm.

[3] Adam Smith, *An Inquiry Into the Nature and the Causes of the Wealth of Nations*, 1776, Book 4, Chapter II, paragraph 9

[4] Fleischacker, Samuel (2009-01-10). *On Adam Smith's "Wealth of Nations": A Philosophical Companion* (Kindle Locations 3301-3307). Princeton University Press. Kindle Edition.

[5] Smith, Adam (2013-08-01). The Wealth of Nations (Illustrated) (Kindle Locations 4002-4018). Kindle Edition.

[6] Smith, Adam (2013-08-01). The Wealth of Nations (Illustrated) (Kindle Locations 2025-2026). Kindle Edition.

There are many examples of price-fixing sometimes called "trusts." One of the most famous examples, and one of the best documented, was the case of Archer Daniels Midland, a corporation which engaged in fixing the price of lysine which is an additive to animal feed. ADM conspired with two Japanese and two Korean companies. The thievery took place in the middle 1990's and you can read all about it by searching the Internet for "ADM lysine price-fixing scandal." Historically this has been one of the most important ways that tyranno-capitalism picks winners.

[7] Remember, the British Petroleum well that spewed millions of gallons of crude oil into the Gulf of Mexico was capped by means of a very difficult procedure. There is no guarantee that the well will never spew again. It might start tomorrow.

[8] Herbert Hoover was not the only one who refused to give the veterans their bonuses. Franklin Roosevelt later offered the veterans highway construction jobs, which some accepted, but not the majority. In 1936, a Democrat-controlled Congress passed a bill that authorized payment of the bonuses. Roosevelt vetoed it, but he was quickly overridden by Congress and the bonuses were paid—but only after four more years of suffering by the veterans and their families.

[9] http://www.loc.gov/teachers/classroommaterials/primarysourcesets/dust-bowl-migration/pdf/teacher_guide.pdf

[10] James Cecil Dickens, aka Little Jimmy Dickens, sang many popular novelty songs. In 1949 he sang, "Take an old cold tater and wait." My favorite line from this song explains why the people are today unhappy with our national government. It goes: "Now taters never did taste good with chicken on the plate." It was true then and it is true now.

[11] James Madison, *Federalist 10*

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[12] http://www.fns.usda.gov/pd/SNAPsummary.htm

[13] http://www.nytimes.com/2013/09/23/opinion/krugman-free-to-be-hungry.html?ref=opinion

[14] http://www.federalreserve.gov/pf/pdf/pf_complete.pdf p. 1

[15] Read more: http://www.businessinsider.com/bernanke-felt-the-need-to-fix-a-mistake-today-2013-9#ixzz2fk997R2G

[16] Andrew Huszar, Confessions of a Quantitative Easer, *Wall Street Journal*, November 11, 2013, http://online.wsj.com/news/articles/SB10001424052702303763804579183680751473884

[17] Alan Greenspan as quoted by Paul Krugman at http://krugman.blogs.nytimes.com/2013/07/17/the-prophecies-of-maestrodamus/

[18] Eamonn Fingleton, *Forbes Magazine,* http://www.forbes.com/sites/eamonnfingleton/2013/06/06/alan-greenspans-epic-incompetence-another-shoe-drops/

[19] Read more of Black's article at http://www.nakedcapitalism.com/2013/06/bill-black-how-elite-economic-hucksters-drive-americas-biggest-fraud-epidemics.html#y0hxQkGc5gKUxOwu.99

[20] Read more at: http://www.nytimes.com/2008/10/24/business/economy/24panel.html

[21] James Madison, *Federalist 10*

[22] Jed S. Rakove, "The Financial Crisis: Why Have No High-Level Executives Been Prosecuted?" *The New York Review of Books*, http://www.nybooks.com/articles/archives/2014/jan/09/financial-crisis-why-no-executive-prosecutions/

[23] "The Warning," Public Television episode of "Frontline," at http://video.pbs.org/video/1302794657/

[24] Arthur Levitt's remarks about Alan Greenspan and Brooksley Born, made in "The Warning" episode of Public Television's "Frontline" series: http://www.pbs.org/wgbh/pages/frontline/warning/interviews/levitt.html`

[25] March/April issue of *Stanford Alumni Magazine*, "Prophet and Loss" by Rick Schmitt, http://alumni.stanford.edu/get/page/magazine/article/?article_id=30885

[26] http://nymag.com/daily/intelligencer/2013/04/grad-student-who-shook-global-austerity-movement.html# or:

http://www.newyorker.com/news/john-cassidy/the-reinhart-and-rogoff-controversy-a-summing-up

[27] Fareed Zakaria, GPS, Cable News Network (CNN), June 1, 2013

[28] Tegmark, Max (2014-01-07). *Our Mathematical Universe: My Quest for the Ultimate Nature of Reality* (Kindle Locations 220-228). Knopf Doubleday Publishing Group. Kindle Edition.

[29] Albert Einstein, Why Socialism? *Monthly Review*, May 1949, http://monthlyreview.org/2009/05/01/why-socialism

[30] Paul Krugman, *New York Times*, March 14, 2013

[31] In a later chapter I will explain how our population should be divided into four cohorts: Guardians who are people under age 26, Experts who are people age 26-50, Generalists who are people age 51-75, and Sages who are people age 76 and up. I have finally made it to Sage status, and it is clear that life begins at age 76.

[32] When they wrote the article Cox was senior vice president and chief economist at the Federal Reserve Bank of Dallas, and Alm was an economics writer at the same institution.
http://www.econlib.org/library/Enc/CreativeDestruction.html

[33] Schumpeter's recognition that the essential truth of capitalism is that it grinds up people was not a new discovery. Karl Marx recognized it earlier. He called it "immiseration" which means "to make miserable; to impoverish." In fact, Marx identified two varieties of this capitalist plague: in absolute immiseration, the living standards of the working class decline absolutely. In relative immiseration, the wealth of the capitalists grows faster than the real wages of the working class. I suppose that "creative destruction" sounds somewhat softer and kinder than "immiseration," but the misery created under either term is the same.

[34] John Maynard Keynes was an English economist who warned the victorious Allies after World War I that the harsh settlement they forced on Germany would lead to World War II. He also invented macroeconomics, and tried to persuade governments to spend money to encourage consumer activity during severe downturns. This latter idea was partially adopted by Franklin Roosevelt's programs during the Great Depression. Because Keynes's stimulus approach was based on "deficit spending" it was fiercely opposed by tyranno-economists and still is to this day.

[35] Data extracted from U.S. Census Bureau, Current Population Survey, 2014 Annual Population and Economic Supplement—Table HINC-02, Age of Householder-Households by Total Money Income 2013.