

# The Unjust Economy

America is an **unjust society** which is built upon an **unjust economy**. That is its foundation. Like every other worldly empire. It isn't that Americans are worse than other people. Americans **are** *other people*. They are a representative cross section of the human race. And they exhibit the same fallen nature. And the empire brings out the worst in us. One of the grand illusions which belongs to the false faith of the **America Cult** is that *America* is somehow *unique* and *exceptional*: our turds don't stink, unlike the rest of the world. Once you arrive in America--assuming you are here legally--you begin to produce a pure white product like ivory soap which has a faint lilac fragrance.

As John Henry Newman once said: *Earthly kingdoms are founded, not in justice, but in injustice. They are created by the sword, by robbery, cruelty, perjury, craft and fraud. There never was a kingdom, except Christ's, which was not conceived and born, nurtured and educated, in sin. There never was a state, but was committed to acts and maxims, which it is its crime to maintain and its ruin to abandon. What monarchy is there but began in invasion or usurpation? What revolution has been effected without self-will, violence or hypocrisy? What popular government but is blown about by every wind, as if it had no conscience and no responsibilities? What dominion of the few but is selfish and unscrupulous? Where is military strength without the passion for war? Where is trade without the love of filthy lucre, which is the root of all evil?* (from: "Sanctity the Token of the Christian Empire" in Sermons on Subjects of the Day p. 273)

From an earlier period we have the classic statement of brutal realism with which John Fitzgibbon, Lord Clare, tried to quieten the liberal posturing of his fellow Anglo-Irish landowners in 1789: *The Act by which most of us hold our estates was an Act of violence--an Act subverting the first principles of the Common Law.* The essay on **IRELAND** in the 9th edition of the Encyclopedia Britannica describes the effect upon Ireland of the English occupation:

*The poor squatted where they could, receiving starvation wages, and paying exorbitant rents for their cabins, partly with their own labor. Unable to rise, the wretched people multiplied on their potato plots with perfect recklessness. During the famine which began in the winter of 1739 one-fifth of the population is supposed to have perished; yet it is hardly noticed in literature, and seems not to have touched the conscience of that English public which in 1755 subscribed 100,000 pounds for the sufferers by the Lisbon earthquake. As might be expected where men were allowed to smuggle and forbidden to work, redress was sought in illegal combinations and secret societies.*

In the 1840s a million Irish starved and a million more were driven into exile, basically because of the *oppression* of the English *aristocracy*. They didn't starve because of the **potato blight** but because they had no money to buy any of the other food raised in Ireland, which the landlords continued to export. [ *The Great Hunger* by Cecil Woodham-Smith tells the story. ] What the English did in Ireland, they did again in America. And it was often the same English *Lords* who did it. The American Founding Freemasons, circa 1776, did not remove that injustice. Rather, they compounded the felony.

## original crimes

The taking of the American continent away from its original inhabitants by force and fraud--by armed robbery and indiscriminate slaughter--is that *crime* to which America was *committed*--*which it is its crime to maintain and its ruin to abandon*. Slavery was the second major crime to which the original colonists and founding fathers committed us. It began in 1620 and persisted well into the 20th century, long after the end of legal slavery. The present *crime* to which American society is stubbornly **committed** and upon which its waning prosperity is founded is **THE CRIME OF ABORTION**. The

continuing pursuit of the *American Dream* of wealth depends upon putting our children in the trash, just as we once put the lives of native Americans and African slaves in the trash.

Was the original American economy a *just* economy ? The large estates of George Washington, Thomas Jefferson, Patrick Henry and James Madison came to their fathers and grandfathers as gifts from the corrupt legislature of Virginia. It was land from which the Indians had been driven by military force. It was worked by slaves. A fellow from the Ayn Rand Institute quotes Thomas Jefferson re: **keeping the fruit of your own labor**. He neglects to explain how that squares with Jefferson appropriating the labor of 200 slaves as his own income. They worked that 10,000 acre plantation that his father Peter Jefferson had received as his share of an 800,000 acre grant to the Loyal Company described as *a present that the leaders of the legislature, with the governor participating, made to themselves*. It wasn't different in New England where the Puritans systematically wiped out the natives in the process of taking their land. See the *Governor Bradford* essay. What was it but armed robbery ? See *The Great Land Hunt*.

And those are only the most conspicuous of the gross injustices which have been an integral part of the American economy. For every rags to riches story of the immigrants there were 100 others who found no good fortune in America. Who were welcomed as cheap labor and then used up and discarded. Some 1300 Chinese laborers were killed in accidents when the railroad was blasted through the Sierras. Some 2000 laborers, mostly Irish, died building the right of way across southern Pennsylvania which later became the Pennsylvania Turnpike.

Many thousands of Irishmen, fleeing the famine in Ireland, were conscripted into the Union and Confederate armies and are numbered among the 740,000 killed in that war. Many more wound up crippled for life. Meanwhile, Morgan and Carnegie bought their way out of the draft and made fortunes from the Civil War. Carnegie paid \$ 850 to get an Irish immigrant to take his place in the war. The prosperity of the *capitalists* was tied to corrupt government and to war. The uniforms worn by the soldiers came apart on the battle field because they were made of *shoddy*--rags mashed into a pulp and reprocessed.

#### the great give away

After the Civil War, the Congress gave vast tracts of land to the railroad companies which gave stock to the Congressmen who passed the bills. The army rounded up the Indians to clear the right of way. *One fifth of the territory of the states of Wisconsin, Iowa, Kansas, North Dakota and Montana and vast stretches of land in Washington, Minnesota, Nebraska, California and Louisiana* were given to railroad promoters and financiers. [ **Capital City 100** ] These railroad corporations did in effect *share the wealth* with the immigrants who homesteaded on cheap land bought from the railroads, which were given alternate *sections* ( 640 acres ) all the way across the continent. Nathaniel Taggart, the fictional railroad tycoon of *Atlas Shrugged*, supposedly built his railroad across the continent without government help . . . all by himself he exterminated the Plains indians and then he negotiated a right of way with the prairie dogs, whose language he spoke fluently.

Huge tracts of western land were given to timber companies. By the time Teddy Roosevelt became President, less than a fourth of the original 800 million acres of American virgin forest remained. Four-fifths of the timber was in private hands, and ten per cent of this was owned by the Southern Pacific, the Northern Pacific, and the Weyerhaeuser Timber Company. It is silly to talk about corporations being adversarial to government. They have always been partners--co-conspirators.

#### capitalism versus competition

Healthy *capitalism* is supposed to be based upon **COMPETITION** but the big 19th century capitalists like Andrew Carnegie, John D. Rockefeller and J.P. Morgan were the enemies of *competition*. They believed in *competition* like the mafia believes in *competition*. Instead they used the power of *capital* to establish monopolies--*cartels* and *trusts* controlled by bankers and corporate lawyers.

"Wall Street converted an economic system theoretically committed to *laissez-faire* to a market dominated by corporate conglomerates. Absorbing competitors and swallowing up suppliers of raw materials, as well as producers and distributors, these giant monopolies supplanted the competitive market to control production, set prices, and cast industrial policy." ( **Capital City** xvii ) "Morgan . . . and the other financial barons . . . transformed American industry from modest privately held firms into publicly owned corporate monopolies " ( **CC** 272 )

Like the modern *agribusiness* corporations, they used the power of their capital to achieve *vertical integration*--establish a network of suppliers and distributors. When the elephant is *free to roam*, your fences and your crops are at risk. Similarly, the *freedom* of the great corporation severely restricts the economic freedom of others. You are free to work for the Coal Company or join the army. It is *corporate imperialism* as described in *Every Man a Speculator* by Steve Fraser p 125

John D. Rockefeller admired the Emperor Napoleon and did his best to imitate him when he set up Standard Oil in Cleveland. He did in fact establish an Empire of Oil. His multinational oil conglomerate became the pattern for the giant cartels which still dominate the world economy. Which have no connection to *free enterprise* by any sensible definition of that term. He started off by bringing together five refineries *to unite our skill and capital . . . in place of the small business that each separately had heretofore carried on.* ( **CC** 41 )

In 1932 Herbert Hoover identified *capitalism* with *Rugged Individualism* but Rockefeller had no time for such silliness. He said *the day of the combination is here to stay. Individualism has gone, never to return.* ( **CC** 234 ) He believed in collectivized capitalism, multi corporation capitalism. "When the 1873 depression sent oil values into a tailspin, he pressed forward, annexing desperate competitors. Through methods benign, callous, and even criminal, he wove his refining empire. *We wanted the old struggle to cease. . . . We wanted these men to pull together . . . to join us, . . . and thus work together.* Rockefeller and Standard Oil were known for ruthless annexations . . . how to fix a price so that it stays fixed . . . consolidating control over prices and markets."

Standard Oil controlled four dozen American companies plus an English subsidiary. It was a *corporation of corporations*. It had joint ventures in Germany, Holland, Italy, and Denmark. It had a huge export business to Latin America and the Far East. It owned 4000 miles of pipe lines, a railroad tank car fleet, and a small navy of transoceanic tankers. By 1881 the Standard Oil cartel had 40 affiliates and controlled almost 90 per cent of the nation's oil-refining capacity. " ( **CC** 228 ) A similar consolidation of the railroads was carried out by J.P. Morgan who went on to buy out Andrew Carnegie and establish U.S. Steel. The doctrine proclaimed by corporate lawyer and presidential candidate Samuel J Tilden was that labor unions violate free enterprise but corporate combinations were somehow *natural*. Supposedly, legislation for farmer or labor interests was *class legislation* while legislation for manufacturing, banking, railroad, and shipping interests served the national interest. Bailing out the big banks is good for all of us, isn't it ? I am still waiting for the *trickle down* effect.

President Teddy Roosevelt made a belated and half-hearted and not very successful effort to break up these trusts. Which eventually included a sugar trust and a cigarette trust as well as cartels or trusts in most major commodities. J.P. Morgan used the power of capital to *morganize* the railroads. Then bought out Carnegie Steel and established U.S. Steel with corporate lawyer Elbert H. Gary at the head of

it. ( After whom *Gary* Indiana is named. ) Domination by bankers and corporate lawyers has been characteristic of American capitalism ever since. First to last they relied upon the law--upon their ability to manipulate the law. Morgan was a regular visitor in Washington and rewarded those who co-operated with him. Just like they do now. The government relied upon him to sell its bonds in England and France. Morgan even bankrolled the U.S. Army in one episode. He would have winked at the rhetoric about business being independent of the government. The real question, the one raised by Adam Smith, is whether government can ever be independent of business--the *Merchants and Manufacturers* and bankers and corporate lawyers etc. The answer is **no**. It isn't going to happen. They have too much money. And Congressmen are always in need of money.

There was a time when the king had to raise taxes to launch a war and / or to pay for an unsuccessful war. That is what forced Louis XVI to summon the *estates general*. But then they refused to disassemble and the king lost his head in the ensuing revolution. Other governments learned from that and it led to the establishment of national banks which could loan the government the money it needed to carry on the war. Instead of having to pay heavier taxes to finance the war, the wealthy could make money on the money they had in the bank, and the king could put up the whole country for collateral. There has always been an intimate tie between the Government and the Bank. The early resistance in America to the establishment of a National Bank now seems quaint.

Madison and Jefferson both opposed the creation of a national Bank of the United States in 1791 as unconstitutional. But Madison later *advocated the reestablishment of a second national bank in 1815 after the nearly disastrous difficulty of financing the War of 1812 without one, and he signed the bill rechartering the bank in 1816.* it illustrates how having a national bank allows the government to borrow to finance a war, rather than having to try and raise the money by new taxes. That is what had cost Louis XVI his throne and his head in 1790. Something similar happened in England in 1381 when a rebellion broke out against the imposition of new taxes to pay for the war. [ See the book by Juliet Barker *England Arise.* ] In 1812, President Madison and Dolly Madison had to flee from Washington just ahead of the invading British who sat down to eat the dinner in the President's House which had been prepared for the Madisons. After which they burned down the President's House and the newly built Capitol. Obviously there is a good argument for **not** making it easy for the President to go into debt to finance a war. There **was** a good argument anyway.

There is a remarkable book by Augustus Myers [ aka Gustavus Myers ] which documents *How the Great American Fortunes Were Made* [ aka *History of the Great American Fortunes.* ] No doubt it took nerve and skill to survive in the New York City financial jungle, but the only bears they fought were bear markets on Wall Street. It was a cut throat competition. Seven of 100 traders survived and the rest went under. cf. *Survival of the Fittest.* Which tended to be **survival of the meanest**. As witness how Carnegie dealt with his ex partners. People admire **power**. They worship it. The crimes of Alexander and Caesar and Napoleon are brushed aside by their votaries. So it is not surprising that the titans of industry enjoy the same adulation.

#### Public Works, Private Profit

Carnegie complained of paying his steel workers \$ 2 a day and tried to reduce it to 60c a day. Contra the supposition that these capitalists operated independently of the government, the steel industry was built by public works contracts which produced private profit. Steel for the railroads, steel for the Brooklyn Bridge. Steel for war. Carnegie was some sort of *pacifist* who opposed the Spanish-American war. So, to satisfy his conscience, he charged the government a 200 percent profit on the steel he supplied for that war.

U.S. Steel and its stock holders made a very large fortune out of World War I, producing battle ships and barbed wire and *benzol*, a by product of coke manufacture, which is made into explosives and poison gas. The anti trust suit against U.S. Steel was dropped after the U.S. got into the war in April 1917.

The steel industry was built by American wars and declined after the big wars came to an end. It pined away without the big government contracts. The extreme wages of the steel workers after World War II came from the extreme profits of a steel industry which depended upon government and which depended upon war. The Roosevelt Administration in effect dictated the recognition of the Steelworkers Union by the Steel companies who were compensated with government military contracts from which they made large profits in return for their *patriotism*. The down side was the inevitable disappearance of the American steel industry once American wars became smaller and less frequent. When they had to compete with foreign made steel they couldn't do it.

Jay Gould testified before Congress in 1883 that *A corporation is only another name for the means which we have discovered of allowing a poor man to invest his income in a great enterprise*. At that time he was bringing in Chinese laborers who brought wages down from \$ 52 to \$ 27 a month. Meanwhile Union Pacific stock had risen to \$ 78 a share. How long would it take this Chinese coolie to save enough to buy a share of UP stock ? cf. *if I didn't eat, I'd have money to burn !* He'd get one of those track side graves first.

#### wealth without work

But the *American Dream* proclaimed by Jay Gould and others--**we can all get rich without work by investing**!--has become the prevailing false faith of all the people. Just before the 1929 crash, every shoeshine boy and waitress was buying stocks. The runaway speculation of the American housing market which led to the 2009 crash was driven by a similar fever. Everybody and his brother *flipping* real estate while the price of a house doubled and tripled for those that actually needed a house to live in. Who were allowed to sign mortgages they could not afford to facilitate the production of *bundled mortgage securities* sold to European banks.

Jay Gould didn't invent *leverage* but he gave a conspicuous example of it when he was manipulating the gold market. If you have \$ 10,000 in the bank, how much can you invest in this or that ? If you are Jay Gould or some other financial industry sharpie you can invest as much as 30 times \$ 10,000 while using it for collateral. He had \$ 300,000 deposited in the Tenth National Bank in which he had a controlling interest. But got the bank to issue him \$ 8 million in certified checks which he used to buy gold. He would drive up the price, then dump his gold to make a profit and drive the price down again. Then buy back in at the lower price. His one fear was that President Grant would allow the Treasury to release some of the gold reserves and take the air out of the inflated gold market. To head that off, he set up a gold investment for the President's brother in law and made expensive gifts to the Grants. [ see *Every Man a Speculator* by Steve Fraser pp 115-116 ]

#### making money off money

When the banker J.P. Morgan put together U.S. Steel, he bought the Mesabi iron ore range from John D. Rockefeller. How does one man get hold of a 120 mile mountain range ? File a mining and homestead claim ? He did though. Needless to say, neither Morgan nor Rockefeller nor Carnegie did any of the prospecting for iron ore in northern Minnesota, especially in mid winter. The rugged characters who did were paid something for their claims. A fraction of what the arm chair *investors* of Paris and London made from buying stock in U.S. Steel. They did no prospecting either. That defines **capitalism** properly so called: **making money off money**. Your money works for you, it is said. That formula camouflages

the fact that you are making money from someone else's labor. Which is how Jesus defines *usury*: *reaping where you did not sow*.

The essential characteristic of **capitalism** is **making money off money**. A more accurate synonym for it is *moneyism*. So called *free enterprise* has nothing to do with it. There is nothing *free* about it. First to last, it relies upon government favors. It relies upon the power of the law--upon coercion. It has no connection with *enterprise*, if by *enterprise* we mean **work**. The reality of what you are doing is camouflaged by the legal fiction that your money *works* for you so you don't have to work.

Later in life, Carnegie became a great philanthropist. Morgan, Carnegie, and Rockefeller ushered in an era of philanthropy on a monumental scale. But most of the capitalists took their money with them if they could. Vanderbilt gave the city of New York a nice bronze frieze commemorating the achievements of Cornelius Vanderbilt. And charity is no substitute for justice. Is it admirable to endow a museum with the profits made by keeping families poor? When the kids grow up--if they do--they can visit the museum. The establishment of libraries by Andrew Carnegie was laudable, regardless of how he got all that surplus money. Our modern billionaire philanthropists endow Planned Parenthood because they are enthusiastic about its dedication to getting rid of lower class humanity by contraception and abortion. They believe in raising buffalo in spacious surroundings rather than encouraging the proliferation of lower class people on those garbage dumps that are already over crowded. Where else can they live? There is no room for them on the buffalo ranch.

No doubt Capital benefits some. So does war. Fortunes are made, millions find jobs. World War II ended the Great Depression. The side effect of World War II was 60 million killed. But World War II and its aftermath boomed the American economy for a generation. Which illustrates the fact that the foundation of the American economy is militarism. Which is the most ancient form of socialism, if by that we mean the government owning and controlling everything. The Federal Government spent 5 times as much money on World War II as it spent on the *socialist* New Deal.

The handing out of the 2.25 billion acres of the U.S. main land by the national government which was established in 1787 is what made America the Land of Opportunity. That land was acquired by the army--who else? But now that the land has all been taken, where can we look for opportunity? America has become the land of steadily shrinking opportunity. Of lost jobs and reduced wages.

creating welfare dependents

A Christian Society has to be built upon a **just** economy. A master who is kind to his slaves is still guilty of the injustice of keeping them as slaves. Government welfare programs do not cancel the injustice of people being denied the opportunity to make a living. Giving the Indians a reservation and a ration of cattle does not atone for depriving them of the range where they lived and hunted the buffalo. They were deliberately made to be dependent upon the government by systematically destroying their way of life and forcing them onto reservations. The extermination of 75 million buffalo from the Great Plains was a deliberate policy of the U.S. Government and the Army to force the Plains Indians onto reservations. It opened the way for the railroads and the white settlers. It came at the expense of the original inhabitants. Who have remained government dependents ever since. [ see *A Terrible Glory* by James Donovan, a first rate history of the Custer massacre and the indian wars; ]

We have a large population of welfare dependent American Negroes because of the long history of slavery and racial segregation which made them dependent. They make up a disproportionate share of the slum population and the prison population for the same reasons. Virginia passed laws making it a crime to educate slaves. Under *Jim Crow* laws they were denied the opportunities which made America

the *Land of Opportunity* for others. Several centuries of slavery and racial discrimination have created the situation we have. Which is not going to disappear any time soon.

Of course they are dependent upon the federal government. cf. *In the black part of town, the federal government is God*. Many of them would not have survived without the welfare measures of the New Deal. The federal government was the first to extend job opportunities to American Negroes. When World War II began, FDR decreed that they should be hired in war plants even while racial segregation continued. President Truman finally desegregated the army during the Korean War. The military has provided opportunities they could not find elsewhere.

The military creates dependency. It is silly to pretend that you oppose big government while you support a big military. As if there was no connection between the two. A basic fact about the American economy is that The Great Depression was only ended by American entry into World War II. Those who didn't join the military went to work in war factories. After the war, Veterans' programs like housing and college loans readily morphed into similar programs for non veterans. Now the army has taken the place of the old welfare system. *Single moms* sign up for the army to get health care for their kids.

But it isn't just big government that robs people of the chance to be independent. Big corporations do the same thing. The Company Town is just as incompatible with individual free enterprise and personal freedom as the army. *St. Peter, don't you call me, cause I can't go, I owe my soul to the company store*.

#### capitalism versus free enterprise

Capital is often the nemesis of free enterprise. Agribusiness gobbles up small farms much like empires gobble up little countries. **Archer, Daniels and Midland** own the farms and their stockholders live in Manhattan and other places where they never get mud on their boots or hear a rooster crow. The power of Capital concentrated in Investment Funds is a financial tidal wave that carries away anything and anyone in its path. These investment funds and mutual funds and hedge funds collect the capital from all over--*sovereign wealth* funds from China and Russia and the oil sheikdoms of the Middle East; public school teachers retirement funds; college endowments. Not to mention the funds from drug cartels and corrupt African ruling parties which get *laundered* that way. All of them are committed to making money off their money any way the hedge fund managers can do it.

Collectivized Capital devours individually owned businesses. How many *free* enterprises have been put out of business by Wal-Mart ? Independent hardware stores cannot match the prices of Lowes and Home Depot. Individually owned restaurants are displaced by restaurant chains created by investor capital. These stock holders never wash a dish. They don't **work** for a living, they **own** for a living. Giant grocery store chains put little grocery stores out of business. Now the *profit* goes to the investors, the owners of stock, not to the people who work there.

When I was growing up, there was a variety of small stores in the neighborhood. Individually owned stores which reflected the character of the proprietor. Now I have a choice of that 7-11 store or the other 7-11 store or the new 7-11 store. There used to be a variety of coffee shops. Now there are endless *Starbucks*. In the Curtis Park area of old Denver there are blocks where every old house is different, each one designed and built by the original owner. In the later developments all the houses are built on two or three plans by big developers who make deals with local governments.

The army takes a million individual men and then does everything it can to erase individuality. They emerge from the induction process with the same haircut and the same uniform and marching in lockstep. And that is what the power of collectivized capital does to individual enterprise. That is how

we become dependent upon the corporations or dependent upon the government. Those are the two choices: capitalism or socialism. How can we escape from that dependence ? By rhetorical declarations on behalf of *free enterprise* ? You have to *fight for freedom*. More often, you have to work hard to achieve it. And lose the illusions in which phony *Christians* are trapped. If you have given up on finding your place in the government bureaucracy or the corporate bureaucracy, that is the challenge.

### *investing versus speculating*

Most so called *investing* is *speculating*--gambling and rigged gambling. A lot of it is *short-selling*--betting against something. It has nothing in common with *investing* if that means putting money into productive enterprises. Warren Buffett made a lot of money betting on the Brazilian currency. George Soros made a lot of money betting **against** the Thai currency and the British pound. And did what he could to manipulate the market. That is what commodity and oil traders do--drive the price up and then cash in. Like Jay Gould manipulating the gold market. Most of the international banks got sucked into buying *bundled mortgage securities* and *credit default swaps--financial instruments* tied to the American housing market. Then the whole house of cards collapsed circa 2008. The banks lost money, but, before that happened, they did serious damage to the American housing market, and especially to people who need homes, by greatly inflating the price of houses. You can live without gold but you can't live without a home. The inflated and manipulated price of oil takes gas money from all of us to enrich the speculators.

A similar thing happened a few years earlier with **internet stocks** which boomed and then busted in a wave of speculation. Before that, it was the Savings and Loan industry that went belly up. *George Bailey's* Savings and Loan in *Bedford Falls* invested money in homes and businesses. But the Savings and Loan companies which went bankrupt in the 1980s were recklessly speculating far from home. Then the taxpayers had to bail them out.

*Day Trading* has now been replaced by *High Speed Trading*: computers programmed to buy and sell in less than a second to capture a profit. This is *investing* ? Investing, properly so called, is when you put your money and your work into a farm or a business. Or give someone else a loan at a moderate rate of interest to do it. What has replaced it in the modern financial market isn't even honest gambling. It is rigged gambling. Betting against a horse and then bribing the jockey to dope the horse.

### Faith in Capitalism

What is now called *Capitalism* is often more destructive than constructive--a form of legalized looting. Instead of putting money into businesses, they squeeze it out of them. Run up debts and then declare bankruptcy. Take the *profit* out and leave the debts and liabilities behind. They take the stock holders *snipe hunting* and leave them holding an empty bag. *Venture Capitalism* has been largely displaced by *Vulture Capitalism* and *Vampire Capitalism*.

For many Americans, their faith in the American empire is joined to a faith in something called *Capitalism*. Which supposedly means *free enterprise system* and *free market economy* etc. *Capitalism* is the answer to all our economic woes. Or it would be if it had not ceased to exist after Franklin Roosevelt launched the New Deal. But maybe letting the rich keep their tax break will revive it again. On October 16th 2012, in the second debate, President Barack Obama said: *the free enterprise system is the greatest engine of prosperity that the world has ever known*. See ! And you thought he was a *socialist* !

Capitalism or something like it has now appeared in China and Russia after they halfway abandoned Communism. One of the questions raised by this is how you can have *free enterprise* in a place which has very little *freedom* of any kind. Can you use the word *free* in the same sentence with *China* or *Russia* or *Saudi Arabia* ? But it seems like *Capitalism* is quite compatible with repressive government. The late Milton Friedman, the modern apostle of *free enterprise*, took a team to Chile where he persuaded the dictator Auguste Pinochet to substitute *free enterprise* and / or *Capitalism* for the broken down *Socialist* economy of the government he overthrew. And they all lived happily ever after. Or at least the economy improved. So somehow *free enterprise* can flourish even when it is decreed by a dictator. Even though Pinochet continued to torture prisoners in the back room ( cf. *Operation Condor* ) like they do in China, there was a measure of economic freedom. They made money. Which is of course the main thing.

### Andrew Carnegie and Herbert Spencer

Andrew Carnegie became a convert to an updated version of the Capitalist Faith promoted by the English philosopher Herbert Spencer. Spencer had published a theory of *Evolution* before Darwin did but then he amalgamated Darwin's *scientific* findings into his own theory to arrive at a doctrine of *Survival of the Fittest* in the human economy which is now called *Social Darwinism*.

"Andrew Carnegie's first encounter with Spencer left him overwhelmed: *Light came as in a flood and all was clear*. Spencer was grandly received upon his visit to New York in the 1873 *panic* year . . . Businessmen, who had paid little attention to formal philosophy before, lionized the English social theorist, devouring his books, which popularized the notion of *survival of the fittest*. What some have labeled his *magnificent exegesis* transformed Darwin's biological hypothesis into a social imperative, declaring that in social (and especially economic) life as in biology, survival was a competition in which the strong succeeded (opened corporations and grew rich), and natural (social) processes eliminated the unfit (the hapless poor). In the same unmediated way that natural selection drove the evolution of the species, free competition balanced the economy, maximized its productivity, and propelled economic progress. It was as perilous and futile to tamper with the workings of the market as it was to try to turn back biological evolution. Endowing cupidity with high moral purpose, Spencer's *social Darwinism* provided Carnegie and much of Wall Street with a rationale for *laissez-faire* and unbounded profit lust." ( **Capital City** 172)

The *Laissez-faire* theory was developed in the 19th century by John Stuart Mill and David Ricardo, a stock broker whose writings became popular when he reversed Adam Smith's doctrine contra the *Merchants and Manufacturers*. His positive attitude towards businessmen was usually included in later writings. Herbert Spencer's extreme and unrealistic **anti government** doctrine is still a basic part of *Capitalist* ideology, part of the fiction about corporations making it on their own. They make it on their own with the help of the Congressmen they bribe and the public lands they are given. Aside from their land grants, oil leases, subsidies and bail outs, they wish to be free from any government regulation.

Like Smith, Spencer was unable to recognize that the foundation of the British Empire was *militarism*--the success of the army and the navy. All of the land of England became the property of King William after the Normans defeated the Saxons in 1066. The king claimed the lands of England as his own by right of conquest and leased it to his barons and knights in return for military service. William divided the land into 60,000 military allotments to be held under tenure of *knight's service* of 40 days a year. Later, taxes replaced the obligation of military service. William was the legal owner of the deer in the forest and the fish in the sea. If you wanted to catch fish, you needed a license from the King. The basic structure of the economy of England copied the structure of the army. It is properly called *militarism*. If you want to escape from *socialism* you first have to escape from *militarism*, because it is basically the

same thing: the government owns everything and controls everyone. The basic reason the *Communists* found it easy to establish a totalitarian state was that Czarist Russia was already a totally militarized state and also a failed state whose corrupt and inept military structure had all but collapsed by the end of World War I. See Alan Moorehead *The Russian Revolution* and Edward Crankshaw *The Shadow of the Winter Palace*. They didn't even know how many Russian peasant soldiers had been killed--was it 5 million or 8 million ? Doesn't matter.

The British Empire at its zenith in the 18th and 19th century, an empire upon which *the sun never set*, provided enormous opportunities for the better off class of England, so long as the British army and the British navy were successful-- *Rule Britannia, Britannia rule the waves !* Just furnishing the fleet was good business. And it wasn't different in America where the new U.S. government circa 1787 replaced the colonial legislatures in giving away the continent after the army secured it. [ see *Christian Economy versus Capitalism and versus Socialism* aka *Adam Smith in the Dock* ]

These 18th and 19th century philosophers promulgated the untenable dogmas which still circulate such as the **primitive social contract** and the **sovereignty of the people**. Did you sign a *social contract* ? For some reason I was not invited to the meeting. In the economic sphere they promulgated the doctrines of the natural rights of buying and selling, and the sufficiency of enlightened selfishness. In theory, they consecrated the spirit of individualism, and the state of non-government. In practice, they justified that **unlimited property right** which the giant corporations exemplify just like the Dukes of Adam Smith's time.

Like Adam Smith, Herbert Spencer was a camouflaged anti Christian who believed in *monism* or Pantheism--the Harmonious Natural Universe of the Stoics. That is the basis of the false faith in the *Natural* economy of human society. An economy which does not require any moral principles so long as it is left *natural* and *free*.

The question as to whether the economy needs *morality* is different from the question as to whether it needs *legality*--whether we should rely upon the government to establish a just economy by its endless laws. It is similar to the question as to whether we can look to the government to out law abortion versus trying to establish social morality independently of the police power. Which once neglected to enforce the laws against abortion and which now protects abortion. Government is good at pretending to do things. And people are easily fooled by that pretence because they wish to be fooled. It gives them their excuse for ducking the fight via *vote and pray*.

### Ayn Rand and *Atlas Shrugged*

A peculiar modern variant of the faith in *Capitalism* has been promoted by *Atlas Shrugged*, a 1957 novel by Ayn Rand that romanticizes and idealizes *Capitalism*. The novel presents a handful of Capitalist heroes who go on strike--who abandon their essential role in creating a prosperous economy after they become disgusted with the Welfare State voted in by the dependent masses. So they move to a Capitalist *Shangri La* hidden away in a valley of the Rocky Mountains, leaving those foolish masses to perish. It is an *end times* scenario which offers no hope to all the *moist-mouthed weaklings* who vote themselves benefits at the expense of the heroic few who create the wealth. There is also one heroine modeled on Ayn Rand herself. She was an atheist as well as a believer in Capitalism. She also believed in free love, abortion and cigarettes.

She was a childless woman, either because she did not want children, or because she was not able to have a child. She may have been sterile because of abortions. Which were common in post revolution Leningrad, where she was a student, and in the Hollywood of the 1920s where she was a screenwriter.

That would explain the peculiar and extreme pro *selfishness* dogma in her novel contra refusing to *sacrifice* yourself or your career for dependent *moist-mouthed weaklings*--a phrase that keeps recurring in the novel.

She began making notes for *Atlas Shrugged* a month before her 40th birthday. And went into a prolonged *post partum* depression after finishing it. Judging from the novel and her later behavior, she was mad at the world. Post abortion stress disorder would help explain the hostility to humanity which drives the plot and creates an ideology in which everyone is despicable except for a handful of heroes. The novel is nominally pro business but nearly all of the businessmen in it are as despicable as everyone else. Like the radical feminists, she defined female *freedom* as an **absolute and unlimited right** which requires abortion. Put your baby in the trash and be *free* ! Cf. *freedom's just another word for nothin left to lose*. She also acquired a severe case of lung cancer from smoking. The title of Milton Friedman's *Free to Choose* video plays off the *Freedom of Choice* slogan used to justify abortion.

#### the heroic farmer

In reality, the economy depends far more upon the chicken and egg farmers, the dairy farmers, the butchers and bakers etc. than it does upon these government subsidized builders of railroads and steel mills. Upon which the industrial might of America depends--its capacity to wage war on the other side of the world. Without it, the Military Power of the Empire may Crumble, but, so long as the chicken farmer still shows up in the morning, we can still eat.

The reason Ayn Rand and her novel have to be noticed is that she has influenced many of those who have promoted the faith in Capitalism in the last 50 years. Alan Greenspan, the former long time chairman of the Federal Reserve, is a disciple of Ayn Rand. Milton Friedman was a fan. And Ronald Reagan, George Bush junior, Rush Limbaugh and Mike Rosen et al, have been greatly influenced by her and / or by Milton Friedman. Her attempt to promote a Very Peculiar Faith in Capitalism has had a substantial success. Paul Ryan, the Republican candidate for vice president, admits that Ayn Rand's novel was a major influence on his economic convictions. Meanwhile, neither he nor Joe Biden had anything to say about *Catholic Social Teaching* in their debate on how to fix the economy.

Ayn Rand presents a comic book fantasy about the creative power of a few *Atlas* type Capitalist heroes who are the source of all wealth. The basic doctrine of both Adam Smith and Karl Marx is that *labour* is the source of all *wealth*. But the bounty of *Nature*--aka God's Providence--is the major source of what we need. Of course, it takes some *work*, or some hunting at least, to *gather* or *harvest* what nature gives. But, in human society, *wealth* is primarily distributed as *loot* following successful *militarism* or successful forays by those who have *capital*--surplus money. It flows to those who belong to the governing party. The natural wealth of North America was claimed by those who had the most muskets.

Alan Greenspan visited Kirkcaldy Scotland, Adam Smith's birth place, on February 6th 2005 and spoke there in praise of Smith's *demonstration of the inherent stability and growth of what we now term free-market capitalism*. . . . *One could hardly imagine that today's awesome array of international transactions would produce the relative economic stability that we experience daily if they were not led by some international version of Smith's invisible hand*. It was three years later that the international economy fell into the excavation in which we now find ourselves. It may be *relatively stable* at the level of the bankers who have easy access to the Federal Reserve but half the young people of Italy and Spain can find no jobs and it is almost as bad here. Thousands of people are being evicted from their homes here and there. The whole of Africa languishes in poverty and misery because of the gross corruption of the governing class which is facilitated by the international financial system. It is the

same story in most of Asia and South America. A large part of the population of the Philippines, America's former colony, depend upon the garbage dump for their livelihood.

Greenspan's successor at the Federal Reserve is desperately trying to do something--anything--to revive the economy. Mr. Bernanke's latest move is to pledge that the Reserve will buy another \$ 40 billion worth of *mortgage backed securities* every month indefinitely until the employment rate goes down. So now they are buying 85 billion a month. Thank god it is still short of 100 billion a month. That would be a lot of money ! Give the banks even more money to pile on top of the money they already have. And, hopefully, they will do something with it. Loan it to those who will launch *free enterprises* which will hire American workers. Unless they buy machines instead, lay off workers, and start up factories some where in Asia. Where is he getting this money ? In effect, the Federal Reserve has issued itself a no limit credit card. They didn't even go to the trouble to print the money. Well, it would use up a lot of expensive paper. Plastic is much cheaper and just as good. Isn't plastic as good as gold ? That seems to be the modern doctrine.

### *Natural Liberty*

Adam Smith's original faith in a *System of Natural Liberty* in respect to the economy had a backstairs connection to a faith in a *System of Natural Liberty* in respect to sexuality. Most of the 18th century intellectuals were closet anti Christians who had to outwardly conform to the Christian establishment before it was undermined and overthrown by the American Revolution and the French Revolution. Many of them were disguised atheists or Deists or pantheists. And their hostility to the Christian Church was often rooted in sexual rebellion. The English public school system which took boys away from their mothers and sisters and put them in all male boarding schools at a very young age was almost scientifically designed to produce sexual and emotional stunting and to promote homosexuality.

A lot of people pick up on *atheism* because it provides an intellectually respectable position which is much easier to discuss than their reasons for being unable or unwilling to conform to the strict standard of sexual morality [ and monogamous performance ] which has always been part of the Christian religion. That tends to be a much more embarrassing subject.

The sexual rebellion component of *natural* and *free* came out in the open during the French Revolution. The faith in *free love* was part of the secret ideology of the 18th century Freemasons. And it turns up again in the Communist movement of the 19th century and in the Socialist movement--aside from the Christian socialists--and in the feminist movement. It relies upon arguments which are basically similar to those used on behalf of a *free economy*: we don't need regulators or chaperones; you can **Trust Nature**. The insistence upon *free love* as an absolute right which includes the right to abortion shows up in the philosophy of Ayn Rand and in the Women's Liberation Movement of the 1960s. Which is still around in various guises. Ayn Rand's private life--which has long since become public--is a good illustration of the basic fallacy of *free love*--that no harm comes from it. (see *The Ayn Rand Cult* Jeff Walker )

The primary fallacy of the faith in Capitalism is the silly assumption that there is a **NATURAL SYSTEM** in the human economy which does not require any moral standards among the individuals who belong to that economy. All they have to do is *act naturally*--pursue their love of money--while **NATURE** takes care of all the rest of it. There is a further assumption that this *system* can be fixed when it breaks down, as it did during the Great Depression of the 1930s--or that it will *naturally* fix itself. Then there is an endless argument as to how to fix it, whether by the government pumping money into the economy or by lowering taxes to unleash private enterprise--turn the corporations loose. Last time, it was World War II

that finally fixed the broken down economy. So is World War III now our best hope ? Let us hope not. And try to find a better hope.

### The Land of Shrinking Opportunities

What made America the **LAND OF OPPORTUNITY** was the dropping of barriers to immigrants and the Homestead Act which allowed them to come here and claim 160 acres of the American prairie. What an extraordinary time ! Not only was a poor immigrant free to move to America, he could claim a country estate once he got here ! A 19th century ballad celebrated it: *Uncle Sam is rich enough to give us all a farm !*

Of course it happened because the transcontinental railroads wanted settlers. But all the same it happened. Now there is a high fence to keep the immigrants out and the farm land belongs to the corporations and the speculators.

The land was given to anyone willing to try and live out there and make a go of it. Millions of poor people came here to pursue a bright future in a new land. The American definition of *freedom* and *opportunity* was forged by this great land giveaway, this great opportunity to escape from the stratified societies of Europe in which those born poor had little chance to avoid dying poor.

It seemed like a recipe for paradise. But the homesteader who found himself to be the proud owner of 160 acres of North Dakota prairie--the squatter in residence anyway--soon discovered that the reality of being a land owner in America was substantially Different from the Dream.

Between 1860 and 1910 the number of farms in the United States increased from 2 million to 6 million. Many of these new farmers were homesteaders, immigrants from Europe. The acreage under cultivation increased from 400 million to 900 million acres. The production of wheat rose from 173 to 635 million bushels a year.

But when farmers began to raise grain for distant markets they put themselves at the mercy of powerful and predatory forces. Producing for the world market made the farmer dependent upon the railroads and the commodities traders. Most of what he got for his grain went for freight charges. The boom times created by World War I pushed farmers to mortgage their farms and expand production. But many of them went bankrupt when the price of wheat fell. They lost the farm or went from being owners to being tenants.

The bubble of Civil War prosperity burst in 1868 as did that of the World War in 1920. Farm income fell by half in the 1920s and farmers were already hurting before the Great Depression hit the rest of the country. The reason the prosperity continued for a while after World War II is that Europe and Asia were so devastated. While they were recovering, American farming and manufacturing had a big market with little competition. But times have changed.

After World War I, they had to compete with the great expansion of farming in Canada as well as Argentina, Brazil, Australia and even Russia. And most of this farming was investor driven instead of being the old fashioned kind of farming in which the farmer mainly raised food for his own family or the nearby town. While most American industry was still protected by a tariff wall, the farmer who competed in the world market had no such protection.

### Disappearance of Independent Farmers

The struggles of these pioneers is described by Rolvaag *Giants in the Earth* Mari Sandoz *Old Jules* and Hamlin Garland *A Son of the Middle Border*. In which Garland describes the experience of his homesteading family in the songs they sang--

*When we've wood and prairie land,  
Won by our toil,  
We'll reign like kings in fairy land  
Lords of the soil*

But after the railroads, banks, commodities brokers and mortgage companies got hold of them, they went from being independent farmers to being tenants, and they sang instead--

*There's a dear old homestead on Nebraska's fertile plain  
There I toiled my manhood's strength away:  
All that labor now is lost to me, but it is Shylock's gain  
For that dear old home he claims today.*

In 1880 three fourths of the farmers owned their own farms. That dropped to two thirds by 1900. By 1930 only half were owners and the other half were tenants. In Nebraska the percentage of tenant farmers increased from 18 to 47 percent in the period from 1880 to 1930. It was similar to what happened in other states. Tenant farmers--sharecroppers--became the norm in much of the rural South. Long before the *Capitalism* label came into use, the *system* whereby the owner of the land *reaps where he did not sow* was common. The tenant works to earn his share. The owner earns his by owning. Adam Smith believed it to be the natural order of things when the Dukes owned the land and leased it to the Farmers who employed the laborers. The Duke received most of the income while the laborer did all the work. It wasn't long before this *order* was established in America with the bank or the Corporation taking the place of the Duke.

The depression in American agriculture in the 1920s pushed farm people into the cities. Where they were caught by the depression of the 1930s. During the Great Depression, many tried to escape from the bread lines and the high rents in the city and go back to the farm. Organizations like the Catholic Worker launched a **back to the land** movement which encouraged people to establish *communities* in rural areas. The National Catholic Rural Life Conference sponsored a back-to-the-farm movement which gave people 10 acres on easy terms. It was subsistence farming, not market farming, but it gave people a place to live and the chance to raise a lot of what they ate.

World War II put an end to most of these experiments. The men wound up in the military and the women wound up working in the war factories. 10 acres appealed to people standing in soup lines in the city. But scratching a living out of a subsistence homestead lost its appeal when the war time economy started booming. They lacked the morality which would have encouraged them to refuse military service and to reject the pursuit of the high wages offered by the tank factories. They lacked the theological perspective whereby they might have remained faithful to a Christian community. The Whole State theology of the Worldly Church teaches us to accept the nation as the central focus of society. And there is no understanding that Christians have to avoid the temptations of boom times and the appetite for luxurious living.

The Hebrews who escaped from slavery in Egypt were not all that happy with their new freedom in the desert and especially they were not satisfied with manna from heaven. They *sighed for the flesh pots of Egypt*. It is hard for people to accept a simple life unless they have been taught to believe in it. They can't be content with a home and a livelihood which would be the envy of much of the world. A dream

of wealth pushed them to gamble away what they had. The kids want to go to town and buy candy. Ma wants to go shopping. The old man wants to visit the tavern.

*Three generations from shirt sleeves to shirt sleeves* describes the pattern whereby grandpa's success encouraged his son to buy a new Ford and a house in town while raising grain for a market boomed by the war. When boom led to bust, the grandson wound up back on the farm with a mortgage to pay off. There is something similar in the way that so many homes have been lost because people used them to raise money via *equity loans* and then got stuck with mortgage payments they could not afford. Instead of putting the priority upon securing a home, and recognizing that the runaway inflation was being driven by speculators, they used its inflated value to cash in. Then they got cashed in.

People can never be content with enough unless they have a solid spiritual foundation which insulates them from these restless material aspirations. Leaving the spiritual life unexplored and neglected pushes us into that endless trip into the wonderful world of material things.

You have to resist the urge to *keep up with the Joneses* and the mandate to stay abreast of the latest technology. Technology is a wonderful servant but a terrible master. Do you control it? Or does it control you? Does it make our work easier? Or put us out of work? For millions of people, new technology controlled by the corporations for the benefit of the stockholders has meant the end of their employment. The process was controlled by the people with the money, not the people who were doing the work.

There is something to be said for *efficiency* which makes things cheaper. But, more often than not, the main effect is to make the rich even richer.

#### 25 families . . . one family

A story in the paper describes how one family farms 8900 acres which used to be home to 25 families. The population of the nearby town is half what it was 40 years ago. Is this more *efficient*? Of course it is more efficient in producing those grain surpluses which governments have to keep off the market to keep the price up. But it is 1/25th as efficient at providing a place to live and a livelihood for families. Who now must live in the city and compete for jobs with the government or jobs with the *downsizing* corporations.

A major cause and symptom of the collapse of the old Roman Empire was the ruin of agriculture and the forcing of country people into the large cities where they became dependent upon government welfare--upon *bread and circuses*. The *concentration of a pauper population in the towns*, was accompanied by *the denudation and desolation of the country districts*.

The farmer began by using machinery which displaced the farm laborer. He ended by being displaced himself. The horse was replaced by the tractor. The tractor has been replaced by a giant combine that can harvest 1000 acres in a day. Meanwhile, the farmer and his family have been replaced by a giant corporation. It is owned by distant stockholders who never did a day's work on a farm. The *sovereign wealth funds* of Russia and China and Saudi Arabia are invested in American agriculture via stock in these agribusiness corporations. A major goal of the Bolshevik revolution was to entirely displace small farmers with giant farm factories. Which is what is being done here in America by the runaway power of money. All the people who once lived and worked on those farms are gone, pushed out to crowd into gigantic cities.

Not so long ago, horses still shared our labors and our lives on those farms and ranches where our grandparents lived. They were friends. Now we spend our lives estranged from horses and living in

exile from those quiet country places which were not paradise but a lot better than these giant cities with bad air where you line up for government welfare benefits or join the fierce competition for a dwindling number of job opportunities.

The small towns of America are deserted and dying. The old ranch society is gone and the community dance hall is boarded up. Governor Bradford lamented the disappearance of the original Plymouth community. It has happened again and for the same basic reasons. [ See the Governor Bradford essay ] Because we are easily seduced by the lure of big wages in boom times, in war times, we leave behind something that money can't buy. When we don't really believe in a life beyond this one, we are determined to make the best of this one. Which means lots of money and lots of things--an endless shopping trip. Insecurity drives greed. When you have no real *community* and no family you can rely upon, you seek **security** in a pile of those certificates to which *In God We Trust* was belatedly added.

Around the world, corrupt economic forces relentlessly push people out of the country and into enormous cities clogged by traffic and plagued by every kind of crime. Much of what made the old cities good places to live has been destroyed by the tidal wave of money belonging to speculators and profiteers. Mideast oil billionaires and Russian and Chinese Communist Capitalists speculate in American real estate.

The speculators fleeing the stock market drive up the price of farm land far beyond what it is worth as crop producing land, just as they drove up the price of houses far beyond what they were worth as homes where people could live. There are a dozen *middle men* who somehow insert themselves into the exchange between someone selling a home and someone trying to buy one.

The *suitcase farmers* who cared about money and who did not care about the land had a major role in ruining the land and turning the great American prairie into the *dust bowl* of the 1930s. Speculators and money farmers destroyed farm land. Absentee owners neglected the land and tenants had not the means or the motive to take care of it. By the 1930s a large part of American farm land had been eroded to where it could produce little or nothing. If your farm is your permanent home, you care about it and take care of it. But if the enterprise is driven by the need to **Make Money and Move On** the land gets sacrificed.

They turned a great blessing into a curse because of loving money more than they loved the land. There was a large class of men who had no interest in a farm home where they could raise a family. They had no spiritual center except money. Speculators who did not know the difference between summer and winter wheat drove up the price of farm land while other speculators drove down the price of wheat. Even if you were a very good farmer, your crop was devoured by that vast tribe of middle men who are a worse plague than the locusts.

### The Jefferson model

Thomas Jefferson had a vision of America as a nation of independent farmers. Meanwhile, his family lived on a 10,000 acre estate worked by 200 slaves. If the Jefferson model had prevailed and spread over the 2.25 billion acres of the American mainland, America would now have 225,000 white families living on estates worked by 45 million negro slaves. The Jefferson model did not prevail but the spirit of *get all you can, any way you can get it* did prevail.

Like the great estates of the founding fathers, a lot of farming gets pushed into raising *cash crops* like tobacco and cotton for a distant market. The model of a small farm which raised food to feed the family that lived there had to compete with the inflated price of farm land pegged at the price of what it could produce by way of a cash crop. Now speculators fleeing a collapsed stock market or a devastated real

estate market push the price of farm land far beyond it's value even as a production unit of the world market.

People have to have strict principles to protect themselves from those with no spiritual values who are animated by the love of money. Paul tells us to have no communion with such people **don't eat with extortioners**. That advice is still relevant. But that love of money tends to get into all of us, unless we are vigilant to keep it out.

It makes sense for people to try and move back to farms and ranches and back to small towns, despite the difficulty. A good house in a small town in Kansas or Wyoming sells for a tenth of what that same house would sell for in a big city. Of course the challenge is how to make a living in such places. Farming which depends upon national and international markets puts you in competition with Archer, Daniels and Midland. But most of the existing communal groups have found other things they can produce and sell to make ends meet. The old Shakers produced quality craftsmanship which is still cherished.

Christian communal groups like the Amish and the Hutterites have persisted because they did believe in keeping apart from *the world*. They might be criticized for withdrawing too much from *the world*, for not challenging the evil of the world, for making an implicit deal with the world: *we'll leave you alone if you leave us alone*. The Amish are more of a tourist attraction than a serious challenge to the evil of the world around them. But they are at least a kind of museum of Christian Community and they illustrate the possibility of escaping from the ruined economies and the bad air of our gigantic cities into which millions have now moved leaving the rural areas and the small towns deserted.

Jumping into a communal experiment requires that you *look before you leap*. But the hazards of trying to survive in the big city are arguably as bad. There are communities which have grown up in the inner city. People plant gardens on the vacant lots. There is a *new frontier* in the abandoned inner cities.

### A Nation of Immigrants

America has been rightly described as *a nation of immigrants*. *Immigrants* began arriving in America in 1607 and there was a river of immigration, interrupted by wars and other events, until it was shut down to a trickle by laws passed in 1921 and 1924. Between 1820 and 1930 some 38 million immigrants arrived in America, although a substantial number of them went back to where they came from after they found their fortunes in America or failed to find them. Contra the myth, not everyone who came to America got rich.

Some of these immigrants took up free farms under the Homestead Act, but most of them wound up in the cities working for the rapidly expanding industries of America. The owners of industry wanted all the cheap labor they could get and the wages of those already here were constantly undercut by new waves of half starved immigrants willing to work for less. That is one of the things that drove the later restrictions on immigration.

In 1883 Emma Lazarus wrote a poem which celebrated the **Statue of Liberty** then being built in New York Harbor as symbolizing America's open door policy to immigration:

#### *The New Colossus* by Emma Lazarus

*Not like the brazen giant of Greek fame  
With conquering limbs astride from land to land;  
Here at our sea-washed, sunset gates shall stand*

*A mighty woman with a torch, whose flame  
Is the imprisoned lightning, and her name  
Mother of Exiles. From her beacon-hand  
Glows world-wide welcome; her mild eyes command  
The air-bridged harbor that twin cities frame*

*"Keep, ancient lands, your storied pomp !" cries she  
With silent lips. "Give me your tired, your poor,  
Your huddled masses yearning to breathe free,  
The wretched refuse of your teeming shore.  
Send these, the homeless, tempest-tost to me.  
I lift my lamp beside the golden door !"*

In fact, the Statue of Liberty had nothing to do with welcoming immigrants. When it was dedicated in 1886 no one said anything about *welcoming the huddled masses yearning to breathe free*. A plaque with the Emma Lazarus poem on it was not installed in the Statue until 1903--without any ceremony. The Statue of *Liberty Enlightening the World* actually represents Isis the Egyptian Sun Goddess and it was a gift from the Freemasons of France to the Freemasons of America to commemorate the twin revolutions in 18th century France and America which overthrew the old social order and introduced the *new world order* which has been with us in one guise or another ever since. The *liberty* represented by Isis includes especially the sexual liberty which was the half concealed agenda of the 18th century Freemasons. Now it has become the norm in modern America and modern France--*free love* is out in the open. The *bath* houses are in business and the abortion mills are rolling.

Emma Lazarus had served on a committee which assisted Jewish refugees from Russia who came here in large numbers after the Czar Alexander was assassinated in 1881 by left wing radicals including some from Jewish backgrounds. The Jews of Russia were indiscriminately attacked and persecuted as a result even though most of them had nothing to do with it. Just as we blame the Moslems in general for acts of terrorism by radical Moslems.

### Your Invitation Has Been Canceled

By the time she wrote her poem, immigration to America had already been curtailed by the Chinese Exclusion Act of 1882. Which was pushed primarily by organized labor. Samuel Gompers of the American Federation of Labor had once been fired from a cigar factory along with everyone else after Chinese workers had been brought in to take their jobs. When the Irish gold seekers participating in the 1849 California gold rush declined the low wages and dangerous conditions of working on the new railroad through the Sierras, the railroad owners brought in Chinese workers who were happy to escape from the violent chaos in China.

The restrictive laws which were passed in 1917, 1921 and 1924 were especially aimed at immigrants from southern and eastern Europe, including the Jews of Russia, whose arrival in America Emma Lazarus had celebrated. The case made against the Russian Jews is that they were all anarchists and Communists and socialists. Which wasn't even half true, although there was some truth to the caricature. In the 19th century many European Jews left Judaism behind and a substantial number of them embraced the new *socialist* faith in its various forms.

The severe restrictions on immigration which America had passed in 1924 remained in place thereafter. In 1942 Americans refused to allow the immigration of Jews from Europe who were desperately trying to escape from the Nazi persecution. The *golden door* stayed shut. The policy of Hitler's government

was to push the Jews into exile. It was only after America and Britain blocked the emigration that Hitler launched *the Final Solution*.

Since then Americans have refused refuge to the Vietnamese boat people for whom America was responsible. As well as trying to stop the flow of refugees from Cuba and Haiti. Now the national priority is to somehow reverse the flow of immigrants fleeing the poverty and violence of Mexico. Americans really don't have the right to repeat the claim of *world-wide welcome* which is still found on that plaque inside the Statue of Liberty. It is one of the self deceptions that belong to our national self worship. Honesty requires us to draw a line through it. We took in that **WELCOME** mat a long time ago. We still welcome the well-educated and the affluent, yearning to become more affluent, but the *huddled masses* can go back where they came from. They aren't going to breathe our air if we can help it !

When World War I broke out, the Statue of Liberty was used as a symbol for military recruitment. So **Liberty** meant being conscripted into the army and sent off to France in that war which was supposed to *make the world safe for democracy*. Actually it opened the way for the Bolsheviks and the Nazis to strut their stuff on the world stage and launch another World War which killed 60 million. Meanwhile, 10,000 Americans who had no enthusiasm for the war were arrested under the Patriot Act of 1917. That is how *Freedom* was defined. You are *free* to go to jail if you don't go along with the war.

In the 19th century, the government, at the behest of the corporations, allowed a mass of immigrants to drive down wages. Between 1820 and 1860 more than 5 million Europeans migrated to the United States. Three million came between 1865 and 1873 when the economy crashed and put 3 million out of work. In New York City 5000 businesses went out of business. By 1874 New York City had 100,000 unemployed out of a population of one million. "Thousands were evicted from their homes, and over the winter more than 90,000 citizens were lodged at one time or another in the city's police stations. *Hundreds wander, homeless, in this great city through the winter storm . . . in the midst of plenty they starve.* ( CC 161 ) This depression lasted most of the 1870s. Another depression came in 1893. There was a post World War I recession which led to 4 million unemployed in 1921, nine years before the Great Depression hit. It hit the farmers hard and pushed them into the cities just in time for the Depression.

There is a Real Question as to how many of the world's poor people can or should be accommodated in an America which already has a very large population of poor people for whom the American Dream has been long deferred. A major reason for the shutting down of immigration was the growing power of American workers whose wages were undercut by a constant influx of immigrants happy to work for anything they could get. We have now solved that problem--the *Capitalists* have solved it--by shipping the factories to where the cheap labor can be found. The Chinese are still excluded but they get the jobs anyway.

#### THE DOWNSIZING OF AMERICA

The question they ask in the election is: *are you better off now than you were four years ago* ? Which is a short sighted perspective. A better question is whether the American economy provides as much opportunity as it did 50 years ago. And the answer is that it does not. America has lost 50 million **family wage** jobs in that time because of corporations *downsizing* and *outsourcing*. The jobs that have replaced them are subsistence wage jobs in fast food restaurants. Servant wage jobs which allow a single person to get by, so long as you make no attempt to raise a family. We have built an anti family economy.

The steady disappearance of American manufacturing has put millions of men out of work. Men are disproportionately unemployed in the current recession. Women hold most of the jobs in many sectors of the economy, especially the large government bureaucracies. Which leads to stay at home dads at best. More often, it leads to families without fathers and women with no children.

There really is no great mystery about what has happened to American jobs. Both political parties have gone along with a policy of *global free trade* which has destroyed American jobs. The American people have gone along with it because of their short sighted pursuit of entry into the privileged class.

In 1962, when Congress and the Kennedy Administration passed the Trade Expansion Act, Glenn Cunningham, a Republican congressman from Nebraska said: *I am convinced that we can never compete favorably with foreign countries, even when all trade and tariff barriers are removed. The cheap labor used in foreign plants means that their products can be shipped here and sold at less cost than comparable American-made products. Whenever this happens, thousands and perhaps millions of workers will be laid off and become unemployed.* That is just what happened. Whether or not this gentleman was a prophet, he nailed it. And for the obvious reason that American workers who expect to be paid \$ 5 an hour or \$ 10 an hour or even \$ 20 an hour can simply not compete in the same market with those impoverished millions all over the world who jump at the chance to work for \$ 1 an hour or less.

Ross Perot warned of what NAFTA would do--*giant sucking sound* of American jobs going to central America--but both major party candidates continued to support NAFTA, the North American Free Trade Agreement, which has in fact led to thousands of jobs being moved to factories in central America at the expense of U.S. workers. This is supposedly a *free market--capital* flows freely across the border, **cheap shirts** flow back, while **labor** has to swim the Rio Grande or walk through the desert at night and climb a high fence.

Can all those American workers displaced by *downsizing*, *outsourcing*, and *automation* move up to salaried positions in the privileged class via investing \$ 100,000 in a college education ? That is the Big Illusion and the propaganda lie that has distracted Americans from realizing that the American Economy has been pulled out from under them while they were distracted by the *American Dream*. From which they will have a rude awakening. GATT and NAFTA have accelerated the policy of shipping American jobs out of America.

#### American Illusions

Why has there been so little resistance to this *Downsizing of America* ? One reason is that more than half of Americans are invested in the stock market either directly or indirectly through 401ks or IRAs or pension funds etc. When General Electric laid off 272,000 workers the value of its stock soared. While some Americans were losing their jobs, many other Americans saw the value of their investments increase. The Texas school teachers pension fund--\$ 100 billion or so--is invested in the stock market and they expect to get 8 percent on their money. Or at least they need that kind of a return to meet their obligations. Same is true of *Calpers* the California public employees retirement fund. The same is true of these other pension funds.

The unions which sometimes offered a half-hearted resistance to the mass lay offs, were preoccupied with preserving the wages and benefits of senior union members. It was not hard to persuade them to sell out, not just workers in general but even the junior members of their own unions. Runaway automation continues to replace bank tellers with ATMs and grocery store clerks with self scanners. The labor unions carry out a rear guard action which protects senior workers by sacrificing the new hires.

American consumers have benefited from the low prices for electronic goods imported from Asia. And prefer the cars made in Germany or Japan to the cars made in Detroit which were made as cheaply as possible to compensate for the extreme wages and benefits the auto makers had to pay to the United Auto Workers. A similar thing happened to the American Steel Industry which priced itself out of existence after the big American wars ended and the military contracts upon which it depended came to an end. Should we care about our fellow American workers ? How much did they care about us when they pursued these rip off contracts ?

The basic characteristic of early Christian society is that they really did care about one another. The basic characteristic of American society, as of every secular society, is that Americans do not care about other Americans--not if there is money to be made by selling them out. When you stick a pin in the hot air balloon of patriotic rhetoric, that is the reality which appears. Millions of Americans continue to pursue wealth without work while millions of other Americans sink deeper into the poverty which results. Americans invoke verbal blessings upon other Americans in the way that James 2.15-16 describes, but it is only words.

The basic reason there has been so little resistance to the wholesale erosion of American jobs is that *Faith in the American Dream* which is the grand illusion of so many. When you expect to become a rock star or have a career in the NBA, or at least find a comfortable position in the privileged class via a college education, you are not likely to become alarmed when Hanes and Fruit of the Loom move all the underwear manufacturing jobs from places like Mississippi to places like Vietnam.

No one will admit that his American dream is a \$ 12 an hour job in an underwear factory. And it makes perfect sense to the underwear manufacturers to move their factories to places where people are glad to get \$ 1 an hour. Their stock holders applaud as well. And the number of Americans who own stock outnumbers those who worked in these factories. We have now reached the point where the entire American garment industry has been shipped overseas. So now we can all be lawyers and doctors or other high salaried professionals, or get a job with the government. Some of us can, anyway. The other 250 million can get food stamps and section 8 housing and shop at the Good Will. Where there are racks full of clothes made in Asia or Central America.

Aside from all the people who are willing to take our underwear manufacturing jobs for \$ 1 an hour, there are a large number of highly educated people in places like India who are qualified for those high tech jobs and who will do them for a third of what a college educated American expects to get.

I am not arguing that America can insulate its prosperity from the poverty of the rest of the world. It is obviously too late for that. But that means we have to deal with the fact of the terrible poverty of the rest of the world which relentlessly undermines our prosperity. We have to deal with the poverty in Mexico which drives so many millions to come here in a desperate quest for survival, while the flashing red light on the Statue of Liberty says **GO HOME !**

Supposedly the prosperity of our *free enterprise system* was going to be shared with the rest of the world. The opposite has happened. What we actually exported was a system of **legalized looting** which enriches the corrupt governing classes at the expense of the rest of the people who languish in the most wretched poverty. As in Mexico, where all the wealth has been stolen by the *revolutionary* ruling party.

#### Subsidizing the World

American prosperity has steadily eroded while American manufacturing has been shut down and shipped abroad. A major reason for that is the global imperial view of those at the apex of the federal government, who have to maintain that world dominance which otherwise depends upon 800 air bases

and naval bases and army bases in 39 countries all over the world. It is cheaper to subsidize foreign armies than to ship one over seas. And even cheaper to allow *most favored nation* trade deals. It makes sense, from the imperial point of view, to distribute billions of American dollars in military subsidies to half the nations on the planet. Waning empires prefer bribery to war. It is cheaper and a lot less trouble. The Egyptian army gets a billion a year in return for keeping the peace with Israel. Mubarak accumulated a couple of billion while he was President. Who knows how many billions Israel has received. And all those other nations are client states also. And everywhere there is corruption.

International aid has been defined as *the process by which poor people in rich countries give money to rich people in poor countries*. In 1981 Prime Minister Begin of Israel asked angrily *Are we a vassal state of yours ? Are we a banana republic ?* The answer to that is **yes**. Between 1966 and 1991 Israel received more than \$ 75 billion in American aid.

From the perspective of the imperial White House, sacrificing the lives of soldiers to maintain America's position in the world is acceptable. So neither do they balk at policies which lead to thousands of laid off workers in America. The extension of *most favored nation* status to China may put a lot of Americans out of work and cost America a lot of money, but it is arguably cheaper than doubling the military establishment in that part of the world to meet the threat of a hostile China.

Along with subsidies to the military, America is committed to allowing all these client states to sell whatever they have to sell in the U.S. In effect the federal government subsidizes and encourages all that so-called *free trade* which tips the balance of trade away from America. Germany and Japan, Taiwan and Korea are all in effect client states of the American Empire. As are the nations of Latin America. The American Government has *dependents* all over the world. And can't really take care of them all without neglecting its home populace.

Iraq and Afghanistan have absorbed billions of American dollars. And exhibit that wholesale corruption which invariably accompanies such largesse. Pakistan gets more billions for supposedly helping us, even while they seem to be helping the other side with our money. Like a gal that takes your money and gives it to another man. America was the landlord of the Philippines for 50 years. And left behind one of the most thoroughly corrupt nations you could find any where. As aptly symbolized by the 20,000 pairs of shoes that Imelda Marcos left behind when she and her husband took their billions and got out of there, headed for a luxurious exile. Meanwhile, a large part of the population lives out at the dump.

The money paid to Egypt goes to the Egyptian army which is corrupted by it--although it was already corrupt. The billions given to Pakistan go to the army of course. And the generals transfer the money to *off shore* bank accounts. The same story is repeated in other places. Wherever *the Marines have landed* they have left behind nations ruled by wealthy and corrupt establishments while most of the people remain mired in poverty and ready to join drug dealing organizations or terrorist groups. How else can they get any respect or any money ?

#### epidemic corruption

There is in fact an international economic system which can correctly be called **legalized looting**. The **rip off** system of economy and government. Calling it *corruption* is misleading because it implies that wholesomeness and integrity is the norm. In fact, corruption is the norm. It isn't just that *the system is corrupt*, rather, corruption is the system, **CORRUPTION** defines the system.

A 2005 book by Ronald W. Baker, *Capitalism's Achilles Heel Dirty Money and How to Renew the Free-Market System*, documents the whole sale corruption which has impoverished all of Africa, Asia and South America. Mr. Baker went to Nigeria in the 1960s and started a business there immediately

after he graduated from the Harvard Business School. And encountered that system of bribery and corruption which has engulfed the whole of Africa in the wake of *liberation*. Corrupt governing groups deal drugs, steal mineral wealth and then launder the money through the international banking system. They steal the money loaned by the World Bank and the International Monetary Fund, stash it in Swiss bank accounts or the Cayman Islands and leave the wretched people of the country owing the money.

Mr. Baker still believes in *Capitalism*. He did anyway when he first went to Nigeria as a dewy-eyed graduate of Harvard Business School. In fact he still has a somewhat naive faith in it. It seems to be all he has by way of a religion. At the end of the book he argues that Adam Smith envisioned *Capitalism* as a **moral** system but that it was corrupted by the *utilitarianism* of Jeremy Bentham. And he believes it can be Reformed. Somehow.

Whatever that argument is worth, Baker admits that the international *capitalist system* has been entirely corrupted and produced a terrible poverty all over the world. He documents how much **dirty money** from looted mineral wealth, businesses which rely upon the bribery of corrupt officials and drug cartels is routinely **laundered** by American and European banks and stashed in secret off shore accounts. And he shows how much poverty and misery has engulfed the looted countries of Africa, Asia and Latin America as a consequence.

That is the value of his book. He went to the trouble to research the corruption found in some 60 countries all over the world and the ways by which money from it is laundered by western banks along with the money from drug cartels. Trillions of dollars from sovereign wealth funds, oil revenues, public pension funds, officials who loot the treasury and drug cartels etc. find their way into investment funds where stolen paper wealth can be converted into gold.

The basic characteristic of economies and governments all over the world is wholesale corruption. The **Transparency International** web site has Global Corruption Reports documenting the billions which have been pocketed by the governing parties of Nigeria, Angola, Kenya, Pakistan, Gabon, Zimbabwe, Ivory Coast, Congo. With the help of Western banks and corporations. *I came, I saw, I looted* is the motto of international free market capitalism.

Nigeria, where Mr. Baker tried to do business, ranks as one of the most corrupt countries in the world. But the whole of Africa has descended into desperate poverty and violent chaos because of the looting of the elites who are assisted by Western corporations and banks. A BBC 10-23-12 story about Nigeria describes the *daily theft* of 180,000 barrels of oil. They can't figure out how the thieves are getting away with it. Inspector Clouseau is on the job with a dolphin trained to track the oil tankers. Well, it would be funny if the terrible poverty of the people of Nigeria were funny.

#### the poverty of Africa

The hopeless poverty and rampant violent crime which now afflicts **South Africa** is as bad as anything they suffered under *apartheid*. It is worse really, because the rest of the world has lost interest in their plight. They have fallen out of fashion now that it is blacks mistreating blacks. African **Liberation** is supposed to have ended the miseries of Africa instead of making them worse. So their situation no longer fits western ideologies. Bishop Tutu has moved on to *global warming* as his main cause. As elsewhere, a corrupt governing party lives in luxury while most of the people don't have clean water or electricity or safety or enough food.

Nairobi, **Kenya** features *Kibera--the largest slum in Africa*, where children trade sex for food. Kibera now has one nurse to serve the population. They don't even have clean drinking water. Meanwhile,

Members of Parliament are paid 9300 pounds a month. Hundreds of millions in British foreign aid has been stolen.

It was the backing of the American CIA that allowed Joseph Mobutu to hang on to power in the **Congo**. He and his supporters went on to steal \$ 5 billion. And plunged the Congo into endless civil wars which have killed 5 million and caused 5 million rapes. There seems to be no country in Africa which does not have 1. a wholly corrupt governing party 2. a mass of poor people 3. who are often the victims of criminal and military violence directly connected to the looting.

As Baker shows, this relentless looting is facilitated by Western corporations and by the policies of the World Bank and the International Monetary Fund, which persist in making loans to notoriously corrupt governments. The money gets stolen and those who never received it are liable for it. The British bank HSBC has agreed to pay a \$ 1.9 billion fine for laundering money for drug cartels like the Sinaloa Cartel of Mexico. For years this bank has been laundering money for one of the cartels which is responsible for the violence in Mexico which, along with the poverty, drives the Mexicans to escape any way they can. The Mexican bail out back in 1995 cost the U.S. \$ 50 billion. It was the international corporations who were saved, not the poor people of Mexico. The opening of a giant new oil field in Mexico in the 1970s was supposed to alleviate the poverty of Mexico. It did the opposite. All the money went into the pockets of the governing party and their supporters.

America cannot insulate its prosperity from the poverty of the rest of the world. Historically, the U.S. has had a major share of the responsibility for the poverty of Mexico. And will never stop the flow of desperately poor migrants coming north until it finds a way to address poverty in Mexico. Of course that was the false promise of NAFTA. All they need is so-called *free market capitalism*. The American Coast Guard turns back those who try to escape from Haiti. The relentless and hopeless poverty of Haiti is the result of perennially corrupt government.

The entrenched corruption of Spain and Italy and Greece is the major reason for the collapse of those economies, which offer no future for the young people of those countries. The usual partnership of unscrupulous corporations and larcenous politicians has systematically diverted the wealth of the country. See the New York Times of Feb 16 2013 A4 **In Spain, Graft Inquiry is Widening** re: *traditions of institutionalized graft exposed by the downturn in Europe's economy*.

But it isn't just the people at the top who are dishonest. Dishonesty pervades the population. Dishonesty has long since reached epidemic proportions in most of the world's economy. Anyone who tries to stay honest is surrounded by those who will take advantage. *Everybody does it* is the universal motto.

### Communist and Capitalist Corruption

Russia under the Czars had a large and corrupt bureaucracy and military establishment. Under the Communists, the bureaucracy grew larger and more corrupt. Now that the Communists no longer run things, old fashioned Capitalist Corruption has re-emerged. The arguments about *systems* are irrelevant when there is a universal *system* of looting which persists regardless of prevailing ideology.

The primary feature of Communist China has been a large corrupt bureaucracy, facilitated by totalitarian control and the absence of an independent press. Now that *capitalism* has returned, the old restrictions have been thrown off and the corruption has been multiplied. An article in the New York Times for October 26th 2012 shows how Prime Minister Wen Jiabao and his family have made billions via *free enterprises* facilitated by government connections. Although he has done it under protest as it were--*In the winter of 2007, just before he began his second term as prime minister, Wen Jiabao called for new*

*measures to fight corruption, particularly among high-ranking officials.* Which will leave more for himself and his relatives.

In America we have less corruption because we have more lawyers. The corporation lawyers and lobbyists go to Washington, sit down with the Congressmen and work out deals which make that legal which before was not legal. If it is even half way legal, the corporations can take it from there. They expect to be in court suing and being sued and they have legal establishments already set up to take care of it.

#### American cities

There is more scrutiny of the corruption in America because of an independent press. The *muckrakers* of the 19th century exposed the graft of New York and Chicago and other American cities where political establishments systematically looted the public treasury in what was accurately described as a *spoils system*. Tammany Hall and Boss Tweed. But as soon as the media spotlight is switched off, the mice come out again. In the late 1980s, during the third term of Mayor Ed Koch, a whole series of trials showed how corruption pervades various departments. City workers have long since mastered the art of ripping off the taxpayers by exploiting the vices of the politicians.

Even when the Mayor does not personally enrich himself, which was true of Mayor Daley in Chicago and Ed Koch in New York, corruption pervades the municipal bureaucracies he supposedly supervises. The legendary stories like that of Huey Long in Louisiana distract us from the less flamboyant and routine corruption of our cities.

When I was in New York in the 1970s the garbage men would head for the dump with half a load and call it a day. The social workers would sit upstairs reading the Racing Form while their clients waited in long lines. The police officers would report for duty and then park some place and take a nap. The city clerical staff would come late, leave early and take two hours for lunch.

Americans are not all that shocked and indignant when they read of municipal corruption. The reaction of the average person is 1. mild indignation 2. a shrug--*I'd probably do the same if I got the chance* 3. a question: *how can I get in on it ?* That is why the spirit of *easy money* and the *rip off* shows up at every level of the American economy. Auto mechanics and plumbers, roofers and repair men are only as honest as they are made to be. If Diogenes went looking for an honest workman his lantern would run out of kerosene before he found one. Under the new health care system, doctors have become as larcenous as lawyers. At the higher levels of the bureaucracy, where there isn't the same self-interested scrutiny, the rip off is destroying the system. The runaway cost of health care and health insurance is the result of fraud and rip offs at every level. Billions are being stolen from Medicare and it is on the way to bankruptcy.

#### the doctrine of 99 per cent righteous

We are indebted to the late *Occupy Wall Street* movement for a definition of what is wrong with the U.S. economy. Even if it is the wrong definition, it helps to bring into focus the question as to who or what is to blame for the half collapsed economy.

That definition says in effect that the one per cent richest are to blame while the other 99 per cent of us are not to blame--we are the victims. 1 per cent of us are rich but not righteous. The remaining 99 per cent of us are righteous because we don't belong to the 1 per cent.

Suppose that you are beat up by the *gang of 9* on your way home. You have a just claim to be a martyr. But suppose that your group of nine is beat up by the *gang of 1* on your way home from school. Wouldn't you be embarrassed to mention it ?

If 99 per cent of the population have allowed themselves to be mugged by the wealthiest 1 per cent of the population, what can anybody do about it ? If they did it once, they'll do it twice ! We're Doomed !

On the other hand, if the 99 per cent of us who are righteous but not rich can arrive at a show down with the 1 per cent who are rich but not righteous, why can't we make them share the wealth ? We hardly need to vote-- Resolved: that Oprah Winfrey, Tiger Woods and Lebron James should divvy up with the rest of us . . . *motion carried by acclamation !* Instead of occupying the park, we will camp out on Oprah's estate until she brings us all barbecue. Then move on to the next estate.

Since the 99 per cent could easily pass a total tax on the 1 per cent and then live happily ever after, an explanation is wanting as to why we haven't already done it. The most recent tax increase on the top 2 per cent seems to imply that only 98 per cent of us are righteous.

In fact the list of those who are to blame for our broken down economy should include a much larger percentage. Those who make a living by honest work in America are not 99 per cent of the population. More like 9 per cent. Those who participate in parasite practices and the **rip off** make up the other 91 per cent.

#### Jeremiah's Theory

In the past 150 years Wall Street has worked out 1001 ways to cheat and they still come up with something new every week. But everybody and his brother wants a piece of the action if he can get it. Most Americans are *invested* in the stock market directly or indirectly. They all share the Wall Street faith of wealth without work via so-called *investing*. Jeremiah 6.13 says *For from the least to the greatest of them, every one is greedy for unjust gain.* That accurately describes our society and largely explains the major cause of the recent financial crash.

We are still stuck with the simple minded Marxist dictum that society is divided into two classes, one of which exploits the other. In fact there are more like 20 classes in society. All of which pursue their interest as best they can by seeking favors from the government. And as individuals, we all rip off the best we can. The 65 per cent on the top rip off the 35 per cent on the bottom. Who rip them off when they get the chance. We have reached the point where everyone gets a government check. Some checks are larger than others, that's the difference. And the day is coming when the checks will bounce.

It is true that people with a lot of money take advantage of those with less money. It is also true that those with less money take advantage of those with more when they get the chance. At street level, the fellows with no money will rob or steal from whomever. Those who are poor prey upon other poor people as readily as they prey upon those who have more than they do. Those at the bottom are as predatory as those at the top, or more so--they have to be. It is just that their opportunities to rip off their fellows produce less revenue.

Except in the comics, it isn't the billionaire who steals the cans of the can collector. A rival can collector does that. The billionaire pursues bigger prey. Or spends it on philanthropy. When there is nothing left you want to buy, you can still buy **respect**.

Adam Smith says that *Civil government, so far as it is instituted for the security of property, is in reality instituted for the defence of the rich against the poor, or of those who have some property*

*against those who have none at all.* [ WN 674 ] The rich have always defended themselves from revolution by buying off those who seriously threaten their position. Most people have *some property* to protect. And have no confidence that they could expropriate the property of *the rich* without the risk of having their own property expropriated. Adam Smith was bought off by the Duke with a life time pension and an *easy money* sinecure in the government bureaucracy.

In Adam Smith's time there were only 3000 voters in England. The franchise was limited to white men with a lot of property. In America, everyone gets to vote. In Chicago, even the ghosts get to vote. Which means that the welfare state will inevitably expand beyond the *Merchants and Manufacturers* of Adam Smith's day who *extorted* protections and subsidies from Parliament. But why be indignant when the masses do what the Merchants do ? The result is smaller checks but a lot more of them. Wars lead to pay offs for soldiers who survive. The class of *those who have some property* has become a very large category in America. Most of the population. The expectation that the Middle Class is ready to join the revolution is silly.

#### a rip off society

We live in a rip off society. A society which is structured to facilitate the rip off. The rip off gets built into business practices. It defines the housing market. It gets written into union contracts and out of court settlements. Federal, State and City governments operate on what is basically bribery even though it isn't called that. It ceases to be *bribery* when it becomes standard politics.

The **Occupy Wall Street** movement camped out in city park to push the millionaires to agree to disgorge their ill-gotten gains. They didn't realize that millionaires don't hang out in city parks and were therefore free from any pressure to disgorge. The media propped it up as best they could but it succumbed to natural causes like inept rabble rousing and silly ideology.

They failed to recognize that the unions are part of the rip off, not the alternative to it. What is really wanted is a way to pressure the 91 per cent to somehow give up the *rip off* and the *easy money*. Which is not likely to happen. But there is a small percentage of society which could find the way to an honest economy when they understand what they are up against.

What's wrong with the American economy is Americans--it's us. It's what we do and what we don't do. We don't do honest and useful work. Instead we get hold of positions, safe sinecures in the bureaucracy. We make money off money--we try to do it and go broke trying. We are all like the farmer going into the tavern and losing his crop money at the poker table. *You can't cheat an honest man.* We get cheated by trying to cheat others.

A society in which people insisted upon doing an honest day's work at a useful trade in return for fair wages would be a revolutionary society. Which is why those who are serious about having an honest economy have to build one. Not *from scratch* because there are honest workers and honest businesses which provide some foundation. But there has to be as much *independence* as possible from most of the hopelessly corrupt establishment we now have. cf. *in the world but NOT OF IT.*

#### the lottery economy

Can anyone succeed in America ? Yes ! And we have numerous stories which illustrate that proposition. Parallel Question: Can anyone win the lottery ? Yes ! And we have numerous stories which illustrate that proposition. The follow up question is: can everyone succeed in America ? The parallel follow up question is: can **everyone** win the lottery ? And the answer is no. For everyone who

wins a million there have to be about two million who lose a dollar, because half the money stays with the sponsor of the lottery.

The question about America is harder to answer, because it is a more complex sort of lottery. It isn't just luck. There is a lot of room for using influence etc. And it isn't just a *zero sum* game like the poker table. But the obvious fact is this: the more people there are who get rich without working, the more people there will be whose wages are in effect substantially reduced. It is a kind of poker table economy in which those who win do so at the expense of those who lose.

#### COLLEGE ILLUSIONS

A basic part of the false faith in the American Economy is that we can all get ahead via college. We can all become members of the affluent society via 6 years of college while embracing *free trade* with a world in which millions of people are eager to work for a third of what we expect to get. This is the current version of *The American Dream*. It is the false faith of much of the rest of the world also. We can all join the privileged class by investing a small fortune in getting a college degree. It did halfway work 60 years ago, and it still works for some, but for most it is a **bad investment**.

In Spain and Italy and Greece more than half of the college graduates have no jobs. Have moved back in with their parents. The chance for these young people to start a family has been put on hold indefinitely. They only have enough money for the beer garden. It encourages irresponsibility and that *what the hell* lifestyle which is so conspicuous among modern young people. A lifestyle which absolutely requires contraception and abortion.

Fifty years ago, a college degree was a ticket which admitted you to the privileged class. Now it is more of a lottery ticket. You might get there but the privileged class is steadily shrinking while the competition keeps growing. So you wind up thousands of dollars in debt with no realistic prospect of paying it off any time soon. And the money could have bought a house or launched a business. Getting into the privileged class via a College diploma is part of that American Dream--that big illusion--in which so many Americans, and so many Europeans are now trapped.

Many people are suckered by the deceptive advertising of these for-profit vocational colleges which rely upon government loans. After running into debt, their graduates discover that they are no closer to a job than they were when they started. Having wasted all that time, they now have a debt to pay.

The fact is that we can't all join the privileged class. We can't all be *high salaried professionals* or find a life time sinecure in the government bureaucracy. Those government bureaucracies are also currently *down-sizing*. Putting your faith in this *system* is the equivalent of putting your faith in your lottery ticket. Except that it only takes a week to become disillusioned with the lottery ticket. Years of your life may go by before you are forced to give up your faith in the *system*.

They cite statistics showing how much more you will make in a life time if you have a college degree versus if you don't. But those figures compare apples and onions--compare those who hang out in college dormitories smoking dope and fornicating versus those who hang out on street corners smoking dope and trying to fornicate. If you take the money you would have spent on college and invest it in a farm or a business or a house, you have a much better chance at making a living then if you try to meet the increasingly tough competition of the down-sizing bureaucracies. If you work at making a living for yourself instead of hanging out at one of those *high class flop houses* called *colleges* for 4 years, you have a head start on life.

Young people have been sold the illusion that, despite mass poverty all over the world, we can all find a position in one of the bureaucracies or arrive at wealth with very little labor in the great world of international capitalism.

### College: the road to no where

College has increasingly become a road to no where in the modern economy. In fact it is often a road to ruin. Young people saddled with heavy debt which will take them years to pay, even if they find a job. Increasingly, many of them cannot.

In the 19th century there was a privileged class which went to college at Daddy's expense and which then had easy access to good jobs. There was a brief period in the 20th century when admission to an expanding privileged class was granted to those not born into it via going to college. The modern faith is that we can all get good jobs after going to college at government expense. We can all join the privileged class. It is a false faith which is rapidly eroding. We have to find an alternative--create an alternative economy which is independent of this bankrupt system upon which we are now so dependent.

It is true that you have to work three times as hard to succeed if you give up on finding an easy money sinecure. But, if you are serious about making a success of your life, you are better off quitting that road which has been blocked by a bad accident and a miles long back up. That describes the modern economy.

### Education versus College

College has to do with getting a job credential. It is a great waste of time and money and youth if there is no job waiting. It has no real connection with learning or *education* properly so-called. College mainly produces a lot of *sophmores*--which means *wise fools*--who have the illusion that they are *educated* because they went to college. What they study in college is of no value if it does not provide a usable job credential.

I am all in favor of continuing education and free education for all. Get a library card and take out some books. Read *War and Peace*. Read *The Decline and Fall of the Roman Empire*. Read *A Terrible Glory* by James Donovan, a first rate history of Custer and the battle of the Little Big Horn. Read *Bury the Chains* by Adam Hochschild, a first rate history of the Abolition movement. The endless time-wasting and expensive pursuit of pseudo-learning at college, of job credentials that do not lead to a job, especially when you have to borrow the money to pay for it, is a fool's errand. *Down With College !* and *Down With Borrowing ! Up With Learning !* and *Up with the Library !* should be our slogans. **Borrow books, Not money** will fit on a picket sign.

### THE RIGHT TO LIFE AND PROPERTY

The Declaration of Independence says that every man has the right to *life, liberty and the pursuit of happiness*. The original Virginia version said *life, liberty and property*. A more precise formulation which avoids silly assumptions about how happy people can be working on the railroad for \$ 1 a day, or singing while they slave in the tobacco fields of Mr. Jefferson or General Washington.

The right to property--to *some* property--is a necessary corollary of the right to life. By *property*, I do not mean a 10,000 acre plantation and 200 slaves like Thomas Jefferson had. I mean rather *sufficient stuff*, whether by way of land or *stock* or tools, so that you can make a living without depending upon

the government--joining the army--or having no other option except to work for the Coal Company. cf. *I owe my soul to the Company store.*

Obviously, the right to property has to be **limited**. The limit comes from the fact that other people have the right to life and the right to property. Jefferson's property in slaves violated the rights of those people to their lives. His occupying of a 10,000 acre estate which was the gift of a corrupt legislature to his father, a tract of land that he could not even begin to work himself, is also an obvious violation of the right to property of other men who were landless because of it. The great estates into which much of Virginia was divided were patterned upon the great estates into which most of England was divided, which were also originally grants from the royal government. The Dukes did no work and received most of the revenue. The laborers did the work and received a subsistence wage.

As G.K. Chesterton argued in *THE OUTLINE OF SANITY: One would think, to hear people talk, that the Rothschilds and the Rockefellers were on the side of property. But obviously they are the enemies of property because they are enemies of their own limitations. They do not want their own land; but other people's . . . It is the negation of property that the Duke of Sutherland should have all the farms in one estate; just as it would be the negation of marriage if he had all our wives in one harem.* Chesterton also argued that *what we call Capitalism ought to be called Proletarianism. The point of it is not that some people have capital, but that most people only have wages because they do not have capital.*

#### *Distributism*

Contra *Capitalism* and *Socialism*, Chesterton argued for *Distributism*: we all have a basic right as individuals to the property we need to live. A right which was effectively negated by the Duke who owned half the County or the Texas Cattle King who claimed a million acres and used his hired gunmen to run off the Homesteaders. You had the right to work for him or find another County. Now many of the world's young people are seeking another Country, just as so many have had to do in the past. If you don't have access to the corrupt governing class, you have no future in the Country of your birth. Between 1811 and 1820, the Duke of Sutherland cleared 15,000 tenants off his estates in the Highlands of Scotland to make way for deer forests and grouse moors.

There is no mandate for *equality* in Nature. The mandate for equality in the French Revolution led to chopping off the heads of the aristocrats who had lived in luxury while the peasants starved. No one demands *equality* with the rag picker or the can collector. We want equality with the Duke. The only valid mandate comes from a parent who at least pretends not to play favorites and thereby makes herself liable to the charge of unequal treatment: *Jimmy got to go, why can't I go ?* But when we try that argument on the Senator, he may justly respond: *He gave me a nice fat envelope. What did you give me ?*

But when one man owns half the county and other landless men work as laborers on his estate--if they are lucky--there is a denial of natural justice in this situation. One man owns 100 houses and 100 families pay him rent--or a monthly mortgage payment. How did that come about from a time when each family owned its own tepee or thatched hut or sod house ?

#### limited right

Fidel Castro delivers a 6 hour speech while everyone gathered in the square listens attentively. You better listen since informers are every where and under cover police circulate through the crowd. It is best not to yawn or smirk. Is this a wonderful example of **The Right of Free Speech** ? Obviously, Mr. Castro's excessive assertion of his right of free speech effectively negates the free speech right of everyone else. You have the right to remain silent--to *Shut Up and Listen !*

Ayn Rand insisted upon the absolute and unlimited right to property. And insisted upon the right to abortion as a woman's absolute right. But there is an obvious fallacy in the argument that *a woman has the right to do what she wants with her own body*. Because there are **two bodies** involved in an abortion. Whether or not the embryo child has a soul and whether or not she is a citizen, she has a live **body** which will cease to live when the abortion is finished.

The principle in common law is that your right to swing your arm freely ends where someone else's face begins. My right to do what I want with **my body** is **limited** by the presence of someone else's **body**. I have the right to drive my car down the road. But I don't have the right to run over other people trying to use the road. I have a **limited** right--limited by the rights of others.

The basic premises of Christian society are that *a person is a person no matter how small* and that *everyone has the right to a birthday*. An embryo child is a small person who has the right to a birthday. A society which does not respect that right has abandoned any claim to be a just society.

#### the right to make a living

And, beyond that, the right to life must necessarily include the **right to make a living**. Unless that means the right to a government job or a job with the great corporation it has to mean the right to a **share of the stuff** which God and Nature have provided--some minimum of *land* and *stock* which will allow you to support a family--*40 acres and a mule*. It doesn't just mean the right to a minimum wage job. The right to live implies the right to work at something and the right to have something to work with. Instead of being a wage slave forever dependent upon the government or the corporation.

The right to property is necessarily connected to the right to life. Every new mouth that comes into the world brings with it a pair of hands which can feed that mouth **IF** those hands can get hold of a share of what God put here as His providence for all of us. If you have the right to be here, you have the right to what you need to go on living here. Which means something beyond a packing crate at the edge of the dump and the right to scavenge for your dinner.

#### the right to have a family

Beyond the right to life, there is the right to have a family. Which requires much more than a subsistence wage job or a government welfare check. A man has a right to make a living for his family. A family has a right to a house. We have some obligation to see that they get it, or at least that we are not the cause of them losing it.

It isn't so much that we have an obligation in charity to provide a family with a house, but we do have an obligation in justice to avoid depriving them of their house. Which is just what these complex wealth pursuing systems bring about. In much of the world people have been pushed out of their villages and wind up living in a packing crate at the garbage dump of some giant city.

In America, thousands of people are losing their homes. Which may be partly at least their own fault, since they kept borrowing against the inflated *equity* created by runaway speculation. But when we participate in these *wealth without work* schemes we also become complicit in the process which puts families out on the street.

In the primitive human community, no one had to pay a mortgage on his tepee or thatched hut or sod house. In fact your neighbors have a traditional obligation to help you build it. That obligation does not fall upon the government. It falls upon us as individuals when we claim to be *Christians*.

The test of any society, whether it is a **just society** or not, is how far it facilitates the right of the common man to support a family. When he is stuck at a subsistence wage job which allows a single person to survive, when his one good alternative is to join the army and hazard life and limb in some foreign conflict, he has been effectively deprived of his basic right.

There was a time 60 years ago when most Americans had the chance to get a family wage. It still excluded a substantial part of the population, including much of the black population. But, unlike today, it wasn't that hard for anyone willing to work to find a *family wage* which would allow him to support a family by working a 40 hour week. Otherwise his wife has to work or he has to work double shifts and never see his kids.

That opportunity has steadily eroded over the past 60 years. It is now the case that only a minority of Americans can expect to find a *family wage*. We can blame the government for that and we can blame the corporations for that but first we have to blame ourselves--have to take responsibility for the erosion of the foundations of family life by our pursuit of wealth and luxury. [ See *Adam Smith and Family Wage* for more on this subject. ]

In a de facto way we have to rely upon one another to acknowledge our right. Your life and your property are only as safe as your neighbors' willingness to respect them. Those who acknowledge that responsibility have to find a way to establish a society which is independent of all those others who do not. We cannot put our trust in the government, or in the corporation, or in the Capitalist System. We have rather to find those in whom we can trust, because they share our values, the values that were once found in the original Christian community--whether they call themselves *Christians* or not.

#### A Foolish Faith

Campaigning in 1928, President Herbert Hoover proclaimed that *We in America are nearer to the final triumph over poverty than ever before in the history of any land. We have not reached the goal, but, given a chance to go forward with the policies of the last eight years, we shall soon with the help of God be in sight of the day when poverty will be banished from this nation.* He won by an overwhelming majority. The stock market boomed. Then it collapsed and there ensued the 10 year long Great Depression which was only ended by the runaway spending and the exportation of manpower of World War II.

The next President to promise an end to poverty was Lyndon Johnson who declared a War on Poverty after he was elected by a landslide in 1964. He continued the War in Vietnam anyway. That prevented a lot of unemployment.

Faith in the American economy, which now means a faith in the world economy to which it is tied by a thousand chains, is a fool's faith. There has only been one society which actually abolished poverty: Acts 4.34 *There was not a needy person among them.* They proved it could be done.

#### USURY DEFINED: WEALTH WITHOUT WORK

Adam Smith used *stock* as a synonym for *capital*. And it brings out the idea that a few chickens, or a sack of wheat seed, or canned goods with which you can *stock the shelves* of your store are a necessary foundation for making a living on your own. Instead of using money to make money, you get hold of some *stock* and use it to make your labor fruitful. You invest in your own labor instead of trying to make a profit off the labor of others. Which is the definition of *usury*: ***reaping where you did not sow, and taking up what you did not lay down.*** Luke 19.21

This definition of *stock* has nothing in common with the *stock market* where money changes hands in the same way it does in a gambling casino. On Wall Street, *work* is just another 4 letter word to be avoided. The common feature of the financial system is a super structure of executives and board members who meet in air conditioned rooms and never work up a sweat. Plus stock holders who don't even bother to attend the meeting.

There is a common progression in the economic system whereby *moneyed men* go on from 1. making or producing or building something to 2. owning factories or organizing enterprises in which others do the actual productive work to 3. shipping and trading goods made by others to 4. loaning the money to 5. buying stock in enterprises launched by others and financed by others. Beyond *investing*, there is *day trading* and *speculating*, and beyond that there is betting on something to fail--all the varieties of *short-selling* and *vampire capitalism*.

And that enables those who never did any of this to begin at the end, as it were, by investing their money. Or, more often, turning it over to a hedge fund manager to invest. They still *take the risk*, it is said, but that is what insurance is for--such as *credit default swaps*--leading to an ideal world in which you make lots of money with no work and no risk. You don't even have to think about it, unless you made a mistake when you selected the *hedge fund*.

There are 1001 ways to make money without working for it--without doing much of anything that could be described as useful work. There are all those positions where putting in your time is euphemistically called *work*. And then there is real useful work which is extravagantly over paid for one reason or another.

*Socialism* soon arrives at the same old place as *capitalism* where those who do the most work get the smallest reward and those who do little or no work are compensated just because of the positions they occupy. In a world in which so many people are so desperately poor, it isn't that hard to trace a connection between the one thing and the other. And the obvious label for it is *injustice*.

Proverbs defines *usury* as *unjust gain* and shows the connection with poverty: 28.8 *He that by usury and unjust gain increaseth his substance, he shall gather it for him that will pity the poor.*

Psalm 15 asks: *Who shall dwell in thy holy hill ? . . . He that putteth not out his money to usury.*

Jeremiah 6.13 does not limit his indictment to the few. He says rather *For from the least to the greatest of them, every one is greedy for unjust gain.* He could be describing modern America instead of ancient Israel. If the rip off were the work of the few, it could soon be remedied. When so many are engaged in it or waiting for the chance to jump in, there is no easy way to fix it. That is where the necessity for building an alternate economy comes from.

Isaiah 16.4 prophesies: *the extortioner is at an end, the spoiler ceaseth, the oppressors are consumed out of the land.* A good prophecy but when will it come true ?

Ezekiel 22.12 says *thou hast taken usury and increase, and thou hast greedily gained of thy neighbours by extortion, and hast forgotten me, saith the Lord God.*

*Extortion* is used in the gospels and the epistles as the label for those who get money from money instead of working for it. Matthew 23.25 *for ye make clean the outside of the cup and of the platter, but within they are full of extortion and excess*

Paul tells us *not to keep company . . . with an extortioner, with such an one no not to eat* 1 Co 5.10-11 and in 6.10 says *nor extortioners shall inherit the Kingdom of God.*

It was a point of pride for Paul that he continued to work at his tent making trade instead of asking the various Christian communities to support him. Paul insisted upon work as the necessary foundation of the Christian community--Ephesians 4.28 *Let him that stole steal no more: but rather let him labour, working with his hands the thing that is good* 1 Thessalonians 4.11 *work with your own hands, as we commanded you;* 12 *That ye may walk honestly toward them that are without, and that ye may have lack of nothing.* 2 Thessalonians 3.10 *If any one will not work, let him not eat. For we hear that some of you are living in idleness, mere busybodies, not doing any work. Now such persons we command and exhort in the Lord Jesus Christ to do their work in quietness and to earn their own living.* In 3.14 he tells them to have *nothing to do* with such people. Which re-inforces what he says about *no fellowship* with extortioners. It is a necessary condition for building an alternate economy which is based upon honest work and which shuns *usury* and those who live by it.

<p>The original of this article, <i>The Unjust Economy</i>, is pages 59 to 88 of <i>Letter to the Bishops</i></p>
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Terry Sullivan