

**PART TWO**  
**UNDERSTANDING THE SOLUTION**

## Chapter Four

### Achieving Economic Democracy

#### *Why We Must Act Now*

As the twentieth century draws to a close, unemployment threatens to destroy civil society. Facing shrinking tax revenues and higher interest costs, heavily indebted governments cut their support of the economically marginalized and gut labour laws and environmental regulations, hoping to attract new corporate investment. Unfortunately however, most new investment now occurs through corporate mergers and takeovers. “Excess” productive capacity is reduced and even more people lose their jobs. While society frets over how to sustain itself economically in the short term, the much more serious long term threat of global environmental exhaustion is almost totally ignored. Clearly, a radical change in our thinking is required. We must re-invent society completely.

Before we can deal with our environmental problems, we must first stabilize our economic crisis. It should be obvious now to anyone who examines global employment statistics that employment is no longer an effective mechanism by which to distribute income. Two-thirds of the world’s population is either out of work or working at, or near, poverty-level wages, while the top 10% of income

earners derive most of their income from investment and interest dividends, not their own personal labour. In addition, much of the most important work in society such as raising children, caring for the sick and aged or helping the poor and disadvantaged has little market value and therefore is either low-wage, or unpaid volunteer work.

Projections for the future are even bleaker. As computer technology is more fully integrated into the service sector in areas such as banking, communications and retailing, massive new job displacement will occur. As corporate ownership of the world's resources becomes increasingly concentrated, fewer and fewer alternative cultures or independent, cooperative societies will be possible. The earth will be overrun by one great global monoculture. With all of humanity's eggs in one soulless basket, pale and mindless, we will follow our economic masters into the environmental abyss.

For decades we have been ignoring the environmental degradation of our planet. The extensive ecological damage from rainforest depletion, topsoil destruction, water-table reduction, ozone layer depletion, greenhouse gases and water pollution has been well documented. Good Lord, how long can we continue? The earth's exploding population will soon demand more than our dwindling resource base can supply. Too little arable land, too little clean water, too little common sense. Who has the right to destroy the earth? What possible atonement could there

be for making the planet uninhabitable? All you God-fearing Christians, how will you possibly justify your failure to act to save humanity? How will you look your children or grandchildren in the eye and ask for their forgiveness?

It's not too late to save our planet, yet, but time is running out. We must get past the economic debate quickly. Our present monetary system needs to be completely overhauled so that income can be de-linked from employment and a guaranteed annual dividend can be distributed to each and every citizen. Once freed from having to depend on the profit-driven marketplace for income, citizens will be able to choose for themselves which work activities they wish to support by contributing their time, energy and talent to the project. To save our planet, every man, woman and child must realize that we must all work cooperatively to conserve and share resources, reduce personal consumption and eliminate waste and planned obsolescence. We must cultivate pure science and sever its application from the profit motive. We must extend the scientific method into the field of economics and humbly recognize and acknowledge the limits of our wisdom and resources. If we dally, arguing about whether or not such drastic economic changes are really necessary, it will be too late to save our planet. We must move quickly beyond the political and economic issues, to the ecological and social problems which threaten our very survival.

As our current debt-based monetary system contin-

ues to crumble under the enormous weight of the interest costs that are accumulating in the economy, we need to start thinking seriously about how a better system to replace it might operate. Without developing a vision now of the kind of society that we want to build, we will be left to toss about in the political chaos that the coming global financial crisis will trigger. This chapter proposes a radical, yet practical, idea for an entirely new monetary system. It is a suggestion put forward to stir the imagination and to encourage people to break through the barriers of conventional thinking and rely on their own creative instincts to define what is possible.

*The Asset Base of the New Monetary System*

According to Statistics Canada's 1994 figures, if we subtract the total dollar value of all of the debts and liabilities of everyone in Canada, (this includes individuals, corporations and governments, ...all public and private sector debt) from the total value of our country's collective assets (including buildings, roads, utilities, etc.) the current book value of the remaining real assets (society's net asset value) is about 2.4 trillion dollars. If we then divide that value by the total population of Canada (which is currently about 30 million people), the figure that we obtain, \$80,000, is the individual share of Canada's wealth that each and every citizen (man, woman and

child) would be entitled to if we were to divide up society's total net assets evenly. To make the concept easier to grasp, imagine that Canada is simply one big corporation and every Canadian citizen is a shareholder, each owning one equal share worth \$80,000.

Now suppose that, instead of allowing the Bank of Canada and the private banks to arbitrarily decide how much money is "enough" for all Canadians, we simply monetized our entire net asset base each year and sent every citizen an equal portion of Canada's wealth in monthly installments. All of the money that each person received would only be good for a period of one year. After that it would be worth nothing. Every year, Canada's new net asset value would be calculated and another equal share of it would be distributed to each and every Canadian as income. If the value of Canada's net assets had increased during the year, then each citizen would receive more than they did the year before. If the value of Canada's asset base had decreased during the year, then each citizen would receive less than they did in the previous year. In this way, all Canadians together would be rewarded financially as the collective productivity of the nation increased, and all would be penalized if our collective productivity faltered. In a similar way, sustainable development would be in the best economic interests of every citizen, while reckless resource depletion and wasteful consumption would threaten the standard of living of us all.

The government would retain a portion of the annual money supply to fund its own operations and all taxation would be eliminated. Currently all levels of government in Canada spend about \$360 billion each year. If their total spending is divided by the population of Canada (about 30 million) the per capita amount of total government spending is about \$12,000. If that amount is then subtracted from the \$80,000 asset share of each citizen, there is enough remaining to distribute \$68,000 to every man, woman and child in the country. Never again would any government in Canada have a deficit. Never again would we have to compromise our precious national sovereignty by borrowing from foreign capital markets. Never again would there be a need for debt as everyone would have sufficient income to live comfortably. Interest-free installment programs with suppliers would replace the credit function of the banks. Having no salaries, taxes or interest costs to pay, companies could use their sales revenues to finance their business's growth and expansion.

No one would be forced to work in order to receive their income. It would be guaranteed to all, for their entire life. No one would need to save for their retirement or to protect their families from a loss of income due to unemployment. In fact, long-term saving would be pointless since at the end of each year any money saved would become worthless. Without thinking, many people will immediately say that if no one had to work to earn a living,

then everyone would simply stop working. Initially, this might occur briefly. But ask anyone who has been unemployed for more than a month or two if they would not like to work again. Most will tell you that staying home and doing nothing is driving them crazy. People need creative work. They need the social interaction and stimulation that only work can provide. They need to feel that they are making a contribution to society. Work gives life meaning and provides the continuity and stability that most people desire.

However, even if up to half of the workforce, at any one time, decided that they didn't want to work, society would still be more productive than it is today. Real unemployment and under-employment rates are soaring and too many of those who are working are employed in non-productive activities. In 1993, only 25% of the working population (11% of the total population) was employed, either full or part-time, in the goods producing sector of the economy which includes all agriculture, fishing, logging, mining, manufacturing and construction.

Consider for a moment, just how inefficient our present society really is. Each year we spend billions of dollars to collect and process taxes and billions more to avoid them. We waste billions of dollars separating and categorizing the financially disadvantaged and then billions more maintaining a multitude of parallel bureaucracies to support them. We spend billions of dollars to de-



sign, produce, package, market and distribute cheap, inefficient products and then billions more trying to dispose of the tons of waste that their premature obsolescence creates. We burn billions of dollars in fuel transporting goods and services all over the world even though most communities could be producing the same things locally. But perhaps worst of all, we waste hundreds of billions of dollars on exploitive interest fees and speculative financial schemes which produce nothing but a mountain of paper.

Under the new system, the energy and enthusiasm of those happily working at creative tasks of their own choosing would raise society's overall productivity level significantly. No longer would unethical companies be able to coerce people into performing soul destroying tasks merely by providing them with an income. No longer just a *means* of survival, work would become an *end* in itself, a pleasurable partner in a life-long journey of personal growth, self-expression, inner fulfillment and spiritual evolution. Once again, people could enjoy the *process of work* and could take pride in the beauty and quality of the goods and services that they produced. A true craftsman, for example, takes pride in designing a unique solution for his customer and treasures the process of coordinating and implementing his solution, from start to finish, himself. He is challenged, yet rewarded, as he uses his creativity and problem-solving abilities to resolve any special details that arise unexpectedly throughout the entire

project. His satisfaction is linked to his independence and his freedom to experiment and adapt as he learns and grows. But his greatest reward comes from the gratitude and praise which his productivity evokes in his customers. In the new system, every citizen would have enough income to support the true value of beauty, quality and durability.

The incomes of most Canadians would not only rise substantially, they would be tax-free. Government expenditures would no longer include salaries or interest payments and our tax and income-support bureaucracies could be dismantled. Doing so would reduce the operating costs of all levels of government and increase the value of the national dividend which each citizen would receive. Initially, a larger portion of the annual money supply would be retained by the federal government in order to pay down the accumulated debts of all the governments and public institutions in Canada. The amount withheld each year could gradually be reduced in order to achieve a smooth and orderly transition between the old monetary system and the new. All previously arranged interest obligations would be fully paid. As the principal amount of our public debt was reduced, the interest burden associated with it would be too, again affecting both the cost of government and the value of the national dividend.

Likewise, Canadian businesses would no longer pay salaries and taxes. Companies could use these savings to

pay down their debt obligations so that, over time, their interest expenses too could fall to zero. Operating margins would expand sufficiently to enable shareholders to receive corporate dividends more frequently. Top-quality workers would be attracted and retained by providing a safe, stimulating, dynamic workplace with a positive management team which respects and supports personal development and individual achievement. As well, all workers could be offered what were traditionally management-only “perks” such as club memberships, holiday packages, etc. Exceptional workers and corporate management could still earn performance bonuses (based on real asset creation) to raise their current incomes well above the national average, but all Canadians would benefit directly from any increase in productivity or any new wealth creation occurring anywhere in Canada.

Under the proposed monetary system, the distinction between the public and private sectors would disappear, without expropriating any privately-held resources or destroying the free-market distribution system, the incentives for entrepreneurial achievement or the freedom of choice of the individual. Free education and open skills competitions would ensure that those with the greatest natural curiosity, ability and drive would obtain the positions of greatest responsibility in society. Finally, creativity and intelligence would be more important than money and politics in determining success. With the new system,

rather than approaching international markets with cap-in-hand, Canada could develop its foreign trade from a position of strength, on the basis of what its exports were really worth.

But if everyone, all at once, decided to use their newly acquired wealth to buy a new car, for example, wouldn't this cause inflation? Inflation would be meaningless in this society. If prices rose, the value of our national assets would rise by an equal measure. Accordingly, everyone's income share of our assets would rise too, cancelling out any of the adverse effects that are normally associated with inflation. More likely, rather than prices rising, resources would simply be reallocated to meet the growing demand. People tired of waiting for the delivery of their new car would simply "volunteer" their time to help unplug the bottleneck. The availability of labour rather than the availability of capital would determine what goods are produced. Product quality and durability would become the primary consideration of consumers as, more and more, they realized that in order to maximize the value of society's asset base, and their own incomes, we all must use our resources wisely.

The most beautiful aspect of this suggestion is that it establishes a just and stable relationship between money, income and wealth. In the short term, it rewards individual effort and achievement with income (ie. currency that merely represents our collective wealth), yet over the

long term, society's permanent asset base (the real foundation of our wealth) which all citizens and generations have helped to create, remains a part of our common heritage and enhances the well-being of us all.

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While many questions concerning this proposal have not yet been answered, before you continue reading you should stop and think deeply about the ideas which have already been presented. Try to envision how dramatically your own life, and the lives of your other family members, might change if your financial security was guaranteed. Try to imagine how much different society would be without poverty, unemployment and the fear and desperation that fuels most violence and crime.

Let yourself dream about how you might spend your additional income and the additional free time that we all would have under this new system. Think about the type of work that you would choose to do if earning an income was no longer a factor. Do you seriously believe that you could be happy never working or contributing to society again? Consider whether or not you would be interested in changing your job or career. Would you upgrade your education or training, if the opportunity to do so was free?

Finally, think about what the real purpose of your life might become. With an assured income, what passion

would drive you? What creative or spiritual journey would excite you?

After exploring these questions honestly in your own mind, talk to your friends and loved ones and ask them if they believe that you are really being honest with yourself. Ask them what they would do in such a society.

Once you have made a real effort to envision what Canada could become under such a system, then continue reading this book. The next chapter will answer some specific questions about the new monetary system.