

Economic System Reform: Saving the Planet; Salvaging the Human Prospect

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Theme: [Environment](#), [Law and Justice](#)

Economic systems include elements of design. Economic systems are not the progeny of happenstance, nor are they beyond our powers, like the sun and moon and stars above. And based on how things have worked out, nor are they the fruit of unimpeachable wisdom. In any case, they are influential. If a successful human presence on earth – which includes wise stewardship of the biosphere – were deemed to be a worthwhile goal, the intention of excellence in the design of economic systems is indispensable.

How are contemporary societies doing, while employing, or being deployed by, current economic systems?

Things are not working out so well for billions of people and many other species on earth. In an age of unprecedented technology and knowledge and productive capacity, we observe increasing **environmental degradation, countless species lost or diminished, and many hundreds of millions of humans living in more or less squalor**, and in great financial difficulty.

Countless jurisdictions also face financial difficulty, including debilitating levels of debt. Even in so-called wealthy countries, there is **widespread social breakdown** and high, even unprecedented, levels of public and private debt, and high real levels of unemployment. Perversely, what is financed includes ongoing development of vast capacity to destroy, highlighted by the continuing pathology of wars of aggression.

Meanwhile, in many countries, a small percentage of the population gains a very disproportionate portion of the wealth, and a tinier percentage have gained extreme concentrations of wealth, with a smaller number yet claiming ownership of much of the planet's wealth and property..

The confluence of environmental and social breakdown, wars, widespread financial difficulty, and extreme concentration of wealth is not accidental. It is an outcome of the very design of our economic systems. Current money systems are designed to privilege selfish or narrow group interests; elite interests. And narrow – oligarchic – interests having been given primacy, broad human betterment and environmental stewardship are secondary considerations, at best.

That is, many national systems and the international money system are *by design* such that we can never achieve broad human success and good stewardship of the earth.

But that has not been the story told. The intrinsic financial elite serving bias of economic systems has been misrepresented to the public – as say, among obscure matters too complex for mere commoners, or as sensible obedience to immutable economic

laws – and sometimes the system is just pushed down the people’s throat – with ongoing attempts made to camouflage the economic systems’ inherent elite-privileging characteristics.

Financial-elite domination of mass communications has hitherto ensured that broadly-beneficent economic models receive insufficient public attention to create a strong and knowledgeable economic-reform consensus; and academia has overwhelmingly taught conventional financial-elite-friendly economic theory. And politics manifests economic dogma and ignorance, while too often serving not the public interest but elite agendas.

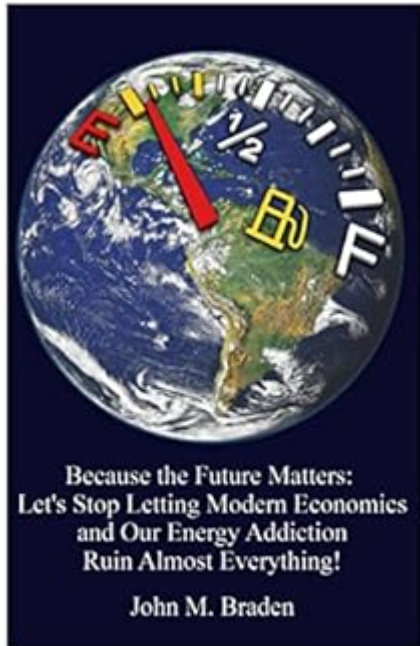
The elite privileging and dysfunctional designs of current economic systems were developed in an extinct cultural context – especially pertaining to technology. That is, besides being dysfunctional, they are outmoded.

Given that current **financial systems are catastrophically flawed**, proposals have been made for economic system reform that is intended to provide broad, not narrow, benefit, and to eliminate harmful features. And what person of goodwill would not prefer economic system designs that work well – intrinsically – on behalf of broad, not narrow, human benefit, while encouraging harmony with the biosphere, and including a decisive concern for the future?

But selfishness will never retire gracefully. Those dominating the established financial *paradigm* are also busy, stealthily or brazenly, intending to maintain or strengthen the elite-privileging characteristics of existing financial system arrangements. This includes the attempt to reduce the role of physical currency and to expand the role of elite-controlled and manipulation-enabling ephemeral means of exchange and stores of value.

Current financial system reform proposals are offered within the context of rapidly evolving and widely available new technology and tools, and changing societal and cultural circumstances. These include unprecedented and rapid massive creation, compilation and outpouring of knowledge; and an internet-based massive increase in less fettered or unfettered public discourse, in conjunction with broad access to same.

Following is a look at, and comparison of, and some comment upon, two recent efforts via books to present a program of broadly beneficent economic reform. Both writers happen to be fellow Canadians, but they come from different backgrounds, and their formulae have some important differences. But there are also many points of agreement in their respective theses.



One of the authors, **John M. Braden**, could hardly be more obscure. The title of Braden's book is *Because the Future Matters: Let's Stop Letting Modern Economics and Our Energy Addiction Ruin Almost Everything!* The book was published in 2015 and Braden passed away in 2017.

The other author, **Paul T. Hellyer**, is a well known long time public figure in Canada, having authored over a dozen books, a majority of which have dealt, in whole or part, with economic matters, and having held senior cabinet positions in the Canadian federal government, including Minister of Defense and Acting Prime Minister. His book is called *THE MONEY MAFIA* and subtitled *A World in Crisis*. Published in 2014, Hellyer wrote this book early in his ninth decade

In both books there are many matters I am not commenting on, but leave to the readers of these books to discover. Presented are some of the key ideas in the books that pertain to reform of the economic/financial system. I knew Braden personally, and read and made suggestions on an earlier version of his manuscript.

Both authors evince genuine concern about not just our current and future *human* predicament but about the very fate of the earth. Both authors make use of the word *transitional* to describe their proposals.

As if to underline the extreme absurdity of our situation, both Hellyer and Braden resort to the summary word "insanity" to describe aspects of the current financial system and conventional economics.

Hellyer, in his outspoken style, describes the folly of giving "private corporations a monopoly to create money as total insanity." Further, "to let them create all that money as debt that has to be repaid with interest goes beyond total insanity...."

Braden in his understated style almost apologizes for his use of such "strong words" as insane and insanity in reference to the "energy extravagances" of modern society. His basic thesis, stated "more gently" is: "conventional economics virtually compels sane people to engage in insane economic activity."

Both authors are adamant that the financial system as currently designed has basic characteristics doing great harm and leading to more catastrophic consequences, and that we can, and ought to, and must, make basic improvements.

A closer look at Braden's proposals

Braden calls his proposed economic program Intelligent National Frugality (INF). It is offered as a corrective to current economic systems that in effect *mandate* environmental degradation, increasing resource scarcity, and social breakdown and dysfunctions.

He proposes an alternative taxation and pricing and financing strategy that will inherently encourage environmental stewardship, more careful resource use, and greater social health, and discourage resource foolishness and energy gluttony: Thus *Intelligent*.

The term *Frugality* explicitly rejects the ideology of perpetual economic growth, and the culture of 'more and more stuff is better and better', of material and energy extravagance. But it allows for a wealth of cultural expression and unlimited qualitative progress within the context of a much more careful and sensible human presence on earth.

The term *National* identifies the nation state as the scale at which INF economics should apply, and also that a country is the appropriate political vehicle for establishing INF economics. Implied is that in order for any country to be able to carry out such a reformed economic system, it must have sufficient independence and sovereignty.

One basic principle found at the heart of Braden's thesis is that a taxation and pricing system should as far as possible encourage the beneficial and discourage the harmful – encourage the good and discourage the bad. Stated thus, it's a principle hard to argue with, but it begs the ongoing question as to what constitutes good and bad.

Braden's core answer is that INF economics would heavily tax those types of energy classified as non-renewable – so-called fossil fuels and nuclear – on the basis of their actual energy content, and at the primary stage of their movement into use. This would mean that all processes and products coming later, using either the energy or matter of the energy source, would in cost and price reflect that original taxation.

All direct and indirect subsidies would be removed from these forms of energy. And the tax would be introduced gradually, intending a not-seriously-disruptive process of increase over a period of years.

As a result, there would be a growing disincentive to use fossil fuels in a cavalier fashion, and a growing incentive to use such energy more carefully. More benign and renewable competing forms of energy, and processes that use these, would gain comparative price advantage; thus be encouraged.

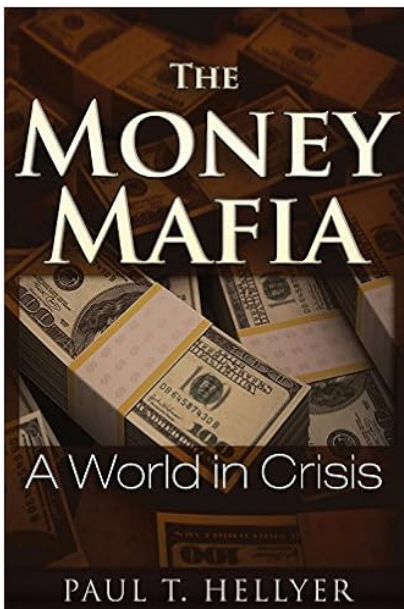
Nuclear energy, in Braden's vision, if taxed appropriately and not subsidized, will simply become completely untenable. Indeed, one of the highlights of the book for me is Braden's elegant and succinct yet devastating refutation of nuclear energy, on the basis of its financial, ethical and safety shortcomings.

Which leads to another key principle of INF economics: that human energy, mental or physical, is not taxed at all. Human energy thus becomes the financially most advantageous

energy of choice in many instances. Under INF economics, sales taxes and value added taxes would also be eliminated.

There is no inherent 'right' or 'left' ideological basis for Braden's proposals. But in order to implement his ideas, it is as noted necessary that a country be able to make independent national economic policies. This includes not being bound by restrictive bi-national or multinational economic agreements that preclude independent national initiatives in economic policy.

Braden repudiates so-called 'free trade', which in practice elevates international financial and corporate power over indigenous national economic policy, and he endorses less reliance on distant trade and long transport of goods. INF economics inherently encourages a more decentralized and self-reliant society; and a tendency towards many more and smaller *internally competitive* industrial enterprises and businesses. And many more small farms, and villages and towns, would primarily serve their locality. INF economics would also intrinsically encourage production of products featuring ease of repair, durability, recycling, and so on.



Braden, like Hellyer, considers full employment to be a basic goal and one which INF economics would facilitate. Again, this follows from the elevation of human energy in many instances into the most financially attractive choice.

Another foundational proposal by Braden is for adoption of a new banking system, one which is not debt-based. Here Braden and Hellyer join conceptual forces with advocacy of "Hundred Percent Money" as Braden calls it or Government Created Money (GCM) in Hellyer's words. Braden notes the taboo-like near absence of contemporary discussion by conventional economics of GCM.

Braden's basic proposal regarding GCM is that governments create an appropriate amount of legal-tender currency, and introduce the money into the economy by spending the money for worthwhile purposes. In the case of changed circumstances, say population or economic growth, where more such money would be helpful, more money can added in order to continue to "... facilitate normal commercial transactions in everyday life." This money is permanent, not ephemeral like much of the 'money' in our debt-based system. GCM does not obligate or earn interest in its creation.

This GCM “does not constitute newly created wealth” but will facilitate economic activity which can create new wealth. Braden stresses that GCM “is able to function quite satisfactorily regardless of whether economic growth does or does not take place.” This is in sharp contrast to debt-based money, which requires a growing economy in order for the debt treadmill to continue functioning.

Braden then turns to fractional reserve banking, which in a nutshell gives lenders the privilege of lending money that does not exist, and then asking for repayment in real dollars plus interest, or the collateral if the repayment is not made. At the strokes of a banker’s computer keys, the issuance of “impermanent” credit creates an increase in the country’s ‘money’ supply, and when the loan is paid off, the money supply of a country is reduced. Through the process, interest is collected. This is now the dominant means by which ‘money’ is ‘created’.

Braden asserts that he can find “no theoretical arguments at all in favour of the fractional reserve system.” And he lists several reasons for condemning it, including that the fractional reserve system is “unworkable [without] ongoing economic growth.” Braden rejects as folly the dogma that perpetual economic growth, per se, is desirable.

As an example of the harmful absurdities built into the current fractional-reserve, credit-creation privileges that some financial institutions have been granted, a young family in Canada typically ends up paying more or less twice for the home they purchase, unless they lose the home due to not being able to pay for it twice: it’s called a mortgage.

Braden believes that governments can act sensibly regarding money creation and management of associated policies, which is not a storyline that private financiers have endorsed. One might note here that elite financial domination has been served by a lot of hand wringing angst in media over the specter of democratic processes and governments having final authority over money creation and policy, but there seems to be much less concern over obscure financiers controlling both money and politics. We might also note that any dearth of competent politicians and bureaucrats when it comes to money matters is to some significant extent the fruit of financial and corporate influence over the political selection process, and elite achievement of attenuated public discourse about basic financial issues.

Braden presents his ideas using commonplace, clear language. His is a broad yet limited vision. Some pertinent practical challenges that we face are either absent or hardly discussed.

These challenges include the massive inertia of and massive dependence upon the existing system; the trillions of dollars per day volume; the power of those willing and able to deploy tactical disinformation and extreme violence to maintain control over existing financial arrangements; the control of mass communications by those avoiding full and effective discussion of critical economic and finance-related issues. Also absent is discussion of the large role played by international financial institutions like the BIS or the IMF, key institutions of the global-financial cabal.

What Braden does provide, however is a basic outline of an economic and financial system that is *designed* to encourage sensible human behaviour, both in respect to human interaction, and in relationship to the earth. His ideas deserve careful consideration.

A closer look at Hellyer's ideas



In contrast to Braden's low key and circumspect approach to the subject of financial reform, Hellyer presents in swashbuckling style his financial reform proposals. He grapples with a different field of practical considerations than does Braden, including identifying extreme criminality in the prevailing international financial system. But he is kindred with Braden in many basic goals and concerns, and in many ideas, including being an ardent advocate of debt-free government-created money. And **Paul Hellyer** (image right) like Braden evinces great concern over environmental degradation, including the over-reliance on problematic fossil fuels.

Hellyer begins his book with a well known 19th century Lincoln quote in which the green-back president admits to great concern that the money power in the United States will use its cunning influence to concentrate wealth "in a few hands ... and the Republic [will be] destroyed."

And lo and behold, and that's now just about where the US is at, along with many other countries in more or less the same boat: the danger that concerned Lincoln has now gone global: Hellyer writes that "a small group" ... "using the cover of globalization" have "the ultimate goal of creating an unelected World government under their control." He sees in such an outcome an extremely wealthy oligarchic global tyranny, presiding over an enslaved public, in which serf-like austerity for the many is enforced. Bad idea, asserts Hellyer, for "we have the capability of providing 'the good life' for all humankind."

How do we do that? For Hellyer one key requirement for human success is "... to establish the kind of democracy we dream of and deserve - government ... for all of the people, and not just the rich elite."

He describes his book as including "an integrated blueprint for action" to "replace war with peace, injustice with justice, immoral inequality with improved equality of opportunity and, topping the list an end [to destroying earth, and mobilizing] to preserve it for the benefit of generations yet unborn."

Whereas Braden repudiates so-called 'free-trade' as inherently a bad idea, Hellyer admits to a residual fondness for the idea, but has great reservations about its actual manifestation, which he suggests might be called "unrestricted investment": Under so-called free trade, corporate privilege and influence dominate, while the public interest and influence atrophy: Hellyer asserts that for national politicians to implement 'free trade', it is already in effect treason, but then goes further, describing eliminating by treaty a country's inherent right to issue currency as "high treason." By such a default the corporations and especially the bankers win control over the people and their sovereign powers. Even food safety standards and public health are fodder for the corporate greedy-grindstone.

Turning to "the International Banking and Financial System", Hellyer finds "... grand larceny on a scale almost beyond belief." He notes that fractional reserve banking is now running

amuck, with no real limit to the amount of interest-accumulating credit that can be created out of thin air, no matter how little actual money is 'in reserve'. But in the end, unwilling to give government complete control over issuance of currency, Hellyer settles on a formula by which commercial banks can create loans on the basis of having in reserve just over one third of the credit issued.

Hellyer devotes a chapter each to the Bank of International Settlements (BIS, the elite and dominant private central bank of the global network of private central banks), the International Monetary Fund, and the private banking cartel known as The Federal Reserve, nominally of the United States. He finds each of these to be inherently pernicious, and urges their elimination.

Hellyer asserts that private corporations' domination of issuance of currency and credit must end, and be replaced with government created money. "The right to create money belongs to federal governments....Banks ... have only privileges granted by legislatures," but through cunning have usurped government's proper financial role and power, to great elite advantage and societal disadvantage.

Faced with countless needed or beneficial projects left undone, and much harm being done, including much unemployment, due to "an acute shortage of money" deployed for proper purposes, Hellyer asserts that "what the world desperately needs is a massive infusion of government-created debt-free money (GCM)" He tentatively suggests 10 trillion dollars as a start. And as does Braden, Hellyer notes the "profound difference" between GCM and Bank Created Money (BCM). "All [ephemeral] BCM has to be repaid with interest whereas GCM [is] debt-free and remains in the money supply permanently."

As an example of a successful use of GCM, Hellyer describes Canada's experience during the period from 1939 to 1974. In contrast to its inadequate response to the extreme poverty and financial difficulties of the 1930s, the Canadian government, with the advent of WW2, got a brain and printed money and spent it into circulation. In effect, the government and commercial banks shared the money creation function, and this enabled a previously seriously impoverished largely agricultural country to quickly undertake ambitious national projects, including much industrial development, without getting ensnared in 'the web of debt,' and without an inflation problem.

This beneficent policy was mysteriously ended in 1974, leading to an unnecessary cost over the following decades of hundreds of billions of dollars to Canadian taxpayers; and many worthwhile projects were made more financially difficult, expensive, or stillborn.

Hellyer describes a recent proposal made by a group of banking system reformers to have the Canadian government use its constitutional power to create 150 billion dollars of GCM, with half going to the federal government and half to the provinces and territories and municipalities. The Canadian charter banks, over several years, would be required to increase their cash reserves up to 34%. The proposal includes giving the democratically elected Finance Minister the final say over Bank of Canada policy.

Hellyer identifies the "most formidable" obstacle to monetary reform as the ignorance of the public when it comes to money matters. But whatever specific variation on the theme is implemented, "...any worthwhile reform must [provide] a fast, smooth transition to full employment and the transfer of the ultimate power over interest rates and ... the money supply from unelected, unaccountable bankers to the elected representatives of the people

who, in theory at least, should operate the system in the interests of their electors.”

Hellyer draws other important considerations into his vision of social and financial reform, for example calling for the end of suppression of energy breakthroughs and beneficial patents. And with Braden, he stresses the need for a strong ethical or spiritual foundation for society: Who was it who said, for any system to work well, no matter how brilliantly conceived, good people are indispensable?

While Braden and Hellyer both introduce their own noteworthy innovations on the theme of economic reform, their basic position on the central issue of money creation is one that is shared by many. For example, Ellen Brown in her brilliant book *THE WEB OF DEBT* advocates GCM, and elimination of personal income taxes. And in his 1992 book *DEBT VIRUS*, Jacques Jaikaran writes: “The solution is a system that would provide adequate [GCM] funds for government without borrowing; a system that would effectively eliminate income taxes....”

It is easy to take a cynical attitude towards attempts by ‘naïve’ people to concoct ‘grandiose’ blueprints for basic economic reform. But more appropriate targets for criticism are those whose active commitment is to the egregiously and grievously dysfunctional financial path we are on.

As noted, this is not just about us. Previously I mentioned environmental degradation: more particularly, to cite just a few examples, many species of insects over wide areas of the earth have disappeared or are in trouble; historically prolific flora and fauna of the oceans and in the tidal pools are missing or in trouble, from mammals to fish to crustaceans to phytoplankton; the oceans now have vast areas of garbage and vast dead zones; the earth’s atmosphere has had incomprehensible millions of tonnes of aluminum oxide added to it via supremely-arrogant experimentation; a large part of the protective ozone layer is thinned or missing, human created unstable pernicious radioactive atoms proliferate in the environment, and glyphosate and other harmful chemicals become near ubiquitous in the environment. This list is the mere tip of the total situation.

Braden and Hellyer, instead of losing heart in the face of seemingly overwhelmingly difficult and portentous human-driven earthly dynamics, have identified a basic problem – a deeply defective money system – and both have sketched for us largely kindred ideas towards a more sensible economics.

While nearly everyone has financial concerns, most people lack even rudimentary understanding of current financial systems, or proposed alternatives. Indicated then as helpful would be the development of a more effective, broadly-based, unfettered, basic-financial-reform study-teaching-and-advocacy movement.

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