

How the Economy Works: the Necessity of Crime

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Theme: [Global Economy](#), [History](#)

“Money makes the world go around

A mark, a yen, a buck, or pound

Is all that makes the world go around.”—song from Cabaret

The economy is merely a sum of money, not practices that sustain the oikos, and the money that makes up the sum is equally valued whether it results from virtuous or vicious, good or bad, constructive or destructive, humane or inhumane, legal or illegal, beneficent or malevolent practices. Whether people benefit or are injured is never an economic concern. People, like everything else that is not monetary, are irrelevant.

Once upon a time, as all good morality legends begin, mankind lived in a natural habitat. People toiled, but none worked at anything like what is today called a job. They hunted, fished, trapped and gathered berries, fruits and edible roots. Later people learned to cultivate land and domesticate and herd animals. Yields were shared with all members of their clans—the young and the aged, the able and the disabled, the well and the ill. From each according to his ability; to each according to his needs was common practice, not an ideological precept. And the human race flourished. Villages around cultivated plots grew into towns and towns into cities. But somewhere in the progression, something went horribly wrong. People stopped sharing! People with a this began to trade with others for a that, and what is now known as commerce began.

Trouble is, having been removed from a natural habitat to an unnatural, artificial one, everyone didn't have a this to trade for a that. The haves became distinguished from the have-nots. What were the have-nots to do? Well, they could beg or sell themselves or revert to being what they would have been in their natural habitat—hunters and gatherers! But now the prey were the haves and their property became gatherable. So what were the haves to do?

They could have gone back to sharing, but they didn't! Instead, they developed ways of guarding what they had. They assigned some to enact rules and others to enforce them. Some people got jobs, rulegivers and guards. Whenever a rulebreaker was caught, s/he had to be tried. More jobs were created—lawyer and judge. When convicted, the rulebreaker had to be punished, and prisons came into being with their wardens and guards. When prisoners were released, they had to be monitored so now probation officers were needed. All of this costs the haves a lot. Wouldn't sharing have been cheaper?

Perhaps, but people couldn't revert to that now. For all of these guard-workers, as they are now often called in the literature, constitute an economic activity in itself. To go back to

sharing would turn them all into have-nots. But these are now important and powerful people. Judges, lawyers, legislators! Have-nots? Heavens no! Although loath to think of themselves in this way, these people are nothing but ballyhooed security guards. Compared to fish, they are the aquarium's bottom feeders. What would they be without crime?

The commercial enterprise of guard-working is like every other commercial enterprise. To profit, it must grow; but to grow, crime must increase. Without increasing crime, guard-working atrophies. What came into being in order to control crime now requires it. Crime has become a necessary part of the economy. It can't be eliminated; it can't even be reduced without affecting the economy adversely. Economists love it. So do lawyers, legislators, and judges. But they won't admit it! The commercial activity of guarding the haves and their property has to be fed.

Oh, poppycock some reader will say. Perhaps, but lets abandon the once upon a time and return to now is the time.

Why are some members of Congress intent not only on reducing the social safety net but eliminating it? Because keeping the backs of have-nots to the wall increases their likelihood of becoming criminals to be fed to the guard-workers? And why are these same members of Congress unwilling to curtail the activities of the military-industrial complex? Well, AK-47s come from there and they are productivity enhancing technologies. They make guard-workers and criminals more efficient. And economists? Well, consider how domestic product, the broadest measure of the economy, is measured.

Gross domestic product (GDP) is the market value of all goods and services bought in a given period. In short, it measures how much money is spent. When more money is spent GDP goes up, when less is spent, GDP goes down. When GDP goes up, the economy is said to be growing, when GDP goes down, the economy is said to be shrinking. This implies, of course, that "the economy" is nothing but a number.

Well, what's wrong with that? Here's what:

Say an arsonist sets a huge building on fire and the fire causes so much damage that the building can't be repaired. The owner hires a vendor to tear it down and remove the refuse. The cost of doing that is domestic product. In a sense, destroying something makes it into a product. Joseph Alois Schumpeter, the Arnold Alois Schwarzenegger of economics, called it "creative destruction"—stuff is destroyed to create domestic product. In reality, crime creates a huge amount of domestic product. The cost of the weapons and tools used by criminals is domestic product. If caught, the cost of an accused's trial is domestic product. If convicted, so is the cost of her/his incarceration.

But it's even worse. The murder of a person creates domestic product. A century or so ago, especially in America's Midwest, when a person died his family found a pleasant spot behind the homestead and dug a grave. Today that can't be done; today death is a moneymaker. First the services of an undertaker is required, next a coffin must be purchased, then a cemetery plot and flowers for the viewing are acquired. A person's death makes domestic product grow and grow. The economy gets better and better. Absurd!, you say. Yes, it is, but that's exactly how the economy works.

So think about it. When a group of Saudi's brought down the World Trade Center, they created domestic product, a lot of it. Most Americans consider these people as terrorists, but

from an economic perspective, they are job creating entrepreneurs. Count all the people employed in cleaning up the site and rebuilding the buildings. It's a fulfillment of Schumpeter's dream, but he should have called it "destructive creation."

If you want to know why Americans can't have gun control, think Schumpeter's dream. So-called legitimate businesses make money from death in America. Killing in America is an economically creative activity. It takes human beings and turns them into domestic products. GDP grows with every crime. Without crime, GDP would plummet.

So what is the moral of this legend? How about, "If you want to make the economy better, go out and kill a lot of people." It won't do much for the country or its people, but GDP will explode and economists will salivate over how good the economy's fundamentals are.

Can you imagine anything more absurd? No matter, because that's how the economy really works. It has no relationship to people and their welfare. Money made by a destructive activity is just as good as money made from a creative one. Money made by stealing is just as good as money made honestly (as every banker knows). Laundered money is just as good as clean money. Money made by killing (here or abroad) is just as good as money made by giving birth. That's how the economy works. Neither people nor the quality of anything matters; only the money made does, and the political chorus chants,

Money, money, money, money.

Money, money, money, money,

all this in a nation comprised of people, eighty percent of whom claim to be followers of a deity who proclaims that the love of money is the root of all evil, and not a single cleric complains.

That, dear reader, is how America works. The economy is merely a sum of money, not practices that sustain the *oikos*, and the money that makes up the sum is equally valued whether it results from virtuous or vicious, good or bad, constructive or destructive, humane or inhumane, legal or illegal, beneficent or malevolent practices. All of that lucre is filthy. Whether people benefit or are injured is never an economic concern. People, like everything else that is not monetary, are irrelevant which makes this economy totally immoral. This message from a prominent financial advisor proves it:

"As investors, we absolutely must not let our political beliefs, the news media, or anything else stand in the way of our quest to grow our hard-earned money into lasting wealth."

John Kozy is a retired professor of philosophy and logic who writes on social, political, and economic issues. After serving in the U.S. Army during the Korean War, he spent 20 years as a university professor and another 20 years working as a writer. He has published a textbook in formal logic commercially, in academic journals and a small number of commercial magazines, and has written a number of guest editorials for newspapers. His on-line pieces can be found on <http://www.jkozy.com/> and he can be emailed from that site's homepage.

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