

The Liberation of Money

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About the Author

Stephen Marchant was born in 1958 in Torquay, England. He was educated in the state sector moving from a comprehensive to a selected Grammar school. On leaving school he joined the Merchant Navy as a Deck officer. After several years travelling to various parts of the globe he left the Navy and joined his father's plumbing/heating business as well as actively becoming involved in politics.

He served as a local councillor between 1983 and 1991 and during that time studied at Exeter University where he gained a First in Engineering Science. He went on to do research and finally went into IT services for Nortel Networks and Computer Sciences Services before moving to South West France in 2009.

He is open minded about politics and has served both the Conservative Party, and SDP (Social Democrat Party). He now has no particular party allegiances and is mainly concerned that people are made aware of the flaws in our money system and the need for a new financial order that fairly rewards work and thrift.

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Preface

I wrote this book based on the need to return to sound money rather than the fiat based system that has prevailed for nearly 50 years. It is this fiat based system that whilst driving globalisation has affected and in many ways, undermined democracy and national accountability.

From an individual perspective many of us who were taught to accept the principle that honest work and thrift would be fairly rewarded have been betrayed by this fiat system that erodes the value of savings by stealth of inflation and financialization of the real economy that inevitably leads to boom then bust.

Long before the 2007/8 financial crisis many of us had been warning about the credit bubble. The alarm bells began ringing when we heard about salesmen encouraging poor unemployed US citizens to take out 'subprime' mortgages. In the UK, self-certification mortgages whereby people were encouraged to speculate on capital appreciation of property were a similar problem. UK MEW (Mortgage Equity Withdrawal) reached a peak of nearly £60bn per annum in 2006 which was itself helping to drive consumption and the speculation in a housing bubble.

Governments meanwhile funded their wars, welfare and general spending from the increased tax revenues and were blind to the financial crisis that was unfolding. Govts were chasing nominal GDP growth and not concerned with the real economy that lay beneath – the main political parties (Conservative & Labour) talked about 'sharing the proceeds of growth'. Banks were also benefiting while the credit party was raging and took advantage of the

increased amount of fiat money that was being created to award themselves and their employees' huge bonuses.

When it all crashed in 2007/8 we had huge monetary stimulus with western central banks, led by the US Federal Reserve injecting record amounts of fiat liquidity to save the credit based financial system. This has further exacerbated the structural weaknesses in our economies and eroded the principles of fair reward for work and thrift.

Many ordinary people are not aware of the fragility of our financial system and trust in Governments to provide the money for health, welfare, defence, education and many other public services. Globalisation and the ascendancy of fiat based money has allowed our developed economies to become disconnected from a world of finite resources. In the end the wealth of a nation depends on its natural resources, the skills of its workforce, infrastructure and good governance with social cohesion. Sound money is a pre-requisite for this and the sooner we return to that reality the greater the chance of survival.

We are now at an inflection point where the fiat system itself is under threat. The can cannot be kicked any further down the road as growing income inequality and a dysfunctional economy is stirring conflict both within and between nations. This short book addresses these issues and suggests remedies that might return us to a sound money.

In order to help present the information I have inserted a poem at various points that summarises the issue and topic that I am presenting.

Money is a universal need
Sometimes driven by excessive greed
It can be earned with honest graft
Or stolen through criminal or stealth like craft

Sound money is the basis of trusted transaction
For nation states and individual satisfaction
But Fiat money is no more than an IOU
That relies on trust of those who issue

Dollar hegemony has underpinned the system
But now is out of equilibrium
Exchange controls have been overridden
Welcome to the global financial prison

Crypto currency could be our salvation
But still too many have reservations
Digital storage and transaction complexity
For mass adoption we need simplicity

A new financial order must be made
A return to nationhood with trusted trades
With a currency free from manipulation
To value work and wealth creation

CHAPTER 1

Where We Are

Introduction

In an ever more complicated World are we at the crossroads of a new order? Perhaps nothing has changed and we are all still living in a jungle where the basic rules of survival still apply. Perhaps the last 100 years of improved living standards through welfare redistribution has been a temporary phenomenon.

I start by asking what are the basic needs of mankind? Maslow's hierarchy of needs is a good starting point:

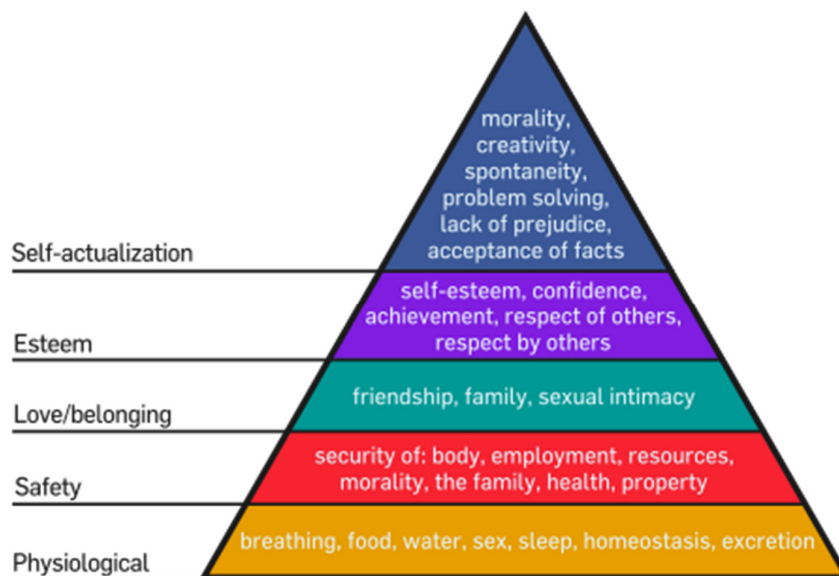


Fig. 1 Maslow's Pyramid

For most human beings on our planet, needs are at the base of the pyramid. If we take breathing, sex and excretion as innate functions for those who are born without physical handicaps we are left with food water and homeostasis

(e.g. heating in the North and cooling in the Tropics). These basic needs are not a given right and early economists such as Thomas Malthus realised that with finite planetary resources, population was critical to satisfying these needs. Looking at the World nearly 300 years ago, his idea of population explosion and resulting crises look like false reasoning as our populations have grown far in excess of his early theories on what the planet could sustain; this has been facilitated by the discovery of new sources of energy, particularly oil, that has driven an industrial revolution throughout the planet. Horse and manpower has been largely replaced by energy and machine power. With this increased output we have supported larger populations employed in production of not just the basic needs of food, clean water, heat/light etc but also a vast consumer market satisfying needs further up Maslow's hierarchy pyramid. Some may say that a new post industrial age of computing and information technology will support further growth and hence further population growth. However, this could be masking a retrenchment in living standards as the relative cost of our basic needs rise.

There are nearly 3 billion people in the BRICs (Brazil, Russia, India, China) that are aspiring consumers of resources. If one assumes that their per capita wealth will rise to a comparable standard of the approximately 1 billion in the West, we are really talking about 'fitting a quart into a pint pot'! There has to be a rebalancing and unless the West can manage an orderly decline in wealth per capita there will inevitably be conflict both within and between nations without discovery of some vast new resources such as fusion technology.

Since the US dollar was removed from the gold peg in 1971 we have witnessed ever increasing debt fuelled growth in the West with a series of boom/bust cycles culminating in the credit crunch of 2007. Since that time huge amounts

of fiat have been created and with a further debt explosion to fund the Western lifestyle. What appears to be business as usual for our banking systems is anything but and has created the greatest debt bubble in global history. The richest in society who are at the top of Maslow's pyramid will no doubt financially survive the upheaval of a catastrophic crisis but for the vast majority near or at the bottom of the pyramid life would become intolerable leading to societal breakdown.

We desperately need a controlled adjustment both politically and economically if we are going to prevent conflict both within and between nations. Instead of moving from boom to bust and occasionally international conflict we need a more stable financial environment so that people, communities, businesses and governments can plan for their futures.

As the global debt mountain soars politicians obfuscate and look for short-term fixes rather than having a strategic vision for the long term. The 2007/2008 crisis offered an opportunity to reset the current fiat system but nations decided collectively to double down on the debt to maintain a flawed system. We now face a much greater challenge that is of a greater financial magnitude that will require pre-emptive action if we are not to be left with conflict both within and between nations.

The Nation State

The nation state is under threat

Not from populism but from global interests

They care not a jot for sovereign states

Whilst feeding from the global plate

Nations are for the 'little people'

Governed for the financial steeples

Culture and societal development

No responsibility for those who take the rent

They park their profits in tax havens

Whilst seeking protection from the nation

Those left working have to pay

To maintain the system for global prey

For many centuries the geography of nations have been formed through war and occasional agreement through payment or power brokering. Whether it be a dictatorship, monarchy, republic or theocracy, nations have been forged without democratic process. The more recent annexation of Crimea whilst being supported by 90% of the population was forced through cultural identity of the Russian speaking majority and although unacceptable to the Ukraine Government and ethnic minorities it could be considered as self-determination albeit without Government approval.

Many European nations are relatively young in historical terms and owe their identity to culture and a common language. Many have natural boundaries as

in the case of an island or rivers and mountain ranges that form a physical separation of lands. Whatever the origins, the geography, the culture and language has been consolidated allowing government – democratic or otherwise – to manage a nation’s affairs with a high degree of autonomy.

Individuals or groups have traded globally long before formation of nations but have gradually been brought under the control of the national governments who have added value by acting as guarantor and regulator of these trades. Key to this activity is money and the confidence and trust in using it as a means of exchange. Of course in earlier times bartering or exchange of precious metals such as gold or silver allowed trading activity without the need for modern fiat money. Governments had little control of the trade excepting for physical interception at ports or trading establishments.

Fiat money has gradually replaced the physical money but in order for it to be accepted many government treasuries pegged its value to gold in order to give people confidence to hold it. This would be particularly important for international trade so that nationals could be confident that their foreign money was a stable store of value. For most nations paper money has long been divorced from the peg to a gold standard. The Bank of England’s own website makes clear that UK fiat money is nothing more than a promise:-

What is the Bank’s “Promise to Pay”?

The words "I promise to pay the bearer on demand the sum of five [ten/twenty/fifty] pounds" date from long ago when our notes represented deposits of gold. At that time, a member of the public could exchange one of our banknotes for gold to the same value. For example, a £5 note could be exchanged for five gold coins, called sovereigns. But the value of the pound has

not been linked to gold for many years, so the meaning of the promise to pay has changed. Exchange into gold is no longer possible and Bank of England notes can only be exchanged for other Bank of England notes of the same face value. Public trust in the pound is now maintained by the operation of monetary policy, the objective of which is price stability.

Citizens of nations such as the UK and indeed virtually all modern economies now have nothing more than a promise and have surrendered control of their money to central banks and the private banks acting under license. For this reason we have seen governments using their central banks to finance ever growing public expenditure through the issuance of debt and in some cases direct monetisation through creation of fiat money. When on a gold standard there was always a limit to the amount of money that could be created and for a country that could not mine its own gold it would have to trade and earn its gold through exports and a positive balance of payments with other nations. Wars and empire allowed some nations to confiscate wealth from others without the need for this trade and many European countries benefited from this exploitation of weaker and less advanced nations.

Developed nations now have less propensity to go to war with each other for financial gain as the world has become more globally connected and the danger of modern weapons make the risks too high. These modern weapons have now morphed into commercial espionage through communications and global manipulation of fiat monies. The problem for many nations is that whilst they raise tax revenue within their borders they are unable to easily capture tax from the financial flows of fiat money across borders. This has been particularly a problem for heavily indebted Western economies that have tried to maintain their public spending with diminishing revenues. This fiat money

has also allowed entrepreneurs and speculators to exploit cheaper labour in emerging markets whilst starving developed nations of capital investment for industrial activity from which tax revenues can be levied.

The consequence of this is that national governments are losing consensus of the traditional 'left' and 'right' politics and this is being replaced by growing nationalism that is clamouring for protection from the erosion of wealth and particularly wealth per capita. It is not only the wealth per capita but the distribution of this wealth where median incomes are falling in real terms. This is the reason whilst many are against further immigration and see this rather than the free flow of fiat money as the greatest threat to their prosperity. The cultural issues whilst important would not be of so much concern if these people were maintaining or benefiting from rising living standards.

So nations have lost control of their borders and the flow of fiat money which itself has been detached from a gold standard upon which confidence and trust was built over many centuries. We now have a struggle within and between nations as this globalisation of debauched fiat money has spread like a cancer throughout our international trade. The USA has benefited from the 'dollar peg' which has allowed the Federal Reserve to be the de facto central bank for central bankers with dollar hegemony and projection of the USA as a super power overarching other nation states. However, since leaving the de facto gold peg in 1971 the US dollar has allowed fiat to mushroom and has become an illusion as the debt of the USA itself has reached unprecedented levels.

Ordinary citizens are trapped within the corset of national regulation and taxation but the global elite are able to use fiat to exploit nations by being domiciled in low or zero income tax jurisdictions whilst holding property and

other speculative assets in nations where they can maximise returns. Typically a person may hold a UK passport for purposes of protection and international status with a large property in London, New York and another in Monaco for tax residence purposes. Business interests' maybe global but corporate profits could be channelled through the Cayman islands or similar area with lax taxation. Hence we see a global elite prospering at the expense of ordinary nationals that bear the cost of supporting ever growing demands of public services. Nations are under pressure to both cut service provision and to tax the dwindling middle classes knowing that the rich and particularly the global elite can avoid much of the taxation.

Capital controls are the only way that a nation can trap these financial flows and ensure that speculative and other activities are taxed for the benefit of society as a whole. No one nation wants to be the first and these capital controls are normally only implemented when there is a currency crisis or other critical national emergency. Most Western nations, led by the USA, removed capital controls in the 1970s and it is the last forty years that has seen much of the hollowing out of the real economy as a result. Countries such as the UK that have a disproportionately large financial sector rely on free movement of capital as part of the global banking investment (casino?) operations from which speculative gains are made. Therefore, Wall Street, the City of London and other heavily financialised economies that benefit from the global financial sector will resist any restrictions on free movement of capital.

Globalisation

Capitalism in all its forms,
Is based on nothing more than jungle norms,
Predators of all shapes and sizes,
Feast on each other for survival.

From feudal capitalism to the modern concept
We have evolved a system where many are kept,
With nations now managed like farms,
To serve the global banking arm.

For capitalism to work we need level fields,
Not banks and hedges who appear to 'steal'
The wealth created from honest graft
Through financial legerdemain and stealth-like craft.

Global capital is the real threat
As it conflicts with national interests,
We must therefore wrest control of money
It is the basis of our liberty.

Globalisation has blurred the way nations operate with extremely wealthy individuals and corporations acting largely outside the control of individual sovereign states. It has only been a nation like the USA that has had the financial and military power to exert real influence on this global wealth. This is about to change as the BRICs grow and consume an ever larger share of global

resources. In terms of both land mass and population they are superior to the existing Western order and therefore will be able to forge ahead with exploitation of resources and technology.

Will nation states therefore matter in this globalised world where information can cross physical borders far more easily than in the past? Can a sovereign democratic state govern its population independently when its laws and customs can be easily questioned and compared with others in the global community? Will nations have to resort to evermore protective measures to trap the wealth and power within their borders? Will globalisation therefore largely come to halt with power blocs such as the EU, Americas, East Asia and a Middle East managing their own areas of control? Will there be conflict for resources and perhaps major international dispute and wars? No one can be sure as the 21st Century unfolds. Both within and between nations there has never been so much uncertainty.

We are where we are in the indebted West and it is very difficult to create any real growth with the huge debt burden that has been driven by fiat currency. Can we manage our economies without growth? The answer is yes but in so doing we have to redistribute wealth or rather return it to the wealth creators. This requires the public sector expenditure to be reduced so that it is balanced by a wealth creating private sector that can produce enough revenue through taxation. If a nation were completely self-contained, meeting all of its physiological needs without imports then it could take more in taxation to support public services. If however, it is a densely populated nation like the UK (particularly England) with a dependence on net imports of food and energy, more of ones created wealth needs to be exported for purchasing these things therefore a government cannot tax to such high levels. Scandinavians for

example have relatively high levels of taxation but enjoy a better per capita standard of living because of their exploitable natural resources. Hong Kong is a better example for the UK with a dependence on its wealth creating population and government expenditure at about 30% of its GDP (Gross Domestic Product).

When an economy is truly on a sustainable path it has a balance of payments that is near to equilibrium. In other words it is not consuming more than it is producing. This may seem an over simplification but for a period after the WWII that is what mattered to governments. However, since the explosion in globalisation and particularly banking, financial boundaries have been blurred and governments have lost sight of this important metric. A good analogy would be a group of neighbours having a common credit card. The poorer households would aspire to the living standards of the richer households through use of the credit card and the general level of debt would rise above what would normally be the case. In order to clear the debt everyone must pay it back even if they were not individually responsible. The alternative is to default on the debt and destroy the savings of those who have stored their wealth in paper currency (i.e. non-tangible wealth). If it were only the very rich who lost this wealth it may be possible to unwind the debt relatively easily but in our complicated world much of this debt is owed to ordinary pension funds and savers and would have huge moral implications. However a controlled default where protection is given to savers with small deposits and pension funds would allow this to be implemented with minimal social disruption.

Global Debt

The global debt has been growing at a faster rate since 2007 and now is approaching three times global GDP. The people who own the debt become a rentier class whilst those who have to service the interest on the debt have to work ever harder.

Fractional reserve banking has allowed many in the financial sector to benefit at the expense of the real economy. The ability of private banks to operate with just 3% capital allows them to loan huge amounts of money they don't have but that is created by assuming the debtor is an asset. The central banks are complicit in this unstable system by not only being a lender of last resort to the private banks but also providing liquidity through QE (Quantitative Easing) or 'money printing' in laymens terms to prevent 'too big to fail' financial institutions going bust. So since the financial crisis we have seen this money printing enabling Governments to take bad debt off the banks balance sheets and onto that of the taxpayer. In doing this we have massively increased the global debt and hence the financial sector at the expense of the real economy.

Indebted Governments

If we leave the internal taxation and regulation issues to sovereign nations and concentrate on maintaining confidence in money as a means of allowing fair trade between nations and peoples we do a service to all those who are concerned about creating and storing their wealth. These are the foundations for real growth and prosperity for the global economy.

We should accept the rich cultural diversity of our planet and allow people to enjoy a monetary standard of living that they are able to sustain. We should

not despise those who live nearer to a subsistence level by choice but equally they cannot expect to benefit fully from social provision that is paid for by more industrious communities. It is for democratically elected national governments to shape their societies; rather than institutions at a global level which are too distant to maintain cohesion and trust of its constituent nations and communities.

The current manipulation of currency and government debt through formal QE (Quantitative Easing), rescue funds etc. is preventing a stable basis from which to carry out a comprehensive audit. It would greatly help the process if national governments recognise obligations by using a global currency peg based on gold and/or a basket of other commodities. All countries could then be audited at a national level to determine their per capita wealth.

A global currency peg would prevent protectionism by debasement of fiat money through QE and 'below market' loans to commercial banks which have been used to provide 'back door' financing of Government debt. A blatant example of this was when the former French President Nicolas Sarkozy urged commercial banks to take advantage of cheap 3 year 1% loans from the ECB and profit from the 'carry trade' of lending it to the indebted Sovereigns such as Greece for an easy profit.

A 'Bretton Woods' type meeting could be used as a platform to agree the liabilities and assets of all affected nations. It would require a lot of horse trading in so far as creditors may be willing to sacrifice some debt in return for a currency peg and reshaping of global finance institutions such as the World Bank and IMF (International Monetary Fund). This would be mainly a political matter but individual governments would then be able to sell any agreement to their people based on the strength and mutual interests of their

international trading partners. If this is too difficult in the short term it would be much easier to carry out an audit of the net wealth of all nations using a 'global peg' for determining any transfer through a controlled default.

No nation should be required to offer debt relief to a nation with a higher per capita wealth. For example, in the case of Greece it would be morally wrong for Slovakian citizens to be expected to offer debt relief when they have less per capita wealth than the Greeks. In determining per capita wealth one needs to take into account an internationally acceptable method for measuring wealth. The World Bank (<http://siteresources.worldbank.org/INTEEI/214578-1110886258964/20748034/All.pdf>) has some useful research and has made comparisons between nations based on tangible and intangible assets such as social structures and legal systems. The list below is by no means comprehensive but covers many areas that are not purely monetary:-

Discovered resources such as water, minerals, energy

Agricultural land and its productive capacity

Infrastructure including roads, rail, airports, hospitals, school

Dwellings

Coastline, mountains, forests

Climate which impacts living costs and has a value to living comfort

Education and skill resource of the workforce

Population density

Healthiness and longevity

Demographics and particularly age profile

Systems of governance

Globally agreed debt default could be calculated through a formula:-

$$DRF = (W_A - W_B) / W_A$$

Where DRF equals Debt Reduction Factor

W_A equals Wealth per capita of Nation A

W_B equals Wealth per capita of Nation B

If the DRF is < 0 then there would be no debt relief given by nation A.

The DRF to apply losses on creditors

E.g. If W_A is 50 000 euros, W_B is 30 000 euros, a DRF of 0.4 would be applied to the Nation A share of Nation B liabilities.

The DRF could be applied to all liabilities, including central bank bond holdings and commercial assets, as well as World Bank and IMF liabilities. It may have to be calculated in an iterative process as the per capita wealth of a creditor or debtor nation could be substantially affected by defaults or 'haircuts' on private sector liabilities. Any additional liabilities of CDS, CDO and other financial contracts would also have to be accounted for.

Eurozone (EZ)

The Eurozone is a subset of the global problem but at least the member nations share a common currency. However, unlike the USA the members do not share a common language, culture and there are disparate taxation and benefit systems. To reconcile debt between nations would require creditor nations such as Germany to carry the main 'haircut' on debt repayments.

All over Europe the lights are flickering,
Whilst our political class continue their tinkering.
Dissatisfaction, disillusion and outright anger,
The proletariat see the cancer.

Meanwhile the global elite continue to harvest,
Wealth extracted from the monetary chest.
They store it safely(?) in their havens,
Free from tax and deprivations.

The middle classes struggle on,
Bearing the burden of keeping the lights on.
Where is it heading we may well ask,
Economists are confused and not up to the task.

A revolution some might say
Is soon to be heading our way.
Let's hope we end up with a system that's fair,
With work and thrift and entrepreneurs who care.

In order to offer a solution to the ongoing EZ crisis one has to decide whether one takes a route of least moral hazard or whether one chooses to ignore the moral consequences of any action. I suggest one should always make avoidance of moral hazard as the main guide to any action. Therefore, one needs to decide who should pay the price – debtors or creditors? Clearly there is greed and stupidity on both sides of the fence but there needs to be a safety net below which no one should be made to suffer.

What are we trying to save? Is it just the EZ? Is it a global system based on truly free market principles? Or is it a collection of central banking systems that may continue to work in the vested interests of their sovereign governments and commercial banks? Are we looking for a solution that suits all those who create wealth, whether they be the ‘masters of the universe’ or the ‘little people’?

The United Kingdom faces a similar dilemma as the EZ, with disparate tax and benefit systems causing a transfer of wealth across national borders through the Barnett formula. These anomalies are a moral hazard and could damage confidence in the sterling zone as breakup of the Union becomes a possibility. In the EZ there is the moral hazard of the German worker having to subsidize the Chianti, Ouzo and Sangria lifestyles of the Club Med debtors through the EFSF, IMF and ECB action. Any attempt to force a full fiscal union would heap moral hazard upon moral hazard as more productive workers in the North of Europe are taxed to subsidize less productive ones in the South causing further political breakdown and trust in the economic system. Therefore a fiscal union is doomed to failure and is not a viable option for the EZ. It may be desirable for a breakup or partial breakup of the EZ as part of the process of global debt relief.

Capital Controls

Capital controls were mostly removed in Western nations during the 1970s led by the USA that had removed the dollar gold peg in 1971. There are arguments for and against capital controls but for countries to prevent haemorrhaging of liquid assets there would have to be a period of capital controls during any debt reconciliation. The extent and duration of these would depend upon the political and economic stability of an individual nation. In the case of the EZ (Eurozone) much of this action would be a closing of the stable door after the horse has bolted. It would therefore require governments to fully cooperate on disclosure of assets held by non-residents so that they could target wealth that is deliberately concealed to avoid participation in meeting the financial liabilities of the member nation. The moral imperative is that whilst a person or organisation had benefited from the membership of the Eurozone through cheaper loans and government borrowing they should not flee that same nation when the debts must be settled and/or the currency realigned upon exit.

Capital controls should be a temporary measure following debt reconciliation to prevent panic movement of capital from one country to another. National Governments would need systems in place to supervise cross border monetary transactions. Electronic transactions can be easily monitored and currency in the form of notes can be traced through serial numbers to their country of origin. Gold, diamonds, works of art and similar portable and valuable assets would have to be monitored with custom controls.

National Level

Whilst it is neither possible nor desirable to dictate the policy of national governments, all could extend retail deposit protection to pension funds with a cap in the same way retail savings products are protected with licensed institutions. Banks should be nationalised where they cannot raise sufficient capital and governments could implement US “Chapter11” bankruptcy policies to protect the retail operations whilst the creditors of the investment banks are left to deal with the losses. In effect a ‘Glass-Steagal’ type separation of retail and investment banking.

This may sound a very simplistic view of the matter but it is really just that. Taxpayers cannot be expected to continue picking up the direct losses and maintaining the wealth of bondholders and other financial institutions. Once the ‘haircuts’ have been taken we could then rebuild our economies based on a more financially sound banking system with full separation of retail and investment banking.

The UK Perspective

I remember serving as a Councillor in SW England and looking up at the impressive Town Hall building that was a legacy from our Victorian ancestors. There were several carved stone plaques on the external facing walls; one of them summed up the requirements for a nation: “The four pillars of Government are Justice, Religion, Counsel, Treasure”. All of these pillars have been brought into question in recent years.

Justice is under threat from international law and particularly the Court of Human Rights. The EU in the case of the UK can create laws that override those of the national Government. There has always been a separate judiciary for

Scotland and England but largely the law applied for the UK has been enforced by Westminster and accepted by the people of the UK. However, Devolution has undermined the UK consensus as powers are devolved to national parliaments that can create divergent tax and benefit systems with separate policies on health and education. Rather than strengthening the UK it has undermined the cohesion between its citizenry and may eventually lead to its breakup. Brexit has complicated matters but for Justice to remain strong we must all be treated equally under the law of a nation to which we belong.

Religion has been a unifying force for the UK in particular with a largely Christian community accepting the moral authority of the Church whether it be Catholic, Protestant or other group. With the exception of Northern Ireland where the largely Catholic community in the South used it as a proxy in a nationalist struggle against the Protestants in the North. The issue of gay rights, paedophile priests, contraception and many other issues have reduced the influence and moral standard of the traditional church within our society. We now have football and other national sports that provide more of a community than the local church. In parallel to this we have witnessed massive immigration of people who have brought their own religion, whether it be Sikh, Hindu, Muslim, Buddhism etc. Therefore religion can now be seen as having potential for division rather than cohesion of our society.

Counsel has also been devalued with a lack of trust in our political class. Whether it be past corruption in local councils, salaried councillors and senior council staff drawing 'fat cat' salaries there has been a growing divide in our local communities with low turnout at election time. Even at national level this apathy has grown and a general lack of trust has been built through broken

promises, expenses scandals, lobbying interests and career politicians that have little experience outside of politics.

Treasure is the wealth at the disposal of Government and in the case of the UK and other indebted Governments we have witnessed severe financial constraints. This has yet to fully play out but Governments like the UK have sold national assets and borrowed huge amounts of money to maintain a public sector with a large dependency on welfare benefits. This cannot continue and the very currencies (fiat) on which we all depend for daily transactions are under threat as government seek to confiscate through legerdemain yet more wealth to maintain their Treasury. This legerdemain takes the form of QE (Quantitative Easing) better known as 'money printing', off balance sheet PFI (Private Finance Initiatives) better known as mortgaging, rather than honest taxation which must be approved by an elected Parliament.

The UK is lucky to have a mature democratic system but like many mature developed economies is fast losing consensus of the population. There is a polarisation of wealth with the middle income groups being squeezed ever lower towards a lowest common denominator. Whilst median wages have shown marginal increases in recent years there has been a massive growth in benefits that masks the gap between claimants and non-claimants. Medicare in the USA poses similar problems to the UK and in France where I currently live there are many financial support mechanisms for those on 'low pay' not available to those on modest incomes.

The working man has had his day,
Once was a time when work would pay,
A husband or wife could earn a decent wage
To keep a family without state aid.

Now they both must work to pay
The bills that mount day by day,
Living standards are in decline,
But still the Government says all is fine.

The client state is too heavy a burden,
Whether they be bankers, claimants or civil servants,
The global elite choose what they pay,
Whilst the rest of us have no say.

Meanwhile the debt keeps rising,
Monetisation taking us to new horizons,
And they say, GDP is all that matters!
Whilst zombie banks get ever fatter.

For the ordinary person who wants to go about their daily lives with the minimum of government interference these issues are not obvious. They want to move up Maslow's pyramid of hierarchical needs to levels of safety and love/belonging. Governments can create an environment in which these can be achieved but cannot guarantee them, we therefore have to apply personal responsibility. In fact, other than trying to maintain a climate in which we can move up the hierarchy, government can be an obstacle through excessive

taxation and over regulation. There are always going to be winners and losers, but if those who create wealth and those who largely consume wealth are reduced to a common denominator the overall prosperity is reduced and most of the population are moved down the pyramid.

Housing is a basic need and although some may live in a hut whilst others live in a mansion or chateau, we all need a roof over our heads. Housing stock may be an asset but it is not an asset that should be treated as a tool for wealth creation to the detriment of other sections of the real economy. You can't eat bricks and mortar and if this asset becomes relatively expensive there is less wealth to spend on other areas of consumption and personal development.

Immigration has increased the workforce but has also created demand for housing and hence propped up high house prices and rents within the UK. There are other problems associated with immigration, the culture and morals within society, the pressure on infrastructure and the environment. All of these factors are a cost on society as the general quality of life is sacrificed for a larger labour force from which growth can be achieved. Unfortunately, the UK has made a fatal mistake of increasing its population without increasing its wealth creating capacity. This has been evidenced by a widening balance of payments deficit and increased public and private debt. The housing bubble has been built on the misconception that immigration will lead to ever higher demand and hence higher prices and rents. This is fine so long as banks were able to finance this but as the ongoing 2008 crisis showed, the international confidence in financing this bubble has evaporated. Governments have filled the vacuum by printing money and nailing interest rates to the floor. This has provided liquidity to the banks whilst preventing them from having to deleverage more quickly with house repossessions and withdrawal of bad

loans to allow the market to adjust to a new equilibrium. So we have a stalemate where the Government is trapped into monetization of its deficit to prevent precipitous economic collapse. The danger is that as inflation of imported energy and goods bears on the poorer members of society, social and political tensions increase. This situation is also destroying the middle classes which have been the glue in our societies whilst bearing the burden of evermore direct and indirect taxation. Without a strong middle class one needs a much more authoritarian government to maintain law and order as the global rich continue to avoid paying taxes and a huge population of relatively poor people do not have sufficient disposable income to provide taxation for a heavily welfare dependent society.

Illusory growth within the indebted West has been achieved through a huge growth in government debt and personal consumption financed through easy credit. This has been a deliberate policy of all political parties in order to promise their electorates ever improving GDP growth whilst having differences on the level of redistribution. In the UK we can see the problems stemming from the era following the turmoil of the 1970s. North Sea oil came to the rescue in providing revenue with which to restructure the UK economy and funds for Government spending. There was also a deregulation of finance and an easing of consumer credit. I can remember most people having to buy cars and furnishings on HP (Hire Purchase) and having to save a third as deposit before they could get any credit. Mortgages were previously more difficult to get with a minimum of 10% deposit and an allowance of 3.5 times the 'breadwinner' income. However, from the mid 1980s right up until 2007 the main political parties were competing on offering the electorate ever more largesse – the Conservatives talked about “sharing the proceeds of growth”. Were they all so stupid or dishonest or were they so locked into short term

goals that they could only plan as far as the next election. In the UK the deregulation of the financial markets in 1986 largely contributed to the explosion in global capital markets and consumer credit expansion.

The UK is bereft of strong political leadership with true statesmanship and leaders that can look beyond winning the next election. The Royal Family are the nearest the UK has to a long term view of society but this 'firm' in recent times – notwithstanding the popularity of the younger Royals -has been more interested in preserving itself and its coterie of Establishment circles than the general wellbeing of all members of society. Who cares about the ordinary person who uses their skills and training to create wealth? Who cares about the person who has been thrifty and trusted their savings to society? Unless these ordinary people are treated fairly with the yoke of taxation kept to a minimum and their savings protected from erosion through benefits disqualification and currency debauchment, how will we build a moral society where those who are able are fairly encouraged to create wealth?

Should we move towards taxation of land rather than labour? Why should people who own vast amounts of property benefit tax free from its enhanced value whilst those that labour bear the brunt of taxation? A tax on land and other assets would encourage owners to put them to productive use rather than enjoying capital appreciation without effort. This may encourage large areas of land to be brought into use for agriculture and other productive purposes. This is a controversial area as many people invest in land, property and other tangible assets as part of retirement planning. However, it would be fairly easy to set a threshold below which tax is not levied. Those who inherit wealth and refuse to put it to productive use would see it eroded by a steady taxation of say 1% per annum. Those who put it to productive use will reap the

profit after paying the 1% levy and would retain the inherited wealth which can be passed on to the next generation. There would then be no need for inheritance tax and the complicated tax avoidance measures that form part of inheritance planning.

Not all of us are motivated by money beyond maintaining a reasonable roof over our heads with food and heat to sustain ourselves. Some may use the fruits of their labours to meet spiritual needs; others are motivated to support their communities; yet more would like to make charitable donations. We should all accept a duty to pay fair taxation towards the support of basic services – health, education, public protection etc. but we must aim to minimise the tax burden so that people are free to spend the fruits of their labours as they see fit.

Political Systems

Our political systems, particularly in the UK have been hijacked by career politicians and powerful lobby groups. In the UK we have a House of Lords that needs drastic reform. There is political consensus for making the House of Lords an elected body but party politicking has prevented any move towards reform. Our MPs are also becoming career motivated with more allegiance to their party than the communities they purport to represent. Perhaps we could introduce a system of recall, similar to Cantons within Switzerland. Any MP could be forced to stand for re-election if a referendum were called based on a petition of a qualifying percentage of the electorate.

Youth Unemployment

A consequence of huge immigration into the developed West coupled with deindustrialisation has been a loss of productive work opportunities, particularly for our youth. Our faux booms of the past three decades have improved our standards of living in financial terms but has discouraged our young from taking up part-time work at an early stage. Now we see a need for that part-time work to prepare them for the real world of work when they leave full time education.

Some Mayors in France have introduced schemes where they pay teenagers to work part-time on community projects. This not only gives them some pocket money and personal pride but also encourages respect for the community in which they live. These schemes could be adopted by all local communities and would be self-financing if they lead to less vandalism and improved local facilities.

We are desperately short of work opportunities for young people and this has been exacerbated by largely uncontrolled immigration. Whilst immigrant workers are willing to work for less and live in relatively crowded accommodation, our own young people are unable to afford decent housing with the money they are able to earn. They are either trapped into living with parents or struggling to afford rents in the areas where they can find work. It appears that housing as much as food and energy is the main obstacle to finding suitable employment. Governments and banks have colluded in creating relatively expensive housing costs and this policy needs to be reversed so that proper market forces apply.

Clearly we have an ageing population, less public spending and consequently less money for state financed retirement means more elderly people will have to work to supplement their incomes. This will cause a further restriction on recruitment of young new entrants whilst older workers cling to work from which they would normally have retired. In a healthy growing economy with controlled immigration there would be sufficient well paid employment for the majority to be gainfully employed. This is not the case as we see huge automation and technological changes that render many jobs obsolete. This has been exacerbated by allowing production capacity to move to 'cheaper' production areas in Asia and Eastern Europe.

Whether it be food stamps in the US, tax credits, housing benefits or unemployment benefits in the UK; there is a cost for this cheaper labour. The taxpayer through these government subsidies to business is financing the social changes that are taking place and indirectly providing citizens with cash to consume goods from those that have displaced its workforce.

There is so much that needs to be done and our infrastructure is in desperate need of modernisation. To this end we need a strategy that targets key infrastructure and trains our young people to take up the opportunities to design, build and operate the new plant and services that will result. There could even be 'green' projects to improve our environment and whilst these may not directly enhance our wealth creating capacity they could improve our quality of life and the general well-being of society.

CHAPTER 2

SOLUTIONS

Global Level

So we somehow manage to reconcile international debt but how do we move forward with a more sustainable and acceptable means of money for trade, wealth creation and individual needs? To answer this we need to decide where the nation sits within the global context. A truly open and free trade nation would opt for a global currency peg that would prevent politicians from manipulating or debasing a national currency. Alternatively they might back a currency with physical gold or even adopt 'bitcoin' or similar digital technologies that are trusted and independent of central control.

Governments realise the importance of controlling the money supply for their own political ends but this is a denial of democracy as it allows them to steal from our futures through inflation. If they were constrained by sound money then all Govt expenditure would have to be funded with taxation and debt allowing citizens to judge their actions at the ballot box. Money is power and therefore individual nations must decide whether their power is based on honest taxation of their citizens encouraging wealth creation with trust in monetary reward or continue with a fiat system that is subject to abuse and hence abuse of power.

The current dollar hegemony is not sustainable in a multi-polar world. International trade needs to be encouraged through trust and respect for national interests. With US Government debt growing beyond 100% of its GDP any normalisation of interest rates would cause huge debt servicing cost to the US and present them with a choice of a hard default or to devalue the dollar

for a soft default. The result of the latter would be stagflation and serious public unrest. Either way the dollar will inevitably lose its status as global reserve currency.

The associated institutions of the IMF and World Bank are US constructs and would need to be restructured to suit a multipolar world. With a global currency peg any credit facilities offered to nations would have to be backed by other constituent members rather than fiat IOUs. The World Bank itself would be constrained by its members capital. This requires a whole new concept in banking whereby growth in the money supply is constrained by real growth in the world economy.

There are many who scoff at this constraint and a return to a de-facto 'gold standard' but the current fiat system allows wealth to be stolen by those who control the money supply. Why should anyone be able to create money without an associated creation of real wealth?

Conflicts between nations can develop because of the fiat based debt systems. Why should one nation subsidise another unless it is through an agreed arrangement of international aid. At present the Chinese hold trillions of dollars of US debt and any default (hard or soft) is a possible cause of conflict. There could easily be a 'tit for tat' reckoning with China trying to take back control of Taiwan or a push for more control of its regional resources.

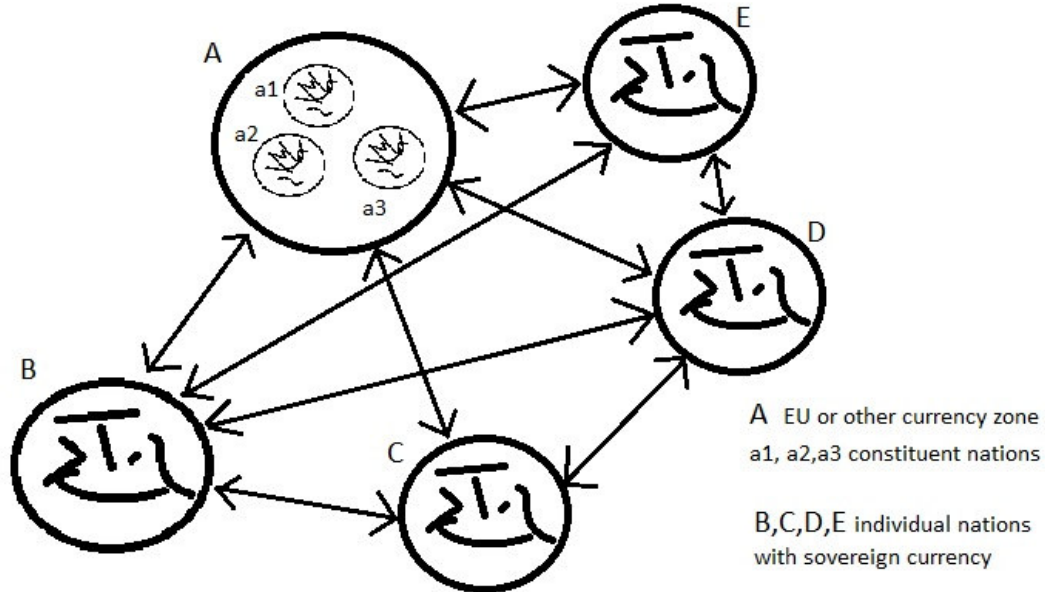


Fig. 2 Trust in trade between nations not dependent on internal economy

Figure 2 above highlights how national sovereignty can be respected allowing internal currency fluctuations – sometimes chaotic – but ensuring all trade between nations and or currency blocks such as the EU are settled with a global currency peg. Up until recent times gold was the means of settlement but this could quite easily be a basket of commodities and perhaps cryptocurrency such as bitcoin.

Capital controls on national currency would be the remit of national government but all freely trading nations would have the option to settle with the trusted global currency peg. This does not preclude bilateral trade in the form of barter with say oil for payment of a construction project.

The internal workings of each nation, whether it be capitalist, communist, theocracy etc need not affect trusted trades that are settled with a global currency peg.

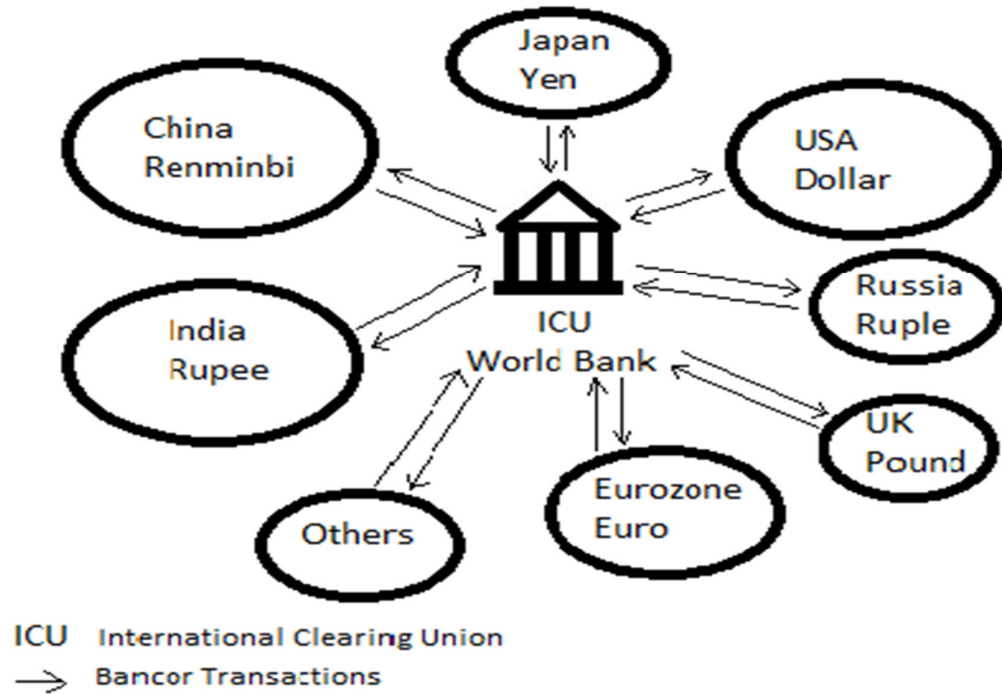


Fig. 3 Trusted international transactions through ICU and loans channelled through the World Bank

John Maynard Keynes proposed a system after WWII in which the Bancor - derived from French “Banque Or” – could be used as a global currency. He also suggested a multilateral clearing system (Fig. 3 the ICU) that would allow the Bancor to be the global currency of choice. As mentioned above in Fig. 2 there could still be bi-lateral trades in a form of barter or regional currency unions or associations. Internal national currency would be freely controlled by sovereign Governments.

Sound money is a concern of all
Without it society will fall
Trust is key to all concerned
No matter where money is earned

Nation states can avoid conflict
By managing wealth by a yardstick
Their peoples live within their means
Not encouraged by dodgy financial schemes

Work and thrift to deserve respect
Wealth created, spent or kept
Taxation of the real money
Rather than growing debt and QE funny

National level

It is clearly a matter of individual nations to decide how to structure their own economies and their value systems may be at odds with those of many Western societies. However, we must respect the rights of individual nations whilst protecting the rights of individuals to emigrate but that does not mean one has to allow unfettered immigration. Borders need to be controlled but no nation should be a prison and no nation need be an overwhelmed sanctuary.

We need to see human evolution as Darwinian and that survival of the fittest will improve the human race genetically and intellectually. However, if we intervene there are unintended consequences. A compassionate society should make affordable provision for those who are disabled or unable to work and support themselves but a welfare state whilst helping the truly needy can

also encourage idleness and fraud . There is a balance to be struck and it is the individual nation that must make that decision. Do they have a high taxation high welfare spending model like Sweden or a relatively low taxation low welfare model like Hong Kong?

Clearly we need to provide a safety net but we are now at the point where the wealth creators in the middle are questioning the value of work and thrift. Are we to allow this to continue whilst borrowing from the future and burdening generations with debt slavery. The culture of work and thrift is fundamental to capitalism and without an aspirational class we could end up with a feudal system and a polarised society requiring evermore authoritarian government and loss of democracy.

Banks

Glass-Steagal is all that is required
To separate retail from the casino style,
Regulation is of no use,
And as Libor showed is subject to abuse.

The bankster bonuses are still there,
Whilst ordinary workers pay their share,
So creative capacity is in decline,
As national wealth is drained over time.

True capitalism has clearly had its day,
As 'cronys' follow the Establishment way,
Whilst the taxpaying folk fight for scraps,
From the table of those globalist chaps.

Meanwhile Govts continue to pile debt high,
To offer voters a share of the pie,
There will come a point where this must be paid,
No more debt and for banks no aid!

A particular malaise for many indebted nations are the 'too big to fail' banks that have become 'casinos' with a taxpayer guarantee. These banks whilst providing a necessary retail function for citizens and businesses to operate have outgrown the real economies they are supposed to support. Instead they benefit a global elite that cares not for the nation state. This very global interconnectivity prevents individual nations from properly regulating their activities with the national interest subservient to that of a global financial interest.

I remember the requirement of UK banks to hold about 10% in ERA (Eligible Reserve Assets) which could be cash, Gilts or other liquid assets. These were a necessary corset on the ability of banks to create money through retail deposits. We now have banks which have as little as 3% of liquid assets putting them at greater risk of failure. This coupled with their ability to speculate in proprietary international trading has made national economies more exposed to financial upheaval. In fact the nation state is being subverted by an international fiat based system.

Corporations

Many corporations use the global banking system and free movement of capital to minimise taxes. There is no respect for individual nations and

therefore they leave the less mobile citizens to pick up the cost of maintaining public services. Whilst it is up to individual nations to decide what the level of corporation tax should be, there needs to be full transparency on where profit is generated or perhaps a tax on turnover to prevent transfer pricing and other means of pressuring nations in a race to the bottom for corporate tax rates.

Tax Havens

Many tax havens rely on governments allowing nationals to park money abroad and either legally or illegally avoid taxation through confidentiality. This is clearly unacceptable in a world without capital controls. One way to lessen this avoidance or evasion of tax liabilities would be to make an individual who holds a national passport to be responsible for paying taxes on all global income and wealth to the nation for which that passport entitles national rights. Countries should also tighten the rules on multiple passports requiring nationality to be surrendered before taking another. This is a matter for individual nations and need not concern international trade unless it involves illegal activities such as drugs and unlicensed arms sales.

Corruption

This is clearly a matter for individual nations but corruption as seen in one culture may be viewed as politeness in another. In the West we have crony capitalists that gain advantage through political association rather than efficiency and effectiveness. Too many of our political establishments are linked to powerful lobby groups that get undue influence over economic and social policy.

In many African and Middle East countries, even if a contract is won by tender officials expect payment as a way of doing business. Sometimes this is endemic

within a society and works from the highest level down to minor day to day transactions. It is not for us to judge but to allow societies and hence nations to organise their internal affairs. It is trust and honesty for trade between nations that matters.

CHAPTER 3

FUTURE OF TECHNOLOGY & MONEY

Sovereignty of cash

Cash is King or so they say
But steadily it disappears day by day
There was a time pay was received
Directly from employer to employee

Now we rely on bank transfers
Digital money in a digital world
We sometimes draw cash from ATMs
But mostly use our plastic friends

All is fine till digits fail
The plastic rejected in cyber hell
Banking systems are disabled
Cash again king in the retail stable

Bartering has been with us since early humans and is still here today but is minimal in terms of overall transactions. The first 'cash' in the form of precious metal coinage was about 2000 BC and the Chinese created paper money in about 800AD but paper except for Govts has not really been adopted until banks came on the scene in the 1600s. Since that time ordinary people used coinage which could be copper, silver or gold. Banks issued notes that could be exchanged for coinage that had an intrinsic value. Most people were paid in coinage until the 20th century which suffered serious bouts of inflation

following the World Wars. Even then the paper money had a relationship to precious metal and particularly gold. However, as nations like the UK came off a gold standard our currency became fiat (issued as an IOU , a promise to pay) and since the Bretton Woods agreement following WWII we have used the dollar as a de-facto gold standard but even the mighty dollar was eventually removed from a gold peg in 1971.

Until about 50 years ago most people transacted in cash (coinage and notes) because very few had bank accounts. Workers were paid mostly at the end of each week and received a pay-slip with details of the gross earnings less deductions for tax etc. With the net amount of cash in the wage packet. People had to budget from week to week for all expenses including food, rent, travel etc. When the money was gone some would resort to the 'slate' (a slate with chalked details of what credit had been advanced by the shopkeeper). If this was not repaid at a later date a customer would be barred from a shop. Cash was a discipline and people saved where possible by buying stamps to indicate how much they could draw at a later date; there were even Govt stamps for NI (National Insurance) contributions.

As bank accounts became more popular about 40 years ago people were moved onto monthly payments into their bank accounts from which they could draw cash or use cheques to make transactions. Cash was still Important but was reduced as a means of transaction.

In the 1980s there was a relaxation in credit controls and the 'big bang' for the City of London allowing private debt to spiral. Plastic credit cards with magnetic strips were now widely being used. People could make purchases and go into debt without the time consuming task of making a personal loan application. This was a period that saw debt fuelled consumption take-off in

the West. Cash was still king but more and more ordinary people were gradually sucked into the debt trap.

Since the 1990s and massively in the last 20 years the banks have offered on-line banking allowing evermore transactions to be made electronically. By 2015 electronic transactions overtook cash on the UK high street. With the advent of contactless card readers this trend will only increase. Many large retail outlets now restrict the numbers of check-outs that accept cash or cheques.

The whole psychology of money and appreciation of credit and debt is dulled as we see cash disappear. People rely on credit scores and are in a sense numbed to their debt levels until they become excessive or they lose their income for any reason.

We often hear talk of moving to a cashless society; how this will ease transactions and prevent the black market commerce etc. What we don't hear is the downside of being drawn furthermore into a centralised digital economy. The problem with centralised control of our money is that power is concentrated at the centre where corruption and a lack of accountability renders money vulnerable to the whims of those in control. With cash – assuming currency debauchment (money printing) is not allowed - you can be independent and save your money for deferred expenditure. You also have transaction privacy.

I recently discussed the idea of using cash with my children and explained the discipline it imposes when you start the week with say £200 and budget expenditure so that it lasts the whole week. When it is gone, it is gone! With a digitised economy and universal use of credit cards there is always the desire to consume using debt.

On a transactional basis there was less stress with cash as there is no need to check bank or credit card statements to monitor expenditure but most of all that information is for your own privacy and not sold on to third parties.

If we are to save cash and not allow it to disappear together with yet more of our democratic freedoms then we need to keep using it. Without it we lose our independence and our individuality.

Crypto currencies may provide a temporary solution but as the digital world controls evermore of our lives and network neutrality is compromised this too may be vulnerable to centralised control.

As our money and financial systems become evermore complex it becomes more fragile. We as a society are far more vulnerable without cash and being reliant on digital means of transactions. We have witnessed a number of bank IT failures notwithstanding the possibility of malicious cyber attacks.

Digital World

Since the invention of the transistor we have moved relentlessly towards a digital world. When I was born in 1958 we still lived in a mostly analogue world where everything from telephones, radio, television, automation and measurements were analogue. The analogue world had a direct correlation to nature and the real world environment.

As a merchant navy navigation officer our calculations were made on physical observations using analogue measurements with a sextant, azimuth mirror and chronometer. There was a real attachment to and respect for the environment within which we operated.

Sometimes it's cruel sometimes it's kind
But according to Darwin evolves through time
Animals, plants and climate systems
In continuous change – interactive dynamism

Our DNA maps human evolution
Millennia of adaption and revolution
From the minutiae of the fingertips
To the facial features we exhibit
The human kind are each unique
Our brain and senses, our physique

The digital world is ones and zeros
That simulates
The world to which it relates
The images and sounds that we receive
Reliant on an intermediary

Our human brains are under strain
From a deluge of data from the network chain
We need to maintain our analogue senses
Let the machines deal with digital processes

The quality of music recording was dependent on a physical turntable and a diamond or sapphire stylus to pick up the analogue signal scored into a ceramic or plastic disc which was then amplified by analogue valves to operate

a speaker. Television signals were received by modulating a radio carrier wave and amplifying it to produce lines on a cathode ray tube.

Digital systems came to prominence with telephones, computing and gradually television, radio and then all forms of automation and measurement. They have vastly improved the efficiency of collecting and managing data with associated growth of information and subsequent knowledge. At roughly the same time globalisation of the markets has taken place where financial services have transcended national borders with vast networks of powerful computer systems.

We now truly live in a digital world where most of our perception is based on digital information. We have become reliant on banking, news, music and entertainment and general information through a myriad of digital media and applications. As individuals we are in danger of becoming over informed and likely to suffer undue stress as a result.

In the analogue world everyday life was slower; for the ordinary individual information could be managed and absorbed without the need for an almost instant response or reaction. The act of writing a letter and posting it and waiting for a reply allowed for a reasoned understanding of communications. In many ways life was blissful for those who were not aware of shocking events that inevitably take place on a crowded planet like ours.

Our brains are mostly not suited to a digital world where vast amounts of information need to be filtered and managed within an instant. There needs to be a humanistic approach to implementation of technology as we move into a world where capital and intellectual property becomes more important than human labour.

There are many environmental and health care services that are best left to humans rather than machines. These tasks may not be for profit but are extremely important from a societal point of view. If we are to fund this parallel analogue world that maintains our humanity we need to tax capital to fund the human labour orientated tasks.

Need for Analogue

The Homosapien human brain has evolved over more than 200 000 years but the ability to process information in the modern communication age is a sudden change that our brains may be less able to adapt without some profound implications. This is an approximate timeline of the development of communication technology:-

40000 BC Earliest cave drawings

4000 BC Sumerian logographs

2000 BC Phoenician Alphabet

900 AD Written text

1440 AD Printing Press

1800 Popular Writing

1900 General Education Reading & writing

1970s Basic popular computing (calculators)

1990s Desktop computing

2000 Mass adoption home computing internet

We often hear the term technophobe to describe those people who are less able to adapt to the use of emergent technology. This will always be the case but as the pace of technology speeds up there is a growing proportion of the population that is left behind. The value of human interaction is replaced by machine to machine and machine to human interaction. Those who control the machines would gradually dominate the rest.

The natural world in which we humans have evolved is basically analogue but the modern human perception of the world is becoming ever more digitalised. To combat an extremely polarised human society with wealth and power concentrated in fewer hands humans need to adopt and maintain analogue systems such as barter, cash, arts and direct forms of communication. We also need to maintain and even develop our human senses if we are to survive and live alongside a digital world and soon to be quantum and hybrid AI machines.

The traditional five senses of sight, hearing, touch, smell, and taste, are classifications attributed to Aristotle. Humans have at least five additional senses that include: nociception (pain); equilibrioception (balance); proprioception and kinaesthesia (joint motion and acceleration); sense of time; thermoception (temperature differences); and possibly an additional weak magnetoception (direction). The sixth sense is another term for extrasensory perception. Extrasensory perception (ESP) would involve the reception of information not gained through the recognized senses and not internally originated. This may be considered as pseudoscience but many people believe in telepathy and most of us have had that feeling of deja-vu!

When we rely on 'apps' for everything from managing appointments to navigating us from A to B we are neglecting our human senses and our cognitive and intellectual abilities. How many times have we heard about

declining standards of literacy and numeracy. Obesity is on the increase due to our largely sedentary lifestyles of work and leisure where machines have replaced physical tasks.

The digital world suits machines, not humans and perhaps we should allow a divergence so that humans can co-exist alongside a digital world where there is little or no need for humans. In fact there is a real danger that robots and computers will eventually make most humans redundant in terms of production, begging the question of why we need humans for consumption on a planet with finite resources.

Perhaps we are already heading for the point of no return as we are coaxed towards a cashless society where our digitised wealth can be created or destroyed on the whim of others. Our complex lives with digitalised systems replacing physical interaction:

The disappearance of high street shops with online retailing

Evermore reliance on debt and personal credit scores

Social media recording our behaviour

Smart meters that can monitor and disconnect clients remotely

Traffic lights centrally controlled

GPS navigation systems

Electronic ballot systems

'Intelligent' homes and equipment within

Networked medical monitoring.

What next? Micro chipping babies at birth? Requiring all citizens to be on a DNA database?

This digital world can bring many benefits but it can also be a prison with ultimate control in the hands of a few powerful people. We should protect our analogue systems and perhaps most of all the sovereignty of sound money that gives us financial freedom and the ability to vote with our wallets.

Artificial Intelligence (AI)

The future arrival of the Qubit (multi-dimensional form of binary) world of Quantum computing will drive an exponential growth in computing power and very likely some form of real AI (Artificial intelligence). At this point it may not matter how we divide labour and capital but more likely how we fight to maintain a human race. With the arrival of quantum computing forget Moore's Law with computing power doubling every two or so years, we will experience exponential growth in computing power. AI will be enhanced with cognitive and other capabilities beyond our comprehension. There may even be an AI-bot for each human being, monitoring all activity through the WEB. Perhaps a hierarchy of AI machines controlling an army of AI-bots. Who will control the master AI machine? What sort of society will AI be and how will it view humanity with all its apparent imperfections?

Many eminent scientists and technology experts see AI as a utopian future but equally others including the late Stephen Hawking see AI as a threat to our very existence. If we are to ensure that AI works for humanity we need to have sound money and through that mechanism we could fund a licensing AI machine to control all others with the object of preserving humanity.

The real danger is that with our current fiat system that can be gamed for the benefit of the few there will be temptation for players to create AI with a selfish if not psychopathic nature. This AI would be connected to all areas of

our lives and this is where the weaknesses of our centralised and digitised economies lie.

We still have time but we must work together in an individual and global sense to maintain human interaction and build machines to control machines and maintain human values through sound money.

A digital world is already here
Properly managed we need not fear
The ones and zeros we need not know
Its just a machine to serve our goals

Money must not be wholly digitalised
Trust is built on its physical side
Digital money is easy to create
But in an instant can evaporate

AI is coming our way soon
It may be helpful, it may be a boon
AI in its many forms
Could use our money to create fiscal storms

Its now or never to take control
Of our money from the financial trolls
Fiat has betrayed our trust
Sound money now before we all go bust

