

## They Ain't That Smart

"I believe that banking institutions are more dangerous to our liberties than standing armies. Already they have raised up a moneyed aristocracy that has set the Government at defiance. The issuing power should be taken from the banks and restored to the people to whom it properly belongs." -- Thomas Jefferson (1743-1826), US Founding Father, drafted the Declaration of Independence, 3rd US President

"The system of banking [is] a blot left in all our Constitutions, which, if not covered, will end in their destruction... I sincerely believe that banking institutions are more dangerous than standing armies; and that the principle of spending money to be paid by posterity... is but swindling futurity on a large scale." -- Thomas Jefferson - Source: stated in 1811 when President Jefferson refused to renew the charter for the First Bank of the United States (the 2nd central bank chartered by Congress in 1791)

"Bank failures are caused by depositors who don't deposit enough money to cover losses due to mismanagement": Dan Quayle (American 44th US Vice President under George Bush (1989-93). b.1947)

I began to notice the erosion of the New Deal through downward pressure on wages, starting with the move of manufacturing from northern to southern states in the late '50s and early '60s. They kept on chasing higher profits by cheaper labor through Mexico to Chile and eventually to China, India and the Pacific Rim, while the displaced American worker/consumers grew ever deeper in debt. The economic refugees created as the fad spun through Mexico, now come here to look for wages, depressing our labor market further. In 1968, flush with New Deal, New Frontier and Great Society prosperity, perhaps 50+% of US had a shot at the American Dream. The election of Richard Nixon coincided with the growing influence of the neoliberal agenda of Milton Friedman and the Chicago School. We've been going down ever since. Nixon took the first anti-progressive step, that led to hobbling of working Americans, by his 1971 invocation of the Taft-Hartley Act to intercede on the part of the bosses in the longshoreman's strike. A remake of that B-grade propaganda performance came out in October, 2002. Bush invoked Taft-Hartley in the port shutdown. For Ralph Nader's take on the 1947 fraud, visit: [Taft-Hartley](#)

Reagan contributed the PAFCO massacre to the annals of abuse [enslavement] of the majority of Americans in the interest of the rich master/owners. Since about that time our consumer economy has been more virulently undermined by growing it on profit from a shoddy structure of plastic cards, second mortgages and home improvement loans, in lieu of paying decent wages. When that was ready to fall, they launched a debt kite from the roof of their teetering house. They wanted to get higher on subprime loans, MBSs, CDSs and other derivatives of imaginary [delusional] economy. All has been done in the interest of making money - instead of goods to give it value. That's how they built the wealth concentrating pyramid scams of banking and finance ever higher to the point of collapse. We say how smart they are. In all their celebrated brilliance, they don't know that there is no possibility of real economy in activity that produces no real goods. Only morons attempt perpetual motion - especially if the only thing moved is paper.

Our corporatist leaders did anything to increase profits on the cheap imported goods we buy, and which make US dependent on China for the things we need to live. At the same time, they jacked US again by their refusal to pay most Americans enough to have decent housing,

medical care or anything resembling the American Dream, which began to turn into this nightmarish specter for most of US, when the conservatives started to dismantle the New Deal in the 1970s. Yet they want US to keep buying the goods they import from China with the money we borrowed back from the Chinese. Thus the parasites who live on US, they who perpetrate and perpetuate the fraud of “free market capitalism,” grow ever more bloated with the blood they suck from the community's body. [We are the community's body.] And it's all accomplished with paper. The substance of our economy was shipped to China so our fearless leaders could stash a fast buck in a Caribbean bank during the 1990s. They say that the Friedmanites' service economy is good for US and free market capitalism is the best. They have all the money that talks and we're the ones whose voice is stifled for the want of capital.

All the while they've been moving the real wealth of manufacturing out of the country, they've been saying our riches are growing. The fools don't know that money's not wealth. It is a stand in for the real wealth of goods and property that it can buy. Real things keep their value a lot longer than money, which you can see is depreciating more quickly every year. The price of a home is not its value. But most economists don't know the differences between money and wealth or price and value. They don't even know what a real economy is. The fools believe that finance and banking are the fundamental economy and not an abstract superstructure designed to concentrate wealth with a few elite parasites.

“. . . After all, it's just paper that has long ceased to represent real wealth given that it exists only in the imagination of those who allegedly run the system. Of course, to those of us who possess only nominal amounts of the stuff, out here in the real world, it has a very real value, but let us not confuse the world of finance capital with the one we live in.

“The problem boils down to the fact that a tiny percentage of the world's population has effectively sucked the real wealth out of the system and replaced it with a notional money, this is the one we're stuck with and it's called debt and debts only make sense if we agree to pay them and unlike the banks we don't have governments that are sympathetic to our needs. . . .” - [“Let Us Speculate”](#) - By William Bowles

Increasing the money supply or circular borrowing creates nothing but more money with which to buy the same amount of goods. The price goes up and only the con artists who invented the banking/finance capital game have enough money to live. Borrowing back the money we spent in China to buy more of their goods, or to waste on Iraq contractor/investors, devalues the dollar and each round costs more than the last not to mention the inflation by interest and fees, which add unnecessarily to the price of everything they taint. A high grade moron should be able to see what's wrong with this circus. But clowns like Friedman, Greenspan, Bernanke, Paulson, Ken Lay, Cheney, Bush, Sachs, Feldstein et al DON'T -- HAVE -- A -- CLUE! Evil is the pain and suffering it causes. Whether or not the clowns running the circus economy are conscious of doing evil, the pain and suffering we endure to make them rich is the same.

Instead of noting how they steal from we the people of the community for the benefit of the few, we set up idols like George Soros or Warren Buffet. We point to our demigods and say how smart they are, because they made so much money. The gods themselves gloat over their success - some openly. Others of them hide it behind a mask of modesty or piety. None seem to notice the damage done to the community that produced the real goods, by those who prized them from our hands, by the artifice of banking/finance. All of US, rich and poor, see only the

cleverness of the heroes that allowed them to profit from real industry by adding the cost of their abstract manipulations to every product produced or traded. And when their pyramid frauds of banking and finance collapse, as they inevitably must, we go to them for advice and prop up their scams with money we borrow to feed the greed that created the problem in the beginning. Or worse, we slavishly grovel in hopes that we can keep the job by which they profit and we barely get what we need to live. Even when we've slid so far down the slope that there's no hope of recovery, we tend to forgive the masters and blame ourselves, as they've programmed US to do. And for all our guns there's seldom a shot fired in anger, at the evil masters of world trade.

“The Middle Class Proletariat — The middle classes could become a revolutionary class, taking the role envisaged for the proletariat by Marx. The globalization of labour markets and reducing levels of national welfare provision and employment could reduce peoples' attachment to particular states. The growing gap between themselves and a small number of highly visible super-rich individuals might fuel disillusion with meritocracy, while the growing urban under-classes are likely to pose an increasing threat to social order and stability, as the burden of acquired debt and the failure of pension provision begins to bite. Faced by these twin challenges, the world's middle-classes might unite, using access to knowledge, resources and skills to shape transnational processes in their own class interest.” — ‘UK Ministry of Defence report, The DCDC Global Strategic Trends Programme 2007-2036’ (Third Edition) p.96, March 2007

Noble Prize winning economists, even honest and intelligent ones like Joseph Stiglitz of Columbia who sense that something is fundamentally wrong, fail to see through to the basis of the problem. They tend to get mired in the complexity of the transactions of banking, finance, investment and commerce that are the perceived heart of the economy. The politicians and the rest of US have no hope of understanding all the individual trades, transactions, deals, contracts, derivatives and the rest of financial “commerce.” We are dependent on the economists and other agents acting on their own behalf to explain it to US. But there's a way to cut through the bullshit. All the interactions of traders, banking, finance and insurance, in fact all of non productive commerce and outsourced [imported] goods can be subsumed under the heading of fraud. Or if you're unwilling to go so far, at least see that the profit of investors and all of usury are the most unnecessary part of the cost of any product.

Non productive services, including medicine, energy and communications, that we need or want in common, we the people must do in common on a nonprofit basis. We can also communitize large scale manufacturing, mining and mass transportation, in order to return America to real economic endeavors in the support of our lives. Are you worried about central control of economy? What's the difference between control by the people's government and control by Wall St and the corporations that own the government and everything else? As far as decentralized planning goes, it's far more likely to reappear if local communities control their industry, rather than leave it under the control of corporatist Wall Street bankers.

We can't continue to allow the rich to threaten our existence out of respect for their property rights. Privatization is not working for most of US. As things are, a small percentage of the population benefits from the privatization of public property, the commons, and abstraction of economy in general, while the rest of US suffer to provide them with riches. Whether we call them feudal lords, aristocrats, plutocrats or oligarchs, a small percentage of the population has parasitized our communities for thousands of years. However the elite “movers and shakers” organize our economy, it works for them and is dysfunctional for the rest of US. All political and

economic systems of the past 6000 years may be subsumed under the heading of corruptions. We have yet to devise a civilization that has lasting value. The most putrescent of Humans rise to the top. You can tell by the stench of corruption that is about all that comes down from above. In the corporatist state, which Mussolini described as a marriage of the powers of corporations and the state, leaders desire power only to use it to take from the community for their individual well being. And that's the abominable truth about the past forty years [and all of civilized times] which have seen the rise of corporatism/fascism in America. Our leaders prove themselves to be the scum they are by their avarice and greed.

Friedman didn't believe in zero sum reality, because when businessmen make deals both of them win.

“The most important single central fact about a free market is that no exchange takes place unless both parties benefit.” – Milton Friedman - Freedom - Economy - Partnership – Profits.

Milton ignored 90+% of US. We are who must lose, for “both parties” to win.

“Most economic fallacies derive - from the tendency to assume that there is a fixed pie, that one party can gain only at the expense of another” - Milton Friedman

The amount of money, goods or property taken or won by abstract economic enterprises, like investment, banking, insurance and finance, minus the amount of substance lost or given over by worker/producers, is equal to zero. That is the zero sum equation and condition that rules the economy. The simple equation, Won=Lost or  $W-L=0$ , seems to have been too much for Milton to understand.

Zero sum reality applies completely and absolutely to the abstract economy of banking/insurance and finance, investment, trade and commerce. The rich get theirs by taking it from the community. We who must work together to produce the goods are the community. .

A real productive industry creates new products to be traded and thus adds to the whole sum – the size of the “pie.” Within a substantive enterprise, there are those who benefit, some more and some less, from the profits of their works. The zero sum equation still applies among these winners and losers. It is true that everyone must work as hard as others to keep their jobs, unless they are in management and spend their time on the golf course, are related to the owner or are investors. We have that burden to support, over and above our families' livelihoods. The worst of the overhead cost is represented by non working investors and their CEO ministers who do no real labor but who own most of and take the greatest part of the profit from everything.

“So the question is, do corporate executives, provided they stay within the law, have responsibilities in their business activities other than to make as much money for their stockholders as possible? And my answer to that is, no they do not” - Milton Friedman

Imagine the crabs in the tub. One manages to reach the rim by climbing on the back of another. He pulls himself upward but before he can escape another climbs up his back a pulls him down. By then the crab he'd been on has worked itself into position for another go. The only one who wins this competition is the owner of the tub who sells and/or eats crabs.

In the forty years from 1968 to 2008, I've seen US go from most workers able to have a house, car, take vacations and send their kids to college, to ten percent or less with a firm grasp on the American Dream. This is the proof that Friedman's theories are delusional. As we asymptotically approach the implementation of the recommended deregulation, privatization, cuts in taxes for the rich and social spending for the rest, the more wealth has been concentrated and the more most of US have suffered. The only things that trickles down are lies and propaganda.

Friedman couldn't predict this outcome. Even if it is an abuse of his pseudo-scientific theoretical ideal, it demonstrates his failure. He has shown by his own words his incompetence, "The only relevant test of the validity of a hypothesis is comparison of prediction with experience." - Milton Friedman. And that statement of fact was paraphrased from Einstein. "[Truth is what stands the test of experience.](#)" In any case, Milton should have factored the inevitable abuse by the greedy rich parasites into the equation. His theory is a failure.

Joe the plumber should know that shit goes down and the stink goes up through the sewer vent. So it bypasses and isn't noticed by the scum who've risen to the top. By the way, if Joe has the where-with-all to buy out his boss, he's one in a thousand who can. That one tenth of one percent of the population might suffer from taxation of the rich. As far as the trickle down fantasy that the affluent will create jobs to get money back to consumers to move the economy, it has never happened. They won't use their profits to create jobs in America. Jobs in China or India don't help US. We have no choice but to confiscate their property and other ill-gotten gains or to go down with them due to their stupidity and greed.

If one in a hundred are small business owners [small business is now defined as under 500 employees] who will be helped by McCain's reimplementation of failed trickle down theory - that has never worked though it's been touted by conservatives for at least eighty years - that's one percent of the population that McCain's tax cuts will benefit. An economy that works for as little as 10% or less of the population, and sucks for the ninety percent of the people who work for the arisen, is dysfunctional. We, like real plumbers, already know what trickles down. Along with their corporate executive peers, the elite rich investor masters have the rest of US work for next to nothing, for them, so they can have it all. Those are the kinds of jobs they create for US. We do the work. They take the profit. If one in a hundred is very well off, it's at the expense of the 99 who work for him to make him so. The zero sum equation is the ultimate truth.

FDR spoke to trickle down and much more of the Republican propaganda of that day and this: [FDR 1932 Nomination](#)

"There are two ways of viewing the Government's duty in matters affecting economic and social life. The first sees to it that a favored few are helped and hopes that some of their prosperity will leak through, sift through, to labor, to the farmer, to the small business man. That theory belongs to the party of Toryism, and I had hoped that most of the Tories left this country in 1776.

". . . Our Republican leaders tell us economic laws--sacred, inviolable, unchangeable--cause panics which no one could prevent. But while they prate of economic laws, men and women are starving. We must lay hold of the fact that economic laws are not made by nature. They are made by human beings.

". . . Let us be frank in acknowledgment of the truth that many amongst us have made obeisance to Mammon, that the profits of speculation, the easy road without toil, have lured us from the old barricades. To return to higher standards we must abandon the false prophets and seek new leaders of our own choosing." - FDR 1932 nomination acceptance speech.

As in 1929 and the years that followed, today the pyramid scam of finance that's made the unscrupulous few rich or richer, whether moderately like the nuevo small employer, Joe the plumber, or grossly like the patrician investor or his CEO minister, has collapsed or is collapsing. Without the ability to produce the real goods we need to live in America and with overtaxed credit, we have no way to survive. Debt is the harness on our backs that's strained to the point that we must break it before it breaks US. The Chinese have all the factories and the money. So the parasitic investors at the top of the heap invented derivatives, falsely valued at 60 to 100 trillion

dollars, and peddled them on Wall St to keep the high flying circular debt scam going and get another payday at our expense. When that debt kite faltered they got their men Bush and Paulson to fork over another trillion. Paul Craig Roberts thinks the cost of the war was unupportable already.<sup>1</sup> Perhaps Bush just wants to give the peers a big present before he leaves office. A Bloomberg analyst says it will be 5 trillion before it's over.<sup>2</sup>

Throughout the never ending pitch, we listen respectfully to the con men in chief. We accept the legitimacy of the fraud of banking and finance that they perpetrate. Usuries, non productive [of real goods] financial industries are the root of the problem. We must blast it out. Will they use the last milking [the 700 billion to 5 trillion] to buy up the crashing stocks they previously conned the bourgeois sheep into purchasing at inflated prices? When we can no longer borrow our money back from the Chinese et al, we'll find out how really poor one is - who can no longer make the real goods one needs to live. Maybe then we'll figure out what the neoliberal Friedmanites never have: the differences between money and wealth . . . price and value.

<sup>1</sup> DN link

[Roberts at DN](#)

from ICH 10/16/08

[Roberts at ICH](#)

Additional Thoughts on the Bailout

By Paul Craig Roberts

"We hang the petty thieves and appoint the great ones to public office" - Aesop

October 16, 2008 "Information Clearinghouse" -- Just as the Bush regime's wars have been used to pour billions of dollars into the pockets of its military-security donor base, the Paulson bailout looks like a Bush regime scheme to incur \$700 billion in new public debt in order to transfer the money into the coffers of its financial donor base. The US taxpayers will be left with the interest payments in perpetuity (or inflation if the Fed monetizes the debt), and the number of Wall Street billionaires will grow. As for the US and European governments' purchases of bank shares, that is just a cover for funneling public money into private hands.

<sup>2</sup> **"Should the more realistic amount of \$5 trillion dollars be required to head off what seems an all too likely slide into a full-blown economic depression, ..."**

- [nowpublic.com](#)

Five trillions are not enough. Many elites worry that we'll all get health care and then they won't be able to have everything they want. Forty-six million Americans times \$10,000 is \$460 billion, less than one half trillion. That's less than ten percent of the estimated \$5 trillion the bailout may cost.

George Will said Arizona Proposition 101 will stop the socialists from preventing people from buying the health care they can afford. Without this unnecessary and supportive of defacto slavery for the majority constitutional amendment, the state will force US to take the health care they're plotting. It's absurd in the first place that anyone would pass a law to punish the rich for buying doctors, or that we need constitutional protection from health care for anyone who's not in the top 10%. But the lunatic fringe has irrational fears exaggerated by demagogues like Will, who own everything and want to keep it. Its hard to talk down health care for everyone except with such onerous deception. Even if the ridiculous notion that those with money would be robbed of their privileged choice and have to stand in line with the rest of US, how many of US are we talking about? How many of US can afford to buy our own health care insurance? Ten

percent? Probably less! The rich, when forced to accept peasant care, won't make the line longer than infinite, which it is for 46 million of US already. But they've got theirs and George is afraid that if we get a little bit, he won't have all he wants. That's because he and his peers want it all. He seems out of step with the heroic Milton Friedman, who ridiculed the zero sum condition of economy. George hasn't seen, as Milton didn't, that everything predicted by the delusional free market theory of the past forty years has failed to produce, except for elites like themselves. That's right George, you evil greedy SOB.

Radical John says, "Nothing will save the rich from their stupidity and greed! Our choice is to depose them by the deprivatization of that which they've taken from the community or to go down with the greedy, foolish morons! By now everyone who's not brain dead knows that trickle down doesn't work. They'll just invest in Chinese production and the jobs they create there don't help US to buy the products on which the rich fools hope to have more profit . We can either confiscate their hoard in preemptive self defense or die. We don't have to tax it all: 90% of a billion still leaves one with \$100,000,000."