Economic and Financial Law & Policy – Shifting Insights & Values 3

Koen Byttebier

The Tools of Law that Shape Capitalism

And How Altering Their Use Could Give Form to a More Just Society

Springer

Economic and Financial Law & Policy – Shifting Insights & Values

Volume 3

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For Anne and Michel (+) Claeys,
For Padma and Giri

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Chapter 1
Introduction

1.1 Fulfilling Man's Needs As One of the Main Reasons Why Societies Are There

Some belief that man has control over his fate.

When reflecting upon this thought more deeply, one could be inclined to reach the conclusion that this is at the highest true to some extent, but that over some of the most elementary facts of life, man has no control whatsoever.

One of the main such facts over which man has no control, is coming into existence itself. Clearly, on being born into this life as a human being, none of us has any say at all.

As soon as man comes to life, he has, furthermore, as little choice in building out his life, as he will need to do certain things in order to survive.

There are, indeed, some elementary acts that each of us will need to fulfil in order to continue our existence, going from feeding ourselves, to acquire some elementary shelter to be able to lead our life in a humane and dignified manner.

No human being escapes from this reality; and neither from the fact that, as a result thereof, from birth on, each man will have to devote a large part of his time in learning skills and fulfilling acts in order to meet these elementary needs.

In the course of history, this "basic struggle for life" every individual human being—and, by extension, every other form of life—is facing, has been one of the main driving forces for human action and, later on in history, for the way human societies got organized.

A further element entering the equation is that, the more human beings exist at the same moment in time, the more this struggle for life tends to become problematic. The reason thereof is – as the scientific discipline of economy holds as one of its most basic premises—that the goods that are available to fulfill man's needs are, by definition, scarce.

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One could even hold that, although there is, obviously, nothing else there than nature itself to provide the basic tools for fulfilling man's needs, left to itself, nature would at present not be up to fulfilling this task, especially in light of the huge number of people that exist today.

Here, what is probably one of the most remarkable characteristics of man, comes in play, namely his ability to "work".[1]

During the course of evolution, the human species indeed developed the skill to adapt nature so that it became better suited for fulfilling human beings' (many) needs. Implied is obviously the skill referred to as "working" or "laboring", which has allowed the human species to interact with most things that nature provides in order to magnify the extent to which nature makes it possible for man to fulfill as many needs possible in order to be able to survive.

As a result, the further course of man's evolution has been twofold: as man, through work, became more and more apt in fulfilling his basic needs, (rather unfortunately) at the same time, new needs emerged. An obvious example has been the development of ever more refined tools needed for "conquering" nature, so that other, more basic forms of work, such as working the land or hunting, could be accomplished in what became considered a more "efficient" way.[2]

Through this, man did not only start making tools, but moreover acquiring and/or possessing such tools became itself one of the newly developed needs of man.

As human societies became more and more complex, human needs became also more varied and complex, implying that also man's response to the question how to fulfill these needs had to become more varied and complex itself.

This became even the case to the extent that there eventually grew an increasing need for societal constructs ensuring that "work", basically a method of fulfilling needs, would be deployed in a sufficiently "efficient", but also "fair" way.

In light of the foregoing, one may, furthermore, observe that societies have throughout the ages developed in such a way that it has become as good as impossible for any individual human being to lead a life in which he would be able to take care of fulfilling his needs on a total individual basis.

In modern societies, one can indeed hardly imagine any single human still being able to lead his life in such a way that he will never have to use anything that any other man has helped producing.

To phrase this differently: living in a modern-day society by definition implies that one is part of a "group" of people living together and agreeing (in both explicit and implicit manners) upon task divisions that allow the fulfillment of human needs occurring in a purportedly more efficient manner than would be the case if every man would lead his life as an entirely solitary being.

[1]This insight even reflects in the most early verses of the Bible that state that one of the first duties of man, after having fallen into sin, is to work. (See especially Genesis 3:17-19).

[2]Later on, tools for leisure got needed, as, becoming disturbed by an artificial life style of having to work all the time, the need of keeping oneself occupied during the ever more scarce moments of free time, gave birth to a wide variety of artificial cravings that, in present times, probably account for the majority of all economic activity.

Through this, (modern) man not only comes to live of no choice of his own, but moreover finds himself belonging to a society which is organized in such a manner as to help fulfilling man's needs as efficiently as possible.

Again, also here the same truth applies: at the start of his life, no human being will have had any say whatsoever on the outlook of the society of which he becomes a member as, indeed, at birth, hardly a single individual human being will have accomplished a single act that will have contributed to shaping the society he enters.[3]

On the contrary, society "is just there", with all its pros and cons, be it that, by growing up, man will be able to influence, to an ever increasing extent, the outlook of this society by the way he (inter)acts (with this society, hence with other human beings) himself.[4]

At least in an utopian society, there could, furthermore, be an expectancy that societal constructs would be such that access to fulfilling each individual man's needs would happen in a "fair" and "just" manner.

Although one may, obviously, debate on the exact meaning of abstract notions such as "fairness" and "justice", there is nevertheless an innate feeling present in man that this at least implies that access to the means of fulfilling one's (basic life) needs should be as equal as possible.[5]

As a result, man may have an expectation that he will have a sufficiently equal way of accessing what is needed to fulfill his needs as other people, and this thus the more as regards needs that are considered more basic than others.[6]

By extension, a fair and just society should make sure that all of its members have equal access to the means available for fulfilling their needs, implying that the deployment of human labor—which is basically undertaken to make the fulfilment of needs possible—should be organized in such a way that the fruits of the combined efforts of nature and labor become equally (hence: in a fair and just manner) accessible for all of society's members.

It is precisely here that the wide variety of societal constructs that have been thought up throughout the ages, comes at play, whereby looking at such societal constructs with an expectancy that society should be organized in a fair and just

[3]Not taking into account achievements of previous lifetimes in case reincarnation would be a reality.

[4]This truth beautifully resonates in the story "Symphony For A Seabird", as narrated by Osho (2015).

[5]One may, for instance, observe this innate feeling of fairness and justice with little children playing together who, in most cases, will make it very clear when they are treated in an unfair or unjust manner, for instance in cases when one child gets access to a certain toy or candy, while another child does not.

See furthermore OECD (2018), p. 11.

[6]When looking at some of the humanitarian disasters of our times, such as for instance the huge migration waves Europe has been confronted with during the past decade, from this angle, this presents a totally different approach than just considering one's fellow human beings that have to undergo such disasters as a mere nuisance (with is the approach deployed by some right-wing ideologies).

manner, implies that one may also expect of all these societal constructs that they would help in reaching this goal.

Provided that it would be possible to agree upon these starting premises, we shall hereafter, from the angle of both "law" and "economics", address some of the main societal constructs that purportedly are there in order to accomplish these societal goals within the contours of the at present dominatitng socio-economic system on earth, namely "capitalism".[7]

1.2 Further Scope and Methodology of This Book

In Chap. 2 of this book, some of the main societal constructs that have shaped the prevailing, capitalistic socio-economic order during the past two to three centuries, will be looked into.

Obviously, there are several ways to look at this variety of societal constructs, probably as many as there are (human) "sciences" investigating them.

In Chap. 2 of this book, the chosen way of looking at these societal constructs has mainly been one that combines the insights from both the (scientific) disciplines "law" and "economics", as these are the disciplines with which the author of this book is most familiar.

The Chap. 3 of this book will revisit the doctrine of neoliberalism.

Although there is among some academics a growing awareness to what extent the implementation of the doctrine of neoliberalism in practice has, for some decades already, been reshaping societies all over the world in a most detrimental manner, a large part of the general public still seems to be hardly aware of this, or at least does not seem to care about it much.

Rather surprisingly, there is among the same general public, at the same time, a growing degree of anger towards some of the most disturbing consequences of the socio-economic order that is emerging by, in accordance with the doctrine of neoliberalism, making capitalism as "unbridled" as possible again[8]—such as a growing polarization between rich and poor, unfair tax systems and, obviously, climate change—, however, regretfully, often without much awareness of how capitalism and the subsequent doctrines of liberalism and neoliberalism have caused all these.

This fundamental lack of awareness on how the ideologies of liberalism and neoliberalism have, on a global scale, been (re)forming societies in the most detrimental manner, probably helps explaining why the abovementioned anger of

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[7]Coming to the conclusion that capitalism has not at all succeeded in reaching the goal of creating just societies in which everyone's needs are met in a fair and just manner, we shall in this book also reflect on what the outlook of an alternative socio-economic order, better apt for reaching this goal, could be.

[8]See Byttebier (2018).

the general public, almost in a paradoxical manner, at the same time continues to help bringing politicians into power who, by even more relying on neoliberal solutions, do nothing but make things even worse, thus further adding to the ravage capitalism has been causing for ages already.

It, hence, remains useful to keep on reminding people how the doctrine of neoliberalism has been causing havoc in so many domains of societal life and even for the wellbeing of Earth itself.

After thereto having readdressed the doctrine(s of liberalism and) of neoliberalism in Chap. 3 of this book, its Chap. 4 will deal with some of its abovementioned main disturbing consequences.

Throughout the Chaps. 2–4 of this book, it shall, moreover, be investigated how, in order to create the most ideal socio-economic environment for the entrepreneurial classes, the whole legal system of a broad variety of capitalist countries has in the course of the nineteenth century until this very date, been submitted to the sole interests of these classes, with as notorious example of fields of the law that have been shaped in order to albeit exclusively serve the interests of the rich and powerful:

- “Monetary and financial law” (by, above anything else, validating the societal scam that is going on for ages already of letting the power to create money in the hands of private market players);
- “Contract law” (by having created and sustaining a system in which the more powerful contract party can basically do as he pleases with his weaker co-contracting parties);
- “Company law” (which is basically a system that aims at, cost what cost, protecting the interests of shareholders by ensuring that the largest part of the wealth created by the economic system flows towards these shareholders[9]);
- “Fiscal law” (which, especially under the impulse of neoliberal doctrine, has become a mechanism in which the majority of (poor) people are the ones mostly submitted to taxation and semi-taxation, while a small elite of rich people are the ones least submitted to taxation and semi-taxation);
- . . .

[9]Not surprisingly, in his book “Bullshit jobs: a theory”, David Graeber refers to “corporate lawyers” as a perfect example of “goons”, people who act in the most aggressive manner in the interests of their employers, being (big) enterprises, without any added value to the general wellbeing of society. (See Graeber (2018), p. 36).

As Graeber puts it:

> But I think most would also agree that if all corporate lawyers (. . .) were to similarly vanish in a puff of smoke, the world would be at least a bit more bearable.
>
> (. . .)
>
> Recall the words of the tax litigator from the preface: “I am a corporate lawyer. . . I contribute nothing to this world and am utterly miserable all the time.” Unfortunately, it is almost impossible to ascertain how many corporate lawyers secretly share this feeling.
>
> (Graeber (2018), pp. 36–37.)

While the Chaps. 2–4 of this book mainly present a "status questionis" of the capitalist socio-economic order, especially as being made "unbridled" again through implementing the doctrine of neoliberalism,[10] the next Chaps. 5–7 of this book will try and look for answers and ways out of the hell of this capitalist socio-economic order.

Given the fact that the prevailing capitalist monetary system, basically based on letting the huge societal power to create new money in the hands of a select group of private market players, namely private banks, lies at the very roots of capitalism (see furthermore in Sect. 2.1), any alternative to the prevailing capitalist socio-economic order will have to be based upon a willingness to conceive a fundamentally new monetary system.

One of my previous books "Towards a New International Monetary Order"[11] already contains a blueprint for such a new monetary system that, in headlines, will be revisited in the Chap. 5 of this present book.

The in Chap. 5 of the present book proposed new monetary system could, when implemented, allow for the emergence of a totally new way of state financing and, through this, also of state functioning.

While by implementing the doctrine of neoliberalism into practice, states are to an ever increasing extent remodelled into "punitive" states only serving the interests of the rich and powerful,[12] the instalment of the new monetary system explained in Chap. 5 of the present book could allow for the genesis of a new type of "care state" that would place the interests of man and Earth before those of capital(ists).

The Chap. 6 of this book will present a general idea of what the outlook of such "care states" could be.

All this could, obviously, finally allow people to escape the tied bonds of capitalism. The characteristics of the "new man" who, through this, could emerge out of the ashes of the capitalist socio-economic order will be the subject of Chap. 7 of this book.

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[10] See furthermore Byttebier (2018), p. 90 a.f.

[11] Byttebier (2017).

[12] See on this furthermore Lleshi (2014).

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Chapter 2
Main Legal Building Stones of the Capitalist Socio-Economic Order

2.1 Money

2.1.1 Money As a Societal Construct

This Sect. 2.1 will deal with one of the most important societal constructs that came into existence in order to make the fulfilling of man's (many) needs occur in a purportedly as efficiently manner possible, namely "money".

Throughout the course of history, money has indeed become one of the most important tools of organizing societies in general, and of organizing the access to the means needed for fulfilling man's needs more specifically.

Through these basic functions, money creation processes have also become the most important processes of deciding upon the distribution of the (economic) wealth brought forward by the combined efforts of nature and man's labor force.

Although in present-day societies money fulfills many functions, we shall hereafter mainly deal with two of these functions, namely on one side the use of money as a means of "hoarding" wealth, also referred to as "saving", which is at the same time one of the more obvious functions of money, and on the other side, the manner in which money has evolved into a means of (re-)distributing wealth, which is a less obvious insight in money which will need some more clarification.

In some of my other books,[1] I already explored in some more detail how the money (creation) mechanism works, even from an elementary historical angle. I shall not address these issues here in as much detail again, but I shall limit myself to pointing out some of the elementary characteristics and consequences of the prevailing monetary system(s), especially from the angle of how money as it "is" today, mainly fails in accomplishing the establishment of a fair and just societal system of fulfilling man's needs.

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[1]See Byttebier (2015a, b, 2017, 2018).

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Money may hereby be indicated as the societal construct that came into existence when direct barter economies evolved into indirect barter economies. Hence, at its very core, money basically fulfils a "payment" function, even to the extent that one can but wonder if humanity would not have fared much better in case there would not have thought up any other functions of money than this basic payment function itself.

Indeed, if money would have remained nothing else than a means of purchasing goods or services produced by other people, humanity would probably have been spared from a lot of the injustices that have occurred throughout the ages, to the extent that already in ancient times, some of the world's most renowned philosophers, religious leaders and artists have held that money may very well be the root of all evil.

Be as it may, once money came into existence, it soon appeared that the mere possession of money made it also possible to start hoarding wealth. As result, when comparing man to other animals, one cannot but help observing that man is the only animal species who has thought up of the fictitious good "money" that, based upon a social contract on what money is and does, allows a single individual to make disproportionately large claims of possessing parts of his surroundings (which is basically what "saved money" does).

This "hoarding" or "saving" function of money may in its own turn be explained due to its function of allowing payments for all other goods that are deemed to be tradeable (and in our present-day world, these concern practically anything that exists, in most ("civilized") jurisdictions with the exception of man himself, next to certain goods of which the possession is deemed to be illegal).

When possessing money (in sufficient amounts), a man has, otherwise put, by definition access to purchasing other goods in the near or far future. Moreover, the time period, small as it be, during which an individual possesses money without spending it, already by definition indicates a certain hoarding or saving behavior from the part of the owner of money.

Put otherwise, the more an individual starts holding on to money without spending it on purchasing other goods (and, by extension, services), the more such an individual starts "saving" or "hoarding" wealth.

However, there is one further elementary condition for money allowing such saving or hoarding behavior, namely the fact that money has to keep its "worth" or "value", or, in more economic terms, its so-called "purchasing power", implying that an individual will only hold on to a certain amount of money provided that he can be sufficiently sure that he will be able to spend this money for future purchasing behavior, in other words, that money will keep its (purchasing) value.

Already early in the history of money, the use of money in indirect barter economies allowed man to deploy such a saving or hoarding behavior. However, it also soon appeared that not all individuals were as handy in deploying such savings or hoarding behavior, as a result of which already at an early moment in history, the use of money started dividing men into two main groups, namely the ones who succeeded best in both acquiring and hoarding money, hence wealth (in present-day societies, these people are referred to as the "rich" (classes)), and others who were not as successful in doing so (in present-day societies referred to as the "poor" (classes)).

In subsequently developed religious, philosophical and even economic thought systems, a lot of reflection has been going on about this subject, especially exploring the reasons why one man succeeds in acquiring and hoarding excessive wealth, while others do not. Surprisingly, while in traditional philosophical and religious thought systems, this was often explained in terms of "morality",[2] the approach of the relatively new human science usually referred to as "economics", on the contrary, rather provides an answer in terms of "efficiency" and "skillfulness".

Indeed, for a broad majority of (ancient) philosophers and religious leaders, the methods of getting (very) rich—thus: of deploying activities leading to excessive wealth acquiring and hoarding behavior—, or at the very least, of becoming more rich than one's average fellow man, were often indicated as in contradiction with moral standards, while in our times, the human science of economics indicates the very same methods as being necessary for organizing socio-economic life in a rational and efficient manner.

This, furthermore, also helps to explain why, in modern times, those who are still willing to reflect upon the prevailing socio-economic system, namely capitalism, and hereby reach the conclusion that some of its (determinant) consequences are totally objectionable, often reach this conclusion by, at least in part, relying on ethical arguments, while those in favor of unbridled capitalism have rather thought up of an approach stating that what they consider as economically efficient, especially "egoism", "selfishness" and "greed", is by definition morally good.[3]

One should, furthermore, consider that the division of mankind into (at least) two main classes, namely rich and poor, that in the present-day neoliberal world order cuts through global societies as the sharpest knife (see further Sects. 4.5 and 4.6), has only been made possible through the use of money, a both historical and entirely fictitious societal construct in which societal organization has nevertheless put so much belief that it by now determines the outlook of global societies in an unprecedented manner.

This insight, obviously, puts money at the very center of any debate on the morals of the prevailing socio-economic order itself.

In light of the foregoing insight that money basically regulates individual's claims on the proceeds of the combined efforts of nature and man's labor, it becomes even

[2]It is somehow remarkable that in Classic Antiquity, especially in the Old Greek and Roman civilizations, "Hermes" or "Mercury", the god of the merchants, was at the same time the god of thieves and crooks, which should not come as a surprise to the extent that both categories of human professions rely on the same skills of being willing to submit, at all cost, one's fellow human beings' interests to those of one's own.

[3]In this way, the debate on the morality of the socio-economic system basically seems to come down to answering the question whether or not there is room for any other moral standard other than saying that whatever man does on a socio-economic level for serving his own selfish purposes is intrinsically good (and thus defensible).

more remarkable to consider how (present-day) money (forms) itself (themselves) is (are) “made”.

Many an academic or researcher dealing with financial subjects, will in this regard, during the course of his career, come to the observation how little awareness there is among most people—be they students, attendants of a speech or even a scientific colloquium, or any layman with whom one discusses the subject of money—of how money is “made” in accordance with the currently prevailing economic and legal principles (as put into practice through all kinds of legal rules and systems).

At best, people seem to be inclined to think that money is made by governmental instituted central banks which distribute this money through private banks and similar financial institutions, the latter moreover being involved in all kinds of financial services which make the saving and investing of (already existing) money more effective and profitable for the general public.

One could but hope that this general belief would be true, but unfortunately it is not, or at the very best only to a very limited extent.

Indeed, the foregoing general belief might imply that there would be at least still a chance that the creation of money would happen in the fair and just manner that could be expected in an ideal, utopian society where a general concern for all people’s needs and interests, on a more or less equal basis, would prevail (as referred to in Sect. 1.1).

Regrettably, this is not the case for the prevailing monetary system(s) on Earth.

On the contrary, the money creation system that, since the late Middle Ages, has been developed in capitalist societies all over the world, is one where the power to create money has basically been handed over to a small number of private market players, usually referred to as “(private) banks”. This at the same time implies that, contrary to what one could expect within purportedly democratic societies, the creation of money does not occur for reasons of general interest, hence for reasons of ensuring that all human beings stand a fair and just chance in accessing the means for fulfilling their (basic life) needs in a more or less equal manner, but mainly in the private interests of the private market players that have been installed with this huge societal power themselves.

During my academic career, I have furthermore also noticed how hard it often is to convince a layman in matters of finance whom I address (be it, as said, a student, an attendant of a speech or seminar, or anyone else with whom a discussion on monetary matters is engaged with) of this basic truth, or even to make such listeners care about how, and to what enormous extent, the prevailing money creation system affects their—and everyone else’s—day-to-day life.

As surprised as many people become when finding out that, within capitalist societies—in the awareness that there are not much other societies left on Earth—, the power to create money does not rest with public authorities, but with private market players, as surprised, and throughout my academic career, to some extent, even desperate, I have become in finding out that so many people are totally unaware of and even uninterested in this basic fact.

For this reason, it remains useful to, hereafter (in the next Sect. 2.1.2), give at least a general explanation of how money is actually made.[4]

2.1.2 The Origin and Later Development of the Presently Prevailing System of Money Creation in a Nutshell

2.1.2.1 From Goldsmiths and Money Changers to Banks

Today's deposit banking model and the monetary system that is based upon it, are basically the outcome of a historical evolution which started in the Middle Ages[5] and crystallized, mainly throughout the nineteenth century, to its present state.

In order to obtain a basic understanding in how the (global) monetary system works, one should hence, from the start, acknowledge that the presently prevailing banking and monetary system is hardly the result of a well-conceived process. Instead, like many societal constructs, the prevailing banking and monetary system basically but came into existence through a (historical) process of "trial and error".

More precisely, in the course of the second half of the Middle Ages, the practice of depositing the then prevailing "coin money" (usually issued by local authorities) to all kinds of financial institutions, amongst which money changers and gold smiths, started creating the basis for a then new economic activity, namely the "lending" of said coins by the depositories to third parties.

As a result, depository institutions of coin money which until then had behaved as mere depositaries of coin money, gradually developed into "loaners" of this coin money to third parties in need of credit.

In the beginning, this lending activity was somehow restricted by the medieval Catholic Church prohibition on interest charging, which was one of the main reasons why this practice of "money-lending" against the payment of interests, initially, came mostly into Jewish hands, as Jews were not subject to this church prohibition on interest-charging. However, soon also non-Jewish depositories of coin money looked for practices allowing them to escape the strict (Church) rules on the charging of interest (which led to all kinds of new commercial techniques of exchanging money, such as the letter of exchange).[6]

A further practical development would gradually resolve the legal restriction on the lending capacity of the specialized institutions being initially limited to only lending out their pre-existing reserves of coin money, and at the same time having to ensure that they were at all times able to meet exchange requests from the deposit

[4]As said, in some of my previous books, I have worked out a more detailed analysis of these money creation mechanisms (see especially Byttebier (2015a, 2017).

[5]Obviously, one could put the starting point of this narrative even earlier in time, as the monetary system of the Middle Ages itself was but the result of a historical evolution that started when money came first into existence.

[6]For further details, see Byttebier (2017), pp. 127–128.

holders, given the fact that the latter could always ask the coin money they had deposited back from the depositories.

More precisely, the medieval coin money deposit system gradually evolved into a practice whereby written "proof-of-debt documents" that a deposit holder received in exchange for a deposit of coin money, themselves started to function as an appropriate payment instrument, hence as money, on their own accord.

This can be explained due to the fact that the holders of such proof-of-debt documents issued by a professional custodian of coin money (in legal terms to be considered as creditors of this depository), when required to make a payment to a third party, gradually started facing two options, namely: (1) either ask the deposit back and thus, subsequently, pay their own creditor with coin money; or (2) if the third-party-creditor agreed, hand over the debt instrument to their third-party-creditor (which, legally speaking, amounted to a system of tender payment by transfer of a claim).[7]

To the extent that the public confidence in the (professional) custodians of coin money gradually grew, also the practice of relying on the proof-of-debt instruments issued by the depositories of coin money in order to make payments to third parties got more and more accepted (resulting in a decreasing need to bring the underlying coin money back into circulation).

In this way, the proof-of-debt documents issued by the professional custodians of coin money evolved into money themselves, more precisely into "privately emitted paper money".[8]

This practice of using the aforementioned proof-of-debt documents as a new form of money was, moreover, soon followed by another, possibly even more important development.

In their daily practice, the issuers of said proof-of-debt documents found out that (1) the exchange of these documents for coin money by their holders got, in many cases, more and more postponed in time, and that (2) on the contrary, the proof-of-debt documents evolved more and more into a means of payment on their own accord, as a result of which the holders of these documents no longer felt a need for an (immediate) exchange against coin money.

This at first glance rather innocent realization nevertheless added a totally new dimension to the lending activity of the coin custodians, namely that of becoming (private) money creators.

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[7]In the latter case, the third-party-creditor himself became the new holder of the proof-of-debt documents and, in case he himself needed to pay his own creditor, he in turn got confronted with the same choice as the first-mentioned debtor himself had been (and further so "*ad infinitum*").

[8]Martin has phrased this as follows (see Martin 2013, p. 101):

> It was here – in the creation of a private payments system – that the invention of modern banking originated. Such a humble birth may sound disappointing. Today, the banking sector's unglamorous routine of providing payments services takes a distant second place in the popular imagination to the exciting business of lending and trading. But their ability to finance and settle payments is the more fundamental activity. This is banks' specifically monetary role, and what makes them special.

It is precisely in this, at first glance innocent development of the practices of money lenders that a fundamental shift in societal power started occurring.

Through this new practice, said custodians of money, hence private market players, more precisely started claiming the immense societal power of being able to create money. This, moreover, happened without any form of societal debate, nor was the practice based upon any true governmental decision making, a fundamental truth that ever since has been hunting humanity to this very date.

In economic terms, the custodians of coin money thus developed into "banks" attributed (or better: "having attributed themselves") with the power to create new (at the time "paper") money.

In the ages to come, this money creating power of said private banks would become ever more important; at present, one can even reach the conclusion that this private money creation power has (re)shaped the whole world economy, to a large extent, into a system of basically serving the private interests of banks (and their shareholders).[9]

2.1.2.2 Bank Created Money As the Foundation for a New Economic System

As a result of the foregoing evolutions, a fundamentally new economic system started developing where economic progress was no longer conditional upon the discovery (or acquisition through trade or conquest) of precious metals that were needed to make new coin money, but could instead be based on the lending practice

[9]Before in history, the lending activity of the custodians of coin money had still been based on lending out their reserves of coin money to third parties in need of credit. This coin money itself was still being "made" by other societal powers, usually regional or local governmental or semi-governmental institutions that, after the decline of the Roman Empire, had started issuing all kinds of coin money.

However, the above described new lending technique would gradually evolve, whereby the custodians of coin money simply started issuing ("out-of-nothing") "proof-of-debt" documents which did not represent an initial deposit of coin money to a counterparty in need of a credit.

As a result—and by definition—such issuers of proof-of-debt documents brought into circulation higher values (or amounts) of proof-of-debt documents than they had coins in stock. Even so by definition, the total cash resources consisting of coin money of said issuers of proof-of-debt instruments became smaller than the total value of the proof-of-debt documents they had before put into circulation.

Put otherwise, to the further extent that the proof-of-debt instruments got accepted by the general public as payment instruments on their own accord, hence as money, the custodians of coin money evolved into (paper) money creating banks.

The success of the technique of private (paper) money creation based on the lending activities of coin money custodians, would furthermore be enhanced by the decline of the Church prohibition on charging interest that occurred in the second half of the Middle Ages.

For a more detailed description of this historical evolution, see Byttebier (2015a, 2017).

of the newly emerging private banks, or, phrased in other words, on the power of (private) commercial banks to create money.

A first downside of this newly developing economic system was that it would already shortly after entail several pernicious emanations, such as colonialism, imperialism and slavery.

Previous generations of imperialist countries, in particular Spain and Portugal, had still based their colonial behavior (in the sixteenth century) to a much larger extent on a money system backed by gold and silver coins, amongst others having resulted in the historical gold and silver raids in overseas territories. The seventeenth century colonialism of, for instance, the Netherlands and the United Kingdom where the money lending practice of the new banking sector first gained success (see for instance the practices of the Amsterdam Exchange Bank), would however take an even bolder and more mercantile dimension, in a process where gradually the rest of the world would see itself reduced to an exploitation area for the economic interests of the leading European powers of that time.

A further downside of this evolution was that any banker (aka "custodian of coin money", aka" issuer of private paper money") engaging in this type of credit activities was, by definition, no longer able to meet all requests to exchange the paper money against coin money, while at the same time complying with any such exchange request remained the basic underlying legal obligation that such a banker pledged to any holder of paper money (i.e. the bearer proof-of-debt instruments).

Evidently, all of this required an immense and lasting confidence by the holders of the paper money in the issuers thereof. Such confidence had to be strong enough to deter these holders from all and at the same time deciding to exchange the paper money they held against underlying coin money, as no issuer of paper money was still able to meet the exchange requests concerning the totality of the paper money he had issued. On the contrary, when confronted with exchange requests for an amount bigger than his reserve of coin money, the banker would find himself—to put it in modern terms—in a state of bankruptcy.

Already by the end of the late Middle Ages, the technique of creating privately issued paper money had become common in several Western countries.

As a result, two distinct forms of money were in use in the countries (or territories) in which the aforementioned practice took place.

On the one hand, coin money still stayed in use. This coin money was (still) minted out of precious metals (especially silver), which in most countries (territories) could only be done by or under the auspices of a more or less central public authority. This coin money, moreover, functioned as the cash reserves which formed the basis for deposits entrusted to the in this way developing bankers who remained committed to pay out coin money against the paper money they brought into circulation.

On the other hand, a second type of money had emerged, more precisely privately issued paper money.

The new money creation mechanism had an important leverage effect on economic growth, to the extent that one could even hold that the economic growth-myth which in present times dominates the current economic system (see further Sect.

2.2.2.3), most probably, finds its roots in the system of private money creation that emerged in the second half of the Middle Ages.[10]

The increased money supply through the private banking sector also contributed to the decline of the medieval feudal system to the advantage of a pre-capitalist societal model. For instance, governments ceased to rely on the old feudal levy to raise armies, which through tradition and precedent was more and more considered to be too circumscribed and inflexible, and instead started to supply and pay troops in cash money. Feudal tenants in their own turn started to commute their labor services into cash, while their lords started relying more on such cash payments or on exploiting their estates to produce surpluses which were saleable against money.[11]

2.1.2.3 Risks and Solutions

An important drawback of the (private) money creating system that took form in the late Middle Ages, was its inherently precarious nature, a characteristic of the private money creation processes which has largely stayed the same since then.

More precisely, under the newly emerging money creation system, a banker could easily get into trouble each time he faced requests for reimbursements exceeding the amount of his reserve in coin money. As a result, a crisis of confidence among the general public using the new paper money could suffice to lead to the bankruptcy of such private banks and, hence, could undermine the safety of the monetary system.

It hereby appeared that, in many cases, the crises of confidence turned out to be the result of an excessively reckless and greedy behavior of the bankers themselves.

It more precisely often appeared that, driven by an increasing desire for profit (especially out of the charging of interest on credit), bankers were to an increasing extent prepared to take big risks, in particular when granting credit to market players who were insufficiently creditworthy, amongst whom even worldly sovereigns and church authorities.[12]

As a result, as of the seventeenth century, public authorities started looking for solutions to avoid such disruptions of the (new) monetary system, which gradually evolved into the development of central banks. In the course of the eighteenth and nineteenth century, the governmental measures in question would gradually

[10]Up till today, the same private bankers still play this role of providing the economy with new money, in particular when they grant credit to other economic agents. However, where during the Middle Ages this process of creating money by granting credit consisted in the issuing of new private paper money exceeding the value of the banks' underlying cash reserve of coins money, today's money creation by private banks through the granting of credit usually takes place through a booking on a bank account (leading to a so-called creation of "scriptural money") for amounts exceeding the cash reserve a bank holds (presently usually under the form of coins and bank notes).

[11]See Byttebier (2017), p. 33, with further references.

[12]An especially risky situation, for instance, occurred when public authorities started relying on borrowed money to finance wars, per definition a completely counterproductive activity hardly ever to be made profitable for society as a whole.

crystallize into a (premature) central banking system, in capitalist economies based upon the following pillars:

1. the founding of "a central bank" (either in public or in private hands, and in some cases owned by the private and public sector together);
2. the granting of special, often exclusive competences to this central bank, the most far reaching being an exclusive competence to issue (fiduciary or conventional) paper money[13];
3. a task description of "general good"; in particular central banks got the assignment to supply other (private) banks with necessary paper money, based on a system of lending against collateral; the central bank hereby started acting as a "*lender of last resort*" of paper money.

In various countries, central bank policy resulted in a strong mutual interweaving of private banks (on the so-called "interbank lending market"), but at the same time in a mechanism of steering the economy through monetary interventions by the newly emerging central banks themselves. As a further result, the private banking system became de facto subjected to central bank supervision, which also allowed upscaling and professionalization.

Through this, in many Western countries, small local banks gradually developed into national market players (and even international market players) that played an increasingly important role in various sectors of economic life.

Moreover, as a result of the practices developed by the central banks, the system further evolved into a system of gold coverage of the paper money issued by central banks.

Later in time, the exchange obligations of the central bank would gradually become more flexible, for instance by applying the exchange rules of cash money against gold only to large amounts of paper money. As a result, only those economic players who held banknotes amounting to the value of a certain (large) quantity of gold (for instance a gold bar with a certain standard weight) were, henceforth, allowed to submit an exchange request.[14]

2.1.2.4 The Emergence of the Modern Bank

In the course of the above, in Sect. 2.1.2.3, described historical evolution, the commercial banking system for a brief period of time, appeared to have lost its role in the money creation process. However, it would not take private banks long to

[13] At this particular point in the genesis history of the "modern" banking system, there were in most jurisdictions still two types of "cash money" in play, albeit the nature of one of these had changed. There still was the coin money minted by the government, which would for a long time continue to be made out of precious metals. On top of that, there now was also paper money issued by the central banks (which in many jurisdictions obtained a monopoly on issuing it).

[14] In the further course of the twentieth century, precious metals would got even more "demonetized".

discover new opportunities to participate in money creation, this time by developing so-called “scriptural money”.

The way in which the private banking system started creating this new “scriptural money” was again based on the practical experience of (commercial) bankers. Private banks more precisely started realizing that they were able to engage in scriptural obligations for an amount exceeding their cash reserves (of coin money and/or of paper money issued by a central bank), based on the observation that, at any given moment in time, only a fraction of their scriptural obligations were converted into cash money by either the original depositors or the credit takers.

As a result, engaging in scriptural obligations above the amount of one’s cash reserves became part of the credit policy of banks towards their diverse clients.

The outcome of this historical evolution has been that, at present, the (deposit) banking model as currently prevailing in most capitalist economies, in headlines, functions as follows:

– Deposit banks act as the collectors of the savings surplus of other economic players. In some jurisdictions, banks are even granted a legal monopoly in this regard.[15]
– Within a private (deposit) bank, cash money collected through deposits functions as a so-called “cash reserve.”[16]

  Based upon its practical experience, the bank can find out what the size of its cash reserve must be in light of its liabilities. Based upon this information, banks work out their lending policy, hence their scriptural money creation, when they engage in scriptural obligations exceeding their cash reserves.[17]

– The process of creating scriptural money (which is the method of private money creation by banks currently prevailing) usually is part of the credit activity of said (deposit) banks.

  From an economic point of view, the granting of credit by a bank is, hence, an activity of a very peculiar nature, as it results in the creation of new (scriptural) money. (See furthermore Sect. 2.1.3).

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[15]For instance, an initial deposit of cash money (= coins and banknotes) results in a process of so-called money substitution, resulting in a “conversion” of the deposited cash money into a scriptural claim of repayment (in cash) or for use in scriptural transactions.

[16]As a result, the latter is no longer taken into account when calculating the amount of cash money in circulation among the public.

[17]At present, there is a lot of debate going on about the abolishment of cash money. To the extent that scriptural money is exclusively made by private banks (as explained, by just booking a debt towards their clients), this is, obviously, a very disturbing idea, as such an abolishment of cash money would even further increase the (economic) power of private commercial banks and even more weaken what little grip central banks still hold on the private banking sector. At the very least would such an abolishment of cash money require that the role of central banks would be drastically reconsidered, for instance by handing them more tools of steering the scriptural money supply (see furthermore the proposals in Chap. 5 of this book).

– Through time, within capitalist economies, the creation of scriptural money has evolved to be the most important method of money creation.

  As a result, most of the money in circulation does not emerge from the creation of "chartal" money (banknotes and coin money) by central banks, but rather from scriptural money creation by the private banking sector.
  Needless to say that this provides private banks with an almost unlimited societal, economic and political power which in present-day societies is hardly counterbalanced by anyone or anything else.

– Based on agreements with each of its depositors, the deposit bank is (usually) subject to "restitution obligations" towards these depositors.[18]

  The latter basically obliges the deposit bank to pay out a scriptural claim in cash money each time when the holder of such a claim so requests, albeit the agreements between the bank and its depositors may include further stipulations.[19]

– As a result, the granting of credit by deposit banks plays a key role in capitalist economies, as it supplies economic agents with (new) money for both investment needs (all sorts of investment lending) and consumer needs (for instance construction loans and consumer credit).
– Precisely on account of their role within the economy (gathering of deposits and private money creation through the granting of credit), banks have over time been submitted to regulations motivating them to "careful" or "prudent" behavior.

  The creation of such "prudential" regulation has in a lot of countries moreover formed a response to the major banking crises of the late 1920s and early 1930s.
  In order to avoid banking crises, the commercial deposit banking system has, furthermore, throughout time, become embedded in a monetary system, as a result of which, in most countries, a private bank can turn to a (usually, albeit not in all cases, government controlled[20]) central bank for additional funds when its cash reserve is not sufficient to meet the restitution requests of its depositors (and when it cannot get cash elsewhere, for instance through a loan from a colleague banker on the "interbank lending market").
  As a result, the banking system is currently, in most jurisdictions, monitored in two ways: (1) the monetary authorities provide direction through their "lender of last resort" function and (2) private banks are moreover subject to a "prudential" legal framework, which in most countries subjects bankers' activities to rigorous legal rules, the compliance of which is monitored by a supervisory authority.

[18]This will however no longer the case in so-called "cashless societies".

[19]For instance, the bank is usually also obliged to perform so-called scriptural money transactions at the request of the depositors (that are basically money transfers between different bank accounts).

[20]An illustrious example of a central bank that is to a large extent functioning under the influence of private market players is the US Federal Reserve. (See furthermore, in footnote 24).

– In such a monetary system, the central banks, purportedly, ultimately control the money supply, at least in theory.

  Since the central bank, at least within a given territory, exclusively supplies the commercial banks with newly created cash, it is also, at least in theory, able to put a brake on the growth of the scriptural money amount. It is hereby understood that commercial banks which have restricted access to new cash money will become more prudent in creating private scriptural money (or, otherwise put: in granting credit), in order to avoid the risk of not being able to comply with exchange requests from depositors. The central interest rate policy is hereby one of the mechanisms used by the central banks to keep the scriptural money growth within reasonable limits (or, inversely, to try to stimulate it).

2.1.3 A First Big Lesson: Money Is Credit/Credit Is Money, and Why This Is Troublesome

2.1.3.1 Why Bank Credit Equals Money

From the foregoing Sect. 2.1.2, it should, amongst others, be clear to what extent private banking is, within capitalist economies, of a peculiar nature, especially given the role of private bankers in (privately) creating new money when granting credit to other economic players.

It should, moreover, also be clear that the (present-day) "social contract", if any, underlying the creation of scriptural money by private banks granting credit to other economic agents is based on the premises that the borrowers will effectively (be able to) pay back the credit they have received from the private banks.

Phrased in other words: the prevailing monetary system is founded on the underlying credibility of the collectivity of borrowers' ability to repay the credits through which (privately created) money is brought into circulation.

In a gradual evolution which, throughout the ages, first got tolerated and later validated by the governments and by the general population of most world countries, the private banking sector has in this way become responsible for a major part of money creation.

Through this, it is in most countries private commercial banks that decide whether the residents of a particular national economy (individuals and families, enterprises...), and even governments themselves, get access to "newly created money" in order to finance their activities and/or their various expenses.

At the same time, the private banking system plays an as important role in intermediating in the process of channeling existing savings surpluses within the economy by using a vast set of methods that allow holders of savings surpluses to make these available to those who need new funds (again: individuals, families, enterprises, governments. . .).

It is, furthermore, as striking that, in most countries (or territories), no economic agents other than private banks themselves can turn directly to monetary authorities (i.e. central banks) to obtain newly "publically" created (or so-called "chartal") cash money.

As a result, anyone other than banks (be it an individual, a household, an enterprise or a government) who is in need of new money to finance a new project, has only the following two choices: either try to find existing money in the private market, where it can be available in the form of other economic agents' saving surpluses; or turn to a private bank in order to obtain a credit, and in this way obtain access to newly and privately created money.

Although the attention of the general public is often strongly drawn to the first of the aforementioned functions of the private banking system, namely the intermediary function which makes it possible that existing saving surpluses get invested for all types of endeavors, it is above all the second of the mentioned functions, namely the power to create new scriptural money, which distinguishes banks from all other types of enterprises.

When granting a credit, private banks literally create (new) (scriptural) money "out-of-nothing".

As explained in the previous Sect. 2.1.2, this at the same times creates a remarkable "paradox" as, by definition, by granting credit, a(ny) private bank enters into obligations for larger amounts than the amount of the cash reserves it holds.

It is precisely this paradox that has characterized the Western monetary system ever since the second half of Middle Ages.

To some extent, central banks offer a way out of this paradox by granting private banks access to new chartal (cash) money they need, be it at a price. By organizing the so-called "lender of last resort"-function, central banks are more precisely put in a situation whereby they can, at least to some extent, supervise the global money supply and, at least in theory, put brakes on the growth of the total money supply, for instance by raising the price for supplying new cash money. The latter is supposed to motivate private banks, in turn, to be more prudent in granting new loans, ergo in creating new scriptural money.

In other words, in the capitalist economies, the money supply process has two layers.

In a first layer, the economic agents other than private banks themselves mainly depend on private money creation by the private banking sector, whereby, obviously, a private commercial bank cannot grant a credit to itself for its own needs. The second level of money creation is that of cash money creation by the monetary authorities, to which only commercial banks have a direct access.

Since the total scriptural money supply is much larger than the cash money supply, the system is however inherently vulnerable, which has throughout the ages motivated governments (but also monetary authorities) to work out mechanisms of supervising the liquidity and solvency of commercial banks (as has already been mentioned in the previous Sect. 2.1.2.4).[21]

2.1.3.2 Some Further Thoughts on the Intrinsic Problematic Nature of the Prevailing Monetary System

From the foregoing, it may be obvious that interweaving money creation, which is (or should be) essentially a public function, and private commercial banking, which is entirely based on capitalist principles, is inherently unhealthy.

Under such a monetary system, the creation of new money basically comes down to applying an accountancy technique: after a new bank credit has been approved, the issuing private bank merely "books" the amount of the credit granted, by crediting an account of the credit taker, thus expressing the claim on the bank that the credit taker obtains and that allows the latter to make use of the money in accordance with what has been agreed upon (in the credit agreement), such as, in most cases, the right to exchange (part of) the amount booked on said account against cash money, and/or the right to make use of scriptural payment techniques.

However, the bank will at the same time make another booking by debiting an (other) account of the credit taker, herewith expressing the debt of the credit taker to, in time, pay the credit back, enhanced with the agreed upon interests.

As a result, a (mere) bookkeeping witticism has become one of the most important societal instruments of creating new money, and hence of new wealth.

One should, furthermore, be aware of the fact that, especially for a private bank, the issuance of such a credit is an astoundingly easy mechanism of getting rich—ultimately to the benefit of its shareholders.[22]—as the only thing a private bank has to do in order to acquire new wealth, is simply to grant a credit to a credit taker, and to furthermore ensure that this credit taker will pay said credit back, enhanced with the agreed upon interests.

Needless to say that private banks—and through these, private banks' shareholders—, by having deployed this mechanism for a couple of centuries already, have managed to both acquire and hoard an immense wealth, be it at a very huge cost for the rest of society.

Indeed, from the viewpoint of the credit taker (or even better: of the collectivity of credit takers within a given economic system), the story is not as simple.

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[21]Not surprisingly, in many jurisdictions, a large part of the banking regulation concerns these matters.

[22]In most jurisdictions, private banks have to be organized under the legal form of a "company", implying that there will be so-called "shareholders" who, in accordance with the underlying principles of capitalist societies (as given shape through a variety of legal rules and systems), are considered as the "ultimate (economic) owners" of such a company, to whom—at least in accordance with the theories of (economic) (neo)liberalism—all the proceeds of the company's activities, usually referred to as "(company) profits", (have to) flow to. (See furthermore, Sect. 2.2).

As said, acquiring new money through means of a bank credit, for a credit taker implies that, at a certain moment in time (agreed upon in the credit agreement itself), he will have to repay the credit, enhanced with the agreed upon interests. This, in its own turn, implies that such a credit taker will have to dispose of a sufficient income out of his (socio-)economic activities in order to be able to meet his payment obligations.

Although in theory, the power of central banks to create bank notes (and/or coin money), provides the latter with some monitoring power over the private bank sector, this power has throughout time become thus the less relevant in light of the general public's increased preference—as this itself results from a variety of factors, amongst which marketing practices of private banks themselves, next to even policy measures of public authorities[23]—of scriptural money (transactions) over bank notes and coin money.[24]

From this, it also becomes clear that the private money creation mechanism through private bank credits, is itself based upon an—at the very least implicit—assumption of a continuous economic growth (See also further, Sect. 2.2.2.3).

The reason hereof is that the collectivity of credit takers that acquire newly created money out of a bank credit, will all have to make economic efforts from which a sufficient income is drawn in order to be able to pay the credits they owe to the bankers back (both in capital and as regards the conventionally agreed upon interests).

It should in this regard also be clear that the at a given moment in time already available money—that itself, for the most part, will have been created through bank credits of the past—will not suffice to pay back the entirety of both the outstanding and the, per definition, ever increasing debt of the collectivity of credit takers, which by definition implies that, at least a part of the newly created credits will have to be paid back by means of money that is derived from other newly granted credits.[25]

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[23]For instance, in recent times, public authorities all over the world have stimulated the use of scriptural money (and of scriptural payment systems) above "chartal money" (bank notes and coin money), in their fight against fiscal fraud and organized crime.

However, to the extent that such policy measures have been successful in stimulating the general public's preference for scriptural money and scriptural payment system above chartal money, public authority has even further undermined any grip that the central banks still have on the private banking sector.

[24]On the growing "impotency" of central banks, see already Galbraith, in his book "the Great Crash 1929" dating of 1954. (See Galbraith (2009), p. 56).

Moreover, one should also be aware of the fact that in some jurisdictions, central banks are nothing but, in part or in total, private institutions themselves, implying that the bank notes and/or coin money they issue could also be considered as "privately created" money. A notorious example hereof concerns the "American Federal Reserve" that, ever since its creation, has continued to remain in private hands (implying that the American dollar is, basically, privately issued money).

[25]To give just a general idea of the amounts of credits private banks create "out-of-nothing", one can take the example of Industrial & Commercial Bank of China Limited (see http://www.icbc.com.cn/ICBC/EN/), at the beginning of 2019 the biggest bank on Earth, as an example. ICBC more precisely has assets of more than four trillion USD, a large part of these being claims originated from credit that has been granted to third parties, hence from private money creation. Obviously,

As a result, the whole mechanism of private money creation through bank credits to a large extent rests on "past" bank credits being paid back through money obtained from "new" bank credits (of a later date).

Otherwise put, the private money creating system based upon bank credits has all the characteristics of a vicious circle that started in the Middle Ages and needs to go on forever, thus ensuring that ever more wealth flows to (private) banks and their shareholders to the detriment of the wellbeing of the rest of mankind and even of the Earth itself.[26]

A simple example will probably further clarify the matter.

Let us assume that Credit taker A obtains a credit of 100,000 EUR, and that after a given period in time, he will have to pay back (or have paid back) said credit, enhanced with (the) agreed upon interests, let us say for a total amount, in both capital and interests, of 150,000 EUR. Credit taker A will most likely use the sum of 100,000 EUR he obtains as a bank credit in order to acquire goods and services provided by other market players operating within the economic system in which he himself also operates (which, in the presently prevailing globalized free market economy, is in most cases, the entire world). It hereby does not matter much whether such goods or services are acquired as private consumer goods or services for leisure, or as economic investments in an enterprise that Credit taker A conducts, as what finally matters is that Credit taker A will use the sum of 100,000 EUR he received from his banker, in order to make payments for goods and services, or, put otherwise, that he will "spend" the sum of the credit. Thereafter, Credit taker A will have to obtain an income out of (economic) activities that will allow him to pay back the sum of 150,000 to his banker within the course of the conventionally agreed upon period of time. Credit taker A will, in most cases, not be able to do this by obtaining a new credit from his banker—or at least he will not be able to do this

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ICBC is but one of many banks that all create vast amounts of new money out of their credit activities. (For an overview of Earth's biggest banks, see for instance https://www.gfmag.com/magazine/november-2018/biggest-banks-world-2018 (last consulted on March 5 2019); https://www.relbanks.com/worlds-top-banks/assets (last consulted on March 5 2019); https://www.businessinsider.nl/biggest-banks-in-the-world-2018-5/?international=true&r=US (last consulted on March 5 2019)).

[26]It will not be a big surprise that in some literature, the private money creation system based upon bank credits has even (ironically) been compared to one big Ponzi-scheme. (See Harari (2014), p. 343. Also http://www.econtalk.org/yuval-harari-on-sapiens/ (last consulted on March 5 2019)).

Harari (2014), p. 343 phrased it as follows:

> It sounds like a giant Ponzi scheme, doesn't it? But if it's a fraud, then the entire economy is a fraud. The fact is, it's not a deception, but rather a tribute to the amazing abilities of the human imagination. What enables banks—and the entire economy—to survive and flourish is our trust in the future. This trust is the sole backing for most of the money in the world.

See furthermore Bregman (2017), having argued:

> (. . .) consider this: economists tell us that the optimum level of total private-sector debt is 100% of GDP. Based on this equation, if the financial sector only grows, it won't equal more wealth, but less. So here's the bad news. In the United Kingdom, private-sector debt is now at 157.5%. In the United States, the figure is 188.8%.

endlessly, as this would obviously make life too beautiful due to the fact that, in such a case, anyone could start doing nothing at all, except for obtaining new credit in order to pay back past credit, be it that in a scenario where everyone would start behaving like this, the whole of economy itself would most probably collapse—, but, on the contrary Credit taker A will have to obtain a sufficient income out of various possible activities, practically all coming down to either buying goods and afterwards vending these goods with a profit, or providing services (regardless of the legal form under which this happens[27]). Otherwise put, Credit taker A will (have to) start selling goods or providing services to other economic players, which implies that the latter will have to dispose of money in order to pay Credit taker A for the goods sold and/or the services provided. It should hereby not be much of a mystery that the buyers and/or clients of Credit taker A will themselves either dispose of enough (savings) money in order to make such payments, or, as will be often the case, will have to get access to newly created money out of bank credits that they themselves will have to obtain. This will in other words force such buyers and/or clients from Credit taker A to become credit takers from the private banking system themselves, hence submitting them to the same cycle of having to develop enough economic economies resulting in an income that will suffice to pay their credits, enhanced with the agreed upon interests, back.

Probably the most important lesson to be drawn from all this, is that the capitalist monetary system basically condemns the rest of humanity to work (hard) in the mere interests of the banking sector (especially in order to make bank shareholders ever more rich).[28]

Although undoubtedly private banks also perform a certain societal function, amongst which providing all other economic players with new money, one can but wonder whether this truly happens in a manner that best serves the interests of society (especially in light of the assumption that was formulated in Sect. 1.1 that humanity should best keep looking for systems of granting access to the riches of the planet in an as efficient an fair manner possible).

He who still would be in doubt of this to-be-learned-lesson, can be advised to look closely at his own life course: at least under the premises of not belonging to the class of (extremely) rich people, any person who has ever entered into a bank credit agreement, will have to admit that he has become subject to a legal obligation of transmitting an important part of his income to the bank that granted said credit. As most people are dependent on performing labor for their income, this implies that any such person will come to the realization of having to work for a long period in time in order to repay one's bank credit(s).[29]

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[27]From an economic viewpoint, one may even hold that the performing of labor in execution of an employment agreement, also but comes down to providing services to someone else against payment of a sum of money.

[28]We shall readdress this characteristic of the capitalist monetary system(s) more profoundly in Sect. 2.2.2.

[29]For further reading on how capitalism has "incentivized" work, see Kotsko (2018), p. 37.

In light of the understanding that for a private bank itself, the granting of a credit is an almost effortless action (of simply approving a credit request), the contrast between what capitalism expects from banks and bank stakeholders on one hand and from all other people on the other hand, becomes extremely big: through the credit mechanism (or, put otherwise, through the private money creation system) banks (and hence bank shareholders) become ever more rich in an effortless manner to the detriment of their combined credit takers who all have to work very hard and for a long time in order to be able to pay such a bank credit (enhanced with the agreed upon interests) back.

This truth, moreover, does not only apply to working people who become bank credit takers, but on the contrary to all societal entities that are dependent on bank credits.

For instance, also a state (or other public authority) that becomes a bank credit taker, will have to ensure that it will have a sufficient income in order to pay its outstanding credit back. This results, in its own turn, into a system which condemns tax payers to have a large part of their income taken from them in order to allow the taxing state to pay back its outstanding credits. As a result, also states that have become dependent on bank credits condemn their inhabitants to work hard for a sufficient period of time in order to allow the state to pay back its bank credit debts.

Furthermore, that what applies to states, certainly also applies to any enterprise that has taken up a bank credit: in this case, it are in the end such an enterprise's employees that are in this way even so condemned to work hard for a sufficiently amount of time in order to allow the enterprise to pay back its credit.

As a result, within capitalist economies that are based upon the money creating power of private banks, practically all members society have to a large extent been turned into modern-day slaves of the banking system, while at the same time, the creating of new money through the granting of (bank) credits is one of the least difficult forms of "work" which at the same times allows the gathering of extreme riches to the detriment of everyone else (Fig. 2.1).[30]

[30]Similarly Davis (2018):

> This system ensures that the human race will always be in debt, and this system is the new slavery, meaning that when we owe money in this fashion we are not free to use the full power of our labor and resources to improve our communities and infrastructure. Instead, lending moves in the direction of the development of instability and weapons of war. Any time the lender wishes to flex its muscle it can create instant economic hardships by calling in this and making it more difficult to borrow money to service the debt.
>
> The modern-day debt system maintains a tragic dramatic tension in the world, and on a planet with such abundant resources, you have to wonder with a global debt number so high, do the people of the planet owe each other, or are we really in debt to some type of off-planet entity?

See also Dare (2016):

> In other words, the money, ie., *the debt*, is meaningless, only having value if governments around the world use law and the violence of authority to enforce their citizens into payment of these fraudulent obligations, which is indeed happening the world over.

The Downside for Society:

- ⇨ *The credit taker has to pay the credit back, enhanced with the agreed upon interests.*
- ⇨ *The credit taker has to go through a variety of efforts to have a sufficient income in order to be able to finance said repayments.*
- ⇨ *Efforts = ultimately come down to the fact that real people of flesh and blood all have to work hard for repaying bank debts.*
- ⇨ *Time, hence the life force of man, next to a huge part of the economic efforts, serves for the purpose of making banks and their shareholders ever more rich.*
- ⇨ *Resulting in an economic system based on: (1) selfishness, egoism and greed; (2) sacrificing all other (societal) values to the pursuit of profits-principle; (3) an undemocratic meddling of the rich and powerful (and their enterprises) in government; (4) extremely competitive behavior; and (5) an utter nervousness among all economic players (resulting in all kinds of mental illnesses).*

The Upside for Bank Shareholders:

- ⇨ *The bank providing the credit creates its own "potential" new wealth "out-of-nothing" and without any noticeable effort.*
- ⇨ *The "potential" wealth becomes "actual" wealth in case a given credit is repaid (enhanced with the agreed upon interests).*
- ⇨ *The newly created wealth is handed out to the bank shareholders (= the rich of the planet) through dividend payments (and similar company law techniques).*
- ⇨ *The drain of the newly created wealth weakens the financial position of the bank, with as possible solutions:*
  - *The solution of the prevailing legal system: capital and equity protection rules and regulations;*
  - *A better solution, developed in Chapter 5. of this book: making the power to create new money of a public nature.*
- ⇨ *Bank shareholders = easy way of getting rich to the detriment of the rest of society.*
- ⇨ *In case the weakened financial position of banks encounters economic difficulties = need for bail outs (= even more rewarding bank shareholders to the detriment of the rest of society).*

Fig. 2.1 Advantages and disadvantages of new money created by means of a bank credit

2.1.4 A Second Big Lesson: Banks('Interests) Prevail

From the foregoing, it is clear that the growth of the outstanding amounts of bank credits itself implies an expectancy of continuous economic growth, as the out-of-nothing-created-private-money comes down to credit that the credit takers effectively have to pay back, in most cases enhanced with interest (See also, furthermore, Sect. 2.2.2.3).

As explained, the capitalist money creation system based upon private bank credits thus implies that a very large magnitude of credit takers—from all layers of society in the most broad sense of the word, going from states and public authorities, to enterprises and individuals—will all at the same time aim at gaining a sufficient income from either economic activities (in the case of enterprises and individuals), or from taxing others (in the case of states and other public authorities), in order to pay their credits back (and to keep a sufficient amount of this income for themselves), making the play of economics per definition of an extremely competitive nature, a characteristic of the capitalist economic system that even furthermore calls for ever more economic growth.[31]

The formerly made observation that most people are in complete darkness of this basic insight on how the capitalist money creation system functions, at the same time brings forward the total lack of legitimacy the monetary system displays.

Through the grace of a societal construct that is at best based upon some kind of "silent consensus" that itself probably only exists due to the fact that most people on Earth are completely in the dark on how the money creation system functions, the power to create money has in this way been left in the hands of private market players, rather than in the hands of public authorities that function for the general good and in accordance with democratic principles.

Next to this, the private money creation mechanism itself is clearly a mechanism through which the money creating private banks (like all private enterprises) above all aim at making as much as possible profit for the benefit of their (as) private shareholders, with little or no regard for serving the general interest.[32]

The presently in most countries prevailing capitalist monetary system has in this way, throughout the past two to three ages, become completely subject to the principles of the free market and, hence, cannot at all be considered as a societal construct serving the general interest of humanity.

These insights also help to clarify why the private banking sector is, intrinsically, of a parasitical nature towards the rest of society.

Without being productive itself as, indeed, banks do not produce any goods, nor do they provide services of any true use in fulfilling man's (basic life) needs, banks nevertheless, because of the private money creation system, manage to incite anyone else—at least any participant to economic life who has become subjected to a private bank due to the fact that he has become a bank credit taker, and/or is employed by an enterprise that is such a credit taker, and/or pays taxes to a state that is such a credit taker—to be as productive as possible, and to hand over a large part of the proceeds of his economic (or other) activities, to this private bank (as part of the repayment commitments of said credit).[33]

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[31] Similarly Harari (2014), p. 345, defining "credit" as the difference between today's economic pie and tomorrow's economic pie, hence as a measure of expected economic growth.

[32] It does not come as a surprise that for many adherents of the doctrines of economic neoliberalism, there is not such a thing as "the general interest" or "the public good". (See for instance the works of Friedman (1993) and of Rand (1992) and (2008)).

[33] Bregman (2017) has put it even more bluntly:

> In other words, a big part of the modern banking sector is essentially a giant tapeworm gorging on a sick body. It's not creating anything new, merely sucking others dry. Bankers have found a hundred and one ways to accomplish this. The basic mechanism, however, is always the same: offer loans like it's going out of style, which in turn inflates the price of things like houses and shares, then earn a tidy percentage off those overblown prices (in the form of interest, commissions, brokerage fees, or what have you), and if the shit hits the fan, let Uncle Sam mop it up.

This also implies that most people on Earth have to devote a large fraction of their life of having to work (and, through this work, earn an income) in order to pay back their bank credits, enhanced with the agreed upon interest, or, put otherwise, in order to contribute to the (huge) profits banks make and, through this, to the extreme fortunes of those holding bank shares.[34]

This in its own turn not only helps to explain that shareholdings in private banks are among the most profitable, but, moreover, also that these shareholdings in large banks are to a large extent responsible for the huge fortunes the very rich of the planet manage to gather to the detriment of the rest of society, or put otherwise, of all other people who are not similarly making profits out of such banking shareholdings.[35]

What is even more astonishing is that in the prevailing neoliberal socio-economic order, also states themselves have become the victims of this private money creation system. Indeed, each time a state is in need of (new) money (at least in case such a state cannot easily obtain the amount of money it needs by raising taxes), it has, as any other economic player, in many cases no other choice than to knock at the door of a bank in order to obtain a bank credit.

The result hereof is that, under the prevailing capitalist money creation system, even states have become not much more than a means by which private banks, hence ultimately private bank shareholders, already for ages, are continuing to enrich themselves to the detriment of the rest of society.

This also explains why, to the extent that the debts of many states towards private banks continue to grow, the whole state organization itself has become subjected to making sure that the lending banks (next to other financial institutions) will cost what cost obtain the conventionally agreed upon repayments of outstanding debt, enhanced with the agreed upon interests.

At the same time, but a few of the inhabitants of such states-debtors seem to have any basic awareness that a large part of the taxes they are paying, but serve for making sure that the abovementioned bank debts are effectively paid (both in capital and interests).[36]

[34]For instance, in 2015, the OECD estimated that, on a global scale, financial services alone made up 20-30% of total service market revenue and about 20% of the total gross domestic product in developed economies. It was, furthermore, similarly estimated that, in 2014, the financial services sector comprised about 16.9% of the global economy, as measured in GDP. (See Ross (2015)).

[35]This may be different in the case of state owned banks, a type of banks that, under the influence of neoliberal doctrine, has been abandoned in most Western countries but still can be met in, for instance, China.

[36]Compare Dare (2016):

> We have a decent idea of who controls the world's debt (the central banks, the IMF, and the private banking families), and we assume that these entities own this debt, but the cost to humanity is so great that something simply does not add up, unless the picture is broadened to include the possibility that earthlings are paying rent to other, as of yet undisclosed actors.

Next to this, private banks exercise a huge power over state spending, as their decision of either approving or refusing the granting a new bank credit to a state, may determine the outcome of any planned state project.

After centuries of applying this method of private money creation, one can hence but observe how the global economy has evolved into one big "credit-based economy" in which not only most private participants to the economic game, but even so most states and other public authorities,[37] all have become indebted towards the private bank sector, while the latter, but even more so the shareholders of private banks, have in this way managed to build up extreme fortunes to the detriment of the rest of society without really contributing to the general societal welfare.[38] (See furthermore, Sect. 4.2).

In this way, the capitalist private money creation system based upon bank credits is, already in its own accord, the perfect illustration of how money helps dividing societies into two groups, on one side the extremely wealthy (who, in many cases, derive a big part of their huge wealth out of shareholdings in private banks, next to other financial institutions) and on the other side the much larger group of poor to very poor people, who find themselves often in need of money (a need which in many cases can only be fulfilled by obtaining a new credit, which in its own turn will help the extremely wealthy to become even more rich).

If any lessons are to be drawn from this, it is that the power to create money does not at all belong in the hands of private market players, but rather in the hands of public authority, at least under the condition that the latter itself could ever be organized in accordance with democratic principles, a condition that is unfortunately hardly fulfilled on the level of the present-day prevailing central banks (or similar monetary institutions).

We shall come back to this issue in Chap. 5 of this book.

[37]For a general idea, see https://www.nationaldebtclocks.org/ (last consulted on March 5 2019).

[38]A clear example concerns the fortune of the Rothschild-family. According to several sources, the wealth of the Rothschild-family is estimated to be 500 trillion USD. (See is (2019). Similarly Diks (2013)). Both authors explicitly refer to the power to (privately) create money out of nothing and to the fact that, because of this power, entire nations have entirely become in the grip of the private banking sector, as one of the main causes for this extreme wealth accumulation. Diks, furthermore, points out that if the Rothschild family would be willing to share its extreme wealth, every human being would obtain 70 million USD.

2.2 The Company Law Form (or How Also the Functioning of Enterprises Is Completely Determined by the Principles of Capitalism)

2.2.1 The Breakthrough of the Company Form As a Method of Organizing Enterprises

A second core legal instrument that, in the course of the past two to three centuries, has co-determined the outlook of capitalism is, obviously, the "company" form.[39]

Basically also an invention of the late Middle Ages, the company with legal personality and enjoying the so-called "advantage of limited liability"[40] for its shareholders, managers and directors, may be indicated as a societal construct that allows to conduct practically any business[41] in a totally "irresponsible" manner, while at the same time ensuring that the profits such a company makes, flow to a limited group of people, namely its shareholders.[42]

Especially as of the sixteenth century, the fiction of "the company with legal personality and with limited liability" started to make it possible to establish an enterprise which, in the legal domain, functioned independent from the human beings who, in reality, are the only ones conducting its affairs.

During the past two to three centuries, this fiction of the law has allowed the emergence of immense business imperia that, being legal persons on their own accord (or, in the case of so-called "groups of companies": consisting of several such legal persons), often acquire wealth and power far exceeding that of the average human being having to deal with them, be it in the capacity of an employee, customer or other type of co-contractor.

As a result, during the timeframe in which capitalism has evolved into the dominant economic system on earth, i.e. more or less during the past two to three centuries, the legal form of the (capital) company has itself evolved into the most commonly used method of organizing enterprises on a global scale.

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[39]Entering into more detail into the (legal) difference(s) prevailing in some jurisdictions between "partnerships", "associations", "companies", "capital companies", "corporations"... would in the context of this book lead to far, to the extent that, hereafter, there will only, in general terms, be spoken of simply "companies", whereby abstraction will be made of the fact that some jurisdictions are based upon legal differences between several types of such "companies" (in a broad sense of the term).

[40]Earlier in history, there already existed companies, but the idea of granting such a company (or more accurately its stakeholders) the advantage of a limited liability has been an invention of the late Middle Ages. It has been the latter advantage that has made the legal form so popular for conducting enterprises (in a total "irresponsible" manner).

[41]With the exception, in many countries, of business activities that are prohibited by law.

[42]One could state that the societal construct of such a company (with limited liability) provides a shield behind which "real people" may conduct business in a totally irresponsible, sometimes even immoral, manner, while at the same time the profits such a business makes, in the end, flow back to these "real people".

Together with some of the other principles of capitalism we shall look further into in the next Subsections, the granting of the entrepreneurial world the possibility of organizing itself through companies enjoying the advantage of limited liability, has undoubtedly been one of the most important legal instruments that help shaping the capitalistic socio-economic order.

2.2.2 The Further Behavioral Influence of the Principles of Capitalism on Enterprises

2.2.2.1 The Pursuit of Profits Gradually Becoming the Leading Societal Principle

As a result of the breakthrough of capitalism as the overruling economic system on Earth, there is but one true value that governs the whereabouts of economic functioning in general, and that of enterprises more specifically, namely the (unbridled) pursuit of profits (instead of, for instance, the general wellbeing of humanity and the Earth it inhabits).[43]

Already ancient philosophers like Plato[44] and Aristotle had reached the observation that the pursuit of profits was one of the main motives, if not the only one, of the (already in their times gradually emerging) class of merchants, and both philosophers warned that society should best abstain from allowing this pursuit of profits principle becoming too dominant.[45]

In a similar way, ancient religious systems, amongst which obviously early Christianity, also came up with severe moral rules against the unbridled pursuit of profits.[46]

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[43] Sivaraksa (1992), p. 40.

[44] See, for instance, the following quote from Plato's Nomoi:

> But the intention of our laws was that the citizens should be as happy as may be, and as friendly as possible to one another. And men who are always at law with one another, and amongst whom there are many wrongs done, can never be friends to one another, but only those among whom crimes and lawsuits are few and slight. Therefore we say that gold and silver ought not to be allowed in the city, nor much of the vulgar sort of trade which is carried on by lending money, or rearing the meaner kinds of livestock; but only the produce of agriculture, and only so much of this as will not compel us in pursuing it to neglect that for the sake of which riches exist – I mean, soul and body, which without gymnastics, and without education, will never be worth anything; and therefore, as we have said not once but many times, the care of riches should have the last place in our thoughts. For there are in all three things about which every man has an interest; and the interest about money, when rightly regarded, is the third and lowest of them.
>
> (Plato (1994–2000).)

[45] For further details, see Byttebier (2017), p. 91 a.f.

[46] For further details, see Byttebier (2017), p. 94 a.f.

Under the influence of these philosophical an religious doctrines, at least in the so-called West, the (early) Medieval society which to a large extent was based on religious rules imposed by the Catholic Church, for a long time (i.e. more or less a millennium) succeeded in both slowing down the breakthrough of the pursuit of profits as a leading societal principle and preventing the class of merchants of becoming the main dominant societal force.

However, already in the Middle Ages, the class of merchants to a growing extent aimed at escaping this religious scrutiny in practice. During a long period of time, this would be done in clear opposition to the teachings of the Church[47] based upon the Words of Jesus Christ Himself.[48]

By the end of the Middle Ages, the resulting dualistic attitude towards wealth hoarding would become one of the theological discussion points that attributed to the schism of the Protestant churches.

Unfortunately, also the leading scholars of Protestantism did not succeed in establishing a clear approach on the subject.

As a result, Protestantism even started showing more leniency towards wealth hoarding behaviour than Catholicism had ever been willing to do, which helps explaining that pre-capitalist practices broke first through in the Protestant territories, such as the German territories in the sixteenth Century and Holland and the English

[47]This, regretfully, did not withhold the Catholic Church from showing a large extent of leniency towards those "sinful" merchants who were resentful enough to share some of their excessive wealth with the Church itself. This dualistic approach towards wealth gathering would in the late Middle Ages result in all forms of abuses, as a result of which several layers of the Church in many cases became as greedy in gathering riches as the rich bankers and merchants whose wealth acquiring behavior, nevertheless, remained condemnable under official Church teachings.

[48]In the (embryonic) economic views of Jesus Christ, as far as they can be inferred from certain verses of the Gospel, every individual is faced with the fundamental life choice between "God" and the "mammon" (a concept that could be translated as the "money devil"). It is (evidently) the intention that man should choose a life in the service of God and not in the service of the mammon, whilst it is impossible to choose both (see Matthew, 6:24).

Other verses of the New Testament warn, in a similar way, against greed and materialism, so for instance the verses Luke, 3: 10–14, in addition to, for instance, 1 Tim. 6:10 (holding that the love of money is the root of all evil).

In a similar way, in the renowned "Sermon on the Mount", Jesus Christ, furthermore, held that man shall not gather treasures on Earth, where they will decay from worms and moth, or be stolen by thieves, but that on the contrary, man should gather treasures in heaven (see Matthew, 6:19).

As a consequence, a correct (religious) attitude to life consists of not allowing the aforementioned fear and concern for one's own insecure future to take hold, thus avoiding the need for a life led by egoism in general and the pursuit of money and wealth in particular (i.e. focused only on satisfying materialistic values), and that, on the contrary, human life should be focused on achieving the Kingdom of God. This viewpoint can, for example, be concluded from Jesus Christ's reply to the question of the rich young man about what to do "to become part of eternal life" (Luke, 18:18; Mark, 10:17). Christ's answer to this question was: "Sell all that you have and distribute it to the poor, then you shall have treasure in heaven; and come follow me" (Luke, 18:22; see also Mark, 10:21). (See furthermore Byttebier (2017), p. 97).

territories, next to their respective overseas colonies, as of the Seventeenth Century.[49]

However, the true turnabout of the societal value scale that would condemn humanity to capitalism, would not be caused by religious doctrine, but rather by (a) laymen's doctrine(s) that later in history would become known as the school of "(economic) liberalism".

More precisely, in the approach of Adam Smith, it was stated that society's interests are not best served by adhering to an altruistic way of life, but rather by the development of an essentially selfish lifestyle.

In this way, Smith was one of the first to proclaim that man should mainly (if not only) pursue his own selfish interest(s), without questioning the impact of such behaviour on others. In the long term, and as if it were guided by an "invisible hand",[50] a society where every individual mainly looks after himself, is believed to evolve into the most prosperous society that will optimally accommodate the interests of all those who are part of it.[51]

In developing his theories, Adam Smith also became one of the pioneers of economy as an independent human science by elaborating a set of theories on socio-economic processes which were not determined by religious reasoning, but rather by an approach that aimed to be more in line with the doctrine(s) of rationalism that were breaking through during Smith's life time.[52]

[49]For instance Luther, especially through his opinion that the ideals of Jesus Christ are not accomplishable at a socio-economic level (perhaps unwillingly) helped clearing the path for the emergence of pre-capitalist practices, although Luther at the same time also took a stand against the greed of the rich of his time, for instance when raging against the German banking family Fugger. Calvin showed even more leniency towards wealth gathering by preaching that the accumulation of wealth is permissible for those who work hard and zealously, provided that such saved wealth would be reinvested in economic growth and not be used for sinful expenditure. (See furthermore Byttebier (2017), p. 133, with further references).

Compare Sivaraksa (1992), p. 41.

[50]This is why the popular name for Smith's doctrine is also referred to as the "invisible hand"-theory.

[51]See furthermore Ashley (1949), p. 144 a.f. See also Field (2018), p. 31.

Harari has made the observation that this teaching of Adam Smith may in present times not sound that original, as in the meantime, we all have been living in a capitalist world for such a long time and, as a consequence, have become used to this kind of logic, but that nevertheless the teaching of Adam Smith that the fulfilment of one's selfish human urges best serves the interests of society as a whole is to be considered as one of the most revolutionary ideas in human history. In developing this teaching, Adam Smith in fact claimed that "egoism", "selfishness" and "greed" are good things, an approach that was totally opposite towards the until then prevailing doctrine of the Catholic Church which, based on the teachings of Jesus Christ, had until then always taught the complete opposite. (See Harari (2014), pp. 336–337).

[52]This obviously contributed to a since then ever-declining impact of the teachings of the Catholic Church on socio-economic processes and, by extension, on society as a whole.

Erich Fromm has in this regard pointed out the high level of "caesura" that as a result emerged. In medieval (religious) thinking, wealth was never seen as a purpose in itself, but rather as a means to accomplish one's life goal. The purpose was life itself or, as the Catholic Church had put it, the salvation of man. In this, economic actions, albeit considered "necessary", were to be seen as mere

As a result, a most striking contrast between the "clerical intelligentsia" of the Middle Ages and the "liberal intelligentsia" that arose in the eighteenth century appeared. Medieval church thinkers had focussed on the poor and the unfortunate. The Catholic Church considered itself to be the protector of the poor and aimed at performing functions which, at least in the Western world, after WO II, would devolve on the welfare state: feeding the destitute, healing the sick, educating the general public... During the Middle Ages, all these services were free, provided out of the wealth shunted to the Catholic Church through church taxes and huge gifts (often vigorously pressed for). While the Catholic Church was thus forever thrusting the condition of the poor before the eyes of the rich, it was also forever scolding the latter. The rich were not only urged to give, but also urged to desist from their search for ever more wealth.

This negative societal attitude towards the rich would drastically change after Adam Smith. As a consequence of his works, liberal scholars would start taking a far more favourable attitude towards worldly riches. In their teachings, and especially through the development of the "trickle down-theory", the pursuit of wealth even became the most noble of undertakings bound to benefit the whole of society.[53]

Through this, Adam Smith's teachings succeeded in identifying the pursuit of economic self-interest of the individual with the public good. According to Galbraith, Smith's way of presenting self-interest as the most important motivating economic force would hereby become one of the most serviceable to advocate industrial power and no other means of justifying capitalist behaviour has served for such a long time. Thanks to Smith's writings, entrepreneurs needed, henceforth, no longer make offers to explain their selfish motives. On the contrary, virtue is in advance given to any of their actions, however selfish, sordid or inspired by personal

"external activities" which only made sense and only had value to the point where they promoted life and life's aim, namely human salvation. Fromm also pointed out that the perception of economic activity and the pursuit of profit as a target in itself would have been as inappropriate to the medieval thinker as the lack of such a perception would be to the contemporary (neo-)liberal thinker. (See Fromm (1990), p. 83).

Compare Sivaraksa (1992), p. 44, who points out that the influence of Christianity, or at least real Christian values, has eroded to the extent that Western civilization has become merely capitalistic (and, at the time, socialistic), thus just aiming to increase material goods in order to satisfy (artifical) craving.

[53] de Jouvenel (1954), pp. 106–107.

As Galbraith has phrased it:

> The market has only one message for the business firm. That is the promise of more money. (. . .) It must try to make money and, as a practical matter, it must try to make as much as possible. Others do. To fail to conform is to invite loss, failure and extrusion. Certainly, a decision to subordinate interest in earnings to an interest in a more contented life for workers, cows or customers would, in the absence of exceptional supplementary income, mean financial disaster. Given this need to maximize revenue, the firm is thus fully subject to the authority of the market.
>
> (Galbraith (1967), p. 109.)

greed their motivations and purposes are, by an overriding law of economics to which they are wholly subject (just as all other economic agents).[54]

The fundamental moral value reversal that has been determining the outlook of societies all over the world ever since, has hence been that the pursuit of economic success, material profit and economic activities, or more generally phrased, the pursuit of profits, became legitimate, if not the most dominating target(s) in themselves.

Within the (new liberal) society that got based on these ideas, man himself became bound by a new duty, namely serving to contribute to the growth of the economic system. This also implied that man no longer had to aim to improve his own life situation, to strive for happiness, or to care for others, but that he only existed to serve the economic system.[55]

On the upside, this "capitalist" economic system caused an immense economic growth and an increase of welfare in some parts of the world. (On this, see also the following Sect. 2.2.2.3).

On the downside, this economic growth took place in a totally uncontrolled manner causing many devastating effects for both Earth and humanity. Suffice to refer here to the fact that in a brief period of two to three centuries, capitalism managed to both drain the planet from many of its natural resources and to cause an immense pollution that in present days translates in the notorious "climate change problem", without being able to address this problem in a sufficient manner. Capitalism, moreover, caused huge gaps in the division of wealth and prosperity and this both on a macro scale (see for instance the gaps between developed and underdeveloped countries) and a micro scale (see for instance the huge gaps between a small elite of extremely rich people and the majority of poor to extremely poor people).

We shall address some of these negative consequences of capitalism in some more detail in the next Chap. 4 of this book.

2.2.2.2 The Under the Reign of Capitalism Intrinsically Problematic Relationship Between "Capital" and "Labor"

2.2.2.2.1 General

The success of using the company form has not solely been based on the in the previous Sect. 2.2.1 mentioned basic legal characteristics of such companies, but in as much on the manner how such companies started employing (other) people (than the shareholders) to do the actual work.

In the period of history preceding capitalist times, let us say during the second half of the Middle Ages, the providing of work was mainly done by either feudal

[54] Galbraith (1983), pp. 112–113. See also Field (2018), p. 31.

[55] Galbraith (1983), pp. 112–113.

slaves, or by independent craftsmen who themselves could also employ co-workers, often people getting a training in order to, at a certain moment in life, be able to start working as independent laborers themselves. As there were no private legal persons (with limited liability), (free) people mainly conducted their affairs, be it work or trade, on their own accord, being personally responsible for its (legal) consequences.

With the breakthrough of the company with limited liability, also the way other man's "work" could be deployed underwent drastic changes.

During the course of the eighteenth and nineteenth centuries, the aforementioned types of companies that gave form to capitalist enterprises, indeed started to become big employers of sometimes tens, hundreds or even thousands of employees who got hired on a contractual basis in order to make the business aspirations of the few individuals "behind the companies" come true.

As a result, especially in the course of the eighteenth and nineteenth century, people all over the world found themselves, to a growing extent, getting employed by legal fictitious personalities, namely said companies,[56] often under the most appalling working conditions.

The extent to which such companies (with limited liability) have since then been allowed to conduct their business in the most irresponsible way, may thus, above anything else, be illustrated by referring to the hierarchy scale between the stakeholders of such companies.

As said, in real life, the creation of such a company (with limited liability) implies that several "real people" find themselves gathered in giving shape to the fictitious legal personality that the company enjoys. These can, for instance, be the original founders of such a company, in a later life phase of the company referred to as its shareholders, the directors and managers, and finally also the people hired as employees in order to do the actual work.

Already from the very start, capitalist ideologies—such as (economic) liberalism, and later in time (economic) neoliberalism—stipulated a very clear hierarchy between these several categories of stakeholders.

In this hierarchy set out by these ideologies in favor of capitalism, the interests of capital (hence of the people[57] (only) having provided the starting capital, or having later on provided additional working capital as a result of capital increases) come

[56]The end scene of the movie "Once upon a time in the West" (see https://www.imdb.com/title/tt0064116/; last consulted on March 5 2019) gives some idea of what this implied in the case of a nineteenth century company that constructed the first American railroads. In this movie scene, one can see hundreds of people employed by such a railroad building company, all performing the hardest labor under apparently not so nice working conditions.

[57]We make abstraction of the fact that the capital of one (capital) company, may even so be provided by another legal person, such as a second (capital) company. But although the chain of (capital) companies thus participating in the capital of another such company, may be very long indeed, at the end of such a chain, one is in most cases bound to meet people of flesh and blood, be it not as "end-of-the-chain-shareholders", than at least as "end-of-the-chain-beneficiaries" (for instance of "trusts" or similar legal figures) of the added value that is generated through such a chain of interconnected companies.

first, followed by the interests of the leading managers and directors,[58] while the interests of the employees are often entirely neglected, or at least only cared for to the least possible extent.

In order to be able to grasp this hierarchy of interests characterizing the working methods of capitalist enterprises, it is necessary to, at least, have some basic insight into the main ideology that has shaped capitalism, namely (economic) liberalism that itself has to a large extent been based upon Adam Smith's notorious work "An Inquiry into the Nature and Causes of the Wealth of Nations", often abbreviated as "The Wealth of Nations".

In "The Wealth of Nations", Smith more precisely developed a theory that later in history would become known as the "trickle-down-economics"-theory.[59]

Phrased in a very brief manner, this theory holds that all societal prosperity, especially within the socio-economic field, is accomplished thanks to the endeavors of the class of rich entrepreneurs. It is through their (exceptional) efforts that the economy, and hence society in general, advances, making it normal that the proceeds of such advances should mainly flow back to the class of entrepreneurs itself, while at the same time, other societal classes, such as especially the working classes, will also benefit from this, as they will be employed by the class of rich entrepreneurs, and in return will receive wages, be it for way lesser amounts than the profits generated by enterprises that are flowing back to the class of rich entrepreneurs themselves.

This theory, which lies at the basis of liberal (and later on in history: neoliberal) thinking, has in its turn provided one of the main building stones for the way companies—these themselves but being the legal forms for organizing enterprises that, in the end, are run by real people—, got organized until this very day, especially providing the theoretical justification for putting the interests of "labor", hence of working people, behind those of "capital", hence the people who are (ultimately) the shareholders (or beneficiaries) to whom as much of the profits the enterprises generate, are supposed to flow.[60]

In "liberal"[61] societies that mirror capitalist economies, the employment of the working classes in such enterprises got, in the second place, based on the principle of freedom of contracting, also referred to as the "voluntary association"-mechanism.

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[58]However, the bigger such a company (with limited liability) becomes, the more the interests of the managers and directors become more important, in some cases even to the detriment of the company shareholders. In legal and economic doctrine, this phenomenon has been explained by resorting to the so-called "agent" doctrine. (See especially Berle and Means (1932–1933)).

[59]It is indeed remarkable to see the huge influence Smith's theories have had on the development on a lot of later economic theories which came up with a new vocabulary that Smith himself had not yet used.

[60]See the approach of Piketty (2014).

[61]The term "liberal" is here used in its original meaning and not in the meaning that is given to the term in the present-day American political debate where the term "liberal" is, surprisingly, used in a distorted way to indicate progressive political thinking.

In accordance with the voluntary association-theory, all legal entities, be they human beings or fictitious legal entities, are allowed, and even supposed, to enter into contracts in order to conduct their private affairs, among which the entering into employment agreements. Hence, under this doctrine, a person looking to get employed is supposed to enter into negotiations with a person (in many cases: a legal person) who is looking to hire work forces, the ultimate idea being that they would reach an employment agreement that serves both their interests in the most effective manner.

In accordance with the theories of (economic) liberalism (as these, in most Western jurisdictions, lie at the basis of contract law[62]), such negotiations are moreover deemed to take place on a purportedly equal footing.[63]

However, as has been made clear in the previous Sect. 2.2.2.1, a company is above all also supposed to make as much as profits possible, these profits moreover being supposed to flow mainly to the shareholders, which is the main reason why such companies are (and, in accordance with the dictates of economic (neo-) liberalism, moreover "should be") extremely cost aware.

Unfortunately for the majority of mankind who are not the shareholders of such companies themselves, the wages of the work forces deployed by these companies qualify as such costs, implying that it becomes in the best interests of such companies operating within the capitalist economic system—be it that this principle also applies to an independent employer, and in neoliberal times, even to any type of employer, governmental or other—to employ people for wages that are kept as low as possible.[64]

In (classical) economic literature, the latter liberal principle has become known as "the Iron Law of the Wages". During the past two to three ages, capitalistic enterprises have done everything within their power to both implement and perpetuate this Iron Law of the Wages, a strategy in which they have been successful in light of the huge power gap between (big) enterprises and the people they hire as personnel.

[62]Fervent adherents of economic neoliberalism hold that all interpersonal relationships between legal entities, be it humans or legal persons, should happen in accordance with this voluntary association-theory, hence by entering into contract negotiations on a purportedly equal footing.

[63]For a critical analysis of this assumption, see Byttebier (2018), p. 56 a.f.

[64]However, the wages a company offers must at the same time be attractive enough to seduce employees to start working for it. As a result, more specialized employees may get higher wages than employees not having special skills. Even so, the extent to which social security systems provide replacement wages for people unemployed, may have an upscaling effect on wages, as people will in such a case normally not accept a job for wages that are lower than the replacement income they could enjoy. The latter also explains how the providing of a replacement income to unemployed people, helps protecting laborers against capitalistic exploitation practices. This fact is also the very reason why neoliberal governments all over the globe aim at getting rid of such replacement income systems, thus ensuring that the Iron Law of the Wages will become more dominant than ever in governing the relationships between employees and employers, an effect which can already be observed in countries that were among the first to apply the ideology of economic neoliberalism most in practice, such as the USA and the UK. (See furthermore Sect. 4.6).

We shall address the latter in more detail in the next Sect. 2.2.2.2.2.

2.2.2.2.2 The Inherently Problematic Nature of the Application of "The Iron Law of the Wages"

2.2.2.2.2.1 Classical Theory

As has already been explained above, the notorious "Iron Law of the Wages" is based upon the same economic logic as the pursuit of profits-principle itself.

The (classical) Iron Law of the Wages basically holds that, in order to be sufficiently profitable, employers should aim at keeping the cost of hiring employees as low as possible.

This truth obviously applies to the entrepreneurial sector, under capitalism by far the biggest employer. Hence, enterprises all over the planet are supposed to hire their personnel at the cheapest possible price (= "wages") in order to make sure that, after paying back their bank credits, enough profit remains for the (higher) management and the shareholders.

To the extent that, all over the world, governmental employed personnel is paid out of the public budgets of governments that are dependent on both tax income and debt financing on the financial markets (see furthermore Sect. 2.3), the Iron Law of the Wages equally applies to people employed in the public sector.

Furthermore, under the doctrines of economic neoliberalism, the cost awareness of all economic players has even more drastically increased, as a result of which the principles behind the Iron Law of the Wages are hardly questioned any more.

In the meantime, this Iron Law of the Wages has caused a wide variety of past and present-day societal problems, some of which will be further explored in the next Sect. 2.2.2.2.2.2 (in the evident awareness that there are many more).

2.2.2.2.2.2 Some Past and Present Problems Caused by the Iron Law of the Wages

Without many people realizing this, the application of the Iron Law of the Wages has already in the past caused all kinds of societal problems and distortions.

A striking example of the many (stringent) societal problems caused by applying this theory has been the (economic) migrant problem that mainly started occurring in Western capitalist countries in the second half of the twentieth century.

The historical origin for the Western migrant problem has indeed been that, in cases when the own inhabitants of a given country did not provide enough "cheap labor forces" allowing enterprises to be profitable enough, a solution that has been applied throughout the twentieth century, has consisted in simply importing cheap (er) labor forces from other, poorer countries, a practice which has resulted in many integration problems for which a lot of capitalistic countries have still not found a satisfying solution up till this very date.

A further breeding ground for migration has been that, due to (post)colonial capitalist practices deployed by mainly Western countries, a lot of developing countries have not succeeded in establishing a firm economy themselves, inciting the inhabitants of the latter to emigrate to economically richer territories in order to build up a better life.

More in general, the working conditions resulting from the application of the voluntary association-theory often lead(s) to situations in which a majority of mankind find themselves imprisoned in a merciless socio-economic-system, where it becomes almost impossible to still enjoy one's job and where the relationship between employers and employees has in many cases become completely dehumanized.

Another disturbing consequence of putting the (neo)liberal principles behind the Iron Law of the Wages into practice has been that in capitalist societies two main interest groups (sometimes referred to as "classes"[65]) have emerged, namely, on the one side, the small class of (rich) entrepreneurs and, on the other side, the large class of (poor) working people.

As a result, under the rule of capitalism, a manifest conflict of interests keeps determining the relationships between said two classes: while it is in the interests of the class of rich entrepreneurs to be able to employ workers at the lowest possible (or acceptable) cost, it is in the interest of the class of workers to be employed in accordance with as favorable working conditions possible.[66]

In modern-day (post-)capitalist societies, this conflict of interests, regretfully, remains as prevalent as ever.

During the past decades, it have, strangely enough, been the answers of dealing with this inherent conflict of interests provided by the ideology of neoliberalism that in many countries have exercised the biggest appeal to both governments and the

[65]Chomsky is reported to have argued that in American society, the use of the word "(working) class" has practically been banished in an attempt to pretend that the American society is basically "class-less". For especially the upper classes, it is extremely important to make everyone else believe that there is no such thing as class, or at the very least that everyone is just "middle class": all Americans are equal, just being Americans, living in perfect harmony, all working together, all being great people. (See Maher and Groves (2013), p. 144. See also Komlik (2014)).

As Chomsky said in an interview:

> Well, there's always a class war going on. The United States, to an unusual extent, is a business-run society, more so than others. The business classes are very class-conscious—they're constantly fighting a bitter class war to improve their power and diminish opposition. Occasionally this is recognized.
>
> We don't use the term "working class" here because it's a taboo term. You're supposed to say "middle class," because it helps diminish the understanding that there's a class war going on.
>
> (See Chomsky (2013).)

[66]Obviously, the adherents of (neo)liberal doctrine prefer to argue that this conflict of interests is inexistent and that the lower classes should be happy with the breadcrumbs capitalism generates for them (which translates into the earlier referred to "trickle-down economics"-doctrine).

Said conflict of interests also helps explaining the emergence, in the course of the twentieth century of a variety of mutually opposite representative institutions, going from trade unions and organizations of employers, to political parties, whose basic reason for existing is providing an answer to the question how society should best deal with this conflict of interests.

public opinion, although these answers are clearly detrimental for the large masses and, moreover, for the wellbeing of Earth itself.

In a nut shell, the answer provided by economic neoliberalism for the societal problems caused by capitalism in general, and by capitalist labor policies more specifically, is that the relationships between laborers and the enterprises employing them should be even more left over to the domain of the voluntary association, hence of the free market itself. Within such a way of reasoning, there can, for instance, be no place for labor or social protective legal measures that had been installed in the past in order to protect employees against capitalistic exploitation abuses.

As a result, economic neoliberal governments all over the world have started deploying state authority in order to get rid of labor and social protective legal measures that had been installed in the past, in order to liberate the markets from anything hindering entrepreneurs in accomplishing their most noble mission of enhancing general welfare through employing the rest of mankind at the lowest possible cost (otherwise put: for the lowest possible wages).[67]

In this way, neoliberal ideology has during the past decades initiated a true race to the bottom in the field of labor and social protective legislative measures. As a result, many capitalistic countries find themselves in an at present still ongoing process of

[67] From a rational point of view (to the extent that one may even consider this to be a true mystery), it is incomprehensible how neoliberal ideology has in this regard succeeded in capturing the minds of such large parts of the population in Western countries, as it goes clearly against the interests of most common people, and in particular against the interests of anyone who is employed against fixed wages.

It is hereby clear that the large masses do not easily draw lessons from past experiences, as a result of which the same mistakes in organizing the socio-economic order are made over and over again.

Indeed, already the course of the eighteenth and nineteenth centuries until far in the twentieth century, it had throughout the Western capitalist world appeared that submitting employment contracts exclusively to the voluntary association-principle—whereby it should be clear that the restauration of this model of privately organizing societies is high on the neoliberal agenda—, in practice, mainly implied that the bargaining position of the average employee who enters into such an employment agreement with a would-be employer (as said: in many cases a company), is in most cases way too weak, to the extent that, as a result, employees became exposed to all kinds of exploitation practices, going from having to work under appalling circumstances, to having to work for a ridiculously low wage.

Within some Western countries, the many injustices deriving from applying this private model of organizing societies were, as has already been addressed before, in the course of the second half of the twentieth century somewhat tackled by legislation that provided all kinds of elementary protection to such capitalistic exploitation practices. However, especially during the last decades of the twentieth century, the class of (rich) entrepreneurs would start heavily contesting these forms of protective legislation. They were hereby fed with several arguments provided by neoliberal ideology, mainly coming down to the fact that said protective legislative measures implied too big a cost for the entrepreneurial world and, moreover, purportedly weakened the competitive position of a country's own enterprises in comparison to enterprises established in countries that did not have comparable protective legislation.

Although rarely phrasing its aspiration in this wordings, the ideology of economic neoliberalism, through this, is basically restoring the Iron Law of the Wages.

abandoning this kind of labor and social protective legal measures as much as possible.

Obviously, the consequences of this evolution have so far been detrimental towards past initiatives to create more just and fair societies than the ones resulting from exposing people to unbridled capitalism itself.

Clearly, the abandonment of past labor and social protective legal measures has had as one of its results that the members of the working classes are again becoming far more exposed to the application of the Iron Law of the Wages in its purest form, which is one of the main causes of the ongoing polarization between rich and poor characterizing neoliberal societies all over the globe.

This may be, furthermore, illustrated by pointing out that a large majority of the most "successful" (under the ideology of neoliberalism this basically implies: "profitable") enterprises of the recent past, are the ones where people are employed at the lowest possible wages (next to other horrifying working conditions), ensuring that such enterprises make the biggest imaginable profits (that flow back to their shareholders).[68]

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[68] In the recent past, numerous press reports have illustrated this basic economic truth as, for instance, regards the working situation within the Amazon-empire (although very rarely making the link with the underlying economic doctrine having caused this situation). (See for instance, recently Appelbaum (2018); Bhattarai (2018a, b)).

In America, the extreme application of the Iron Law of the Wages by the Amazon-empire in September 2018 even incited Senator Bernie Sanders to introduce a Senate bill—the "Stop Bezos Act"—that would require large employers such as "Amazon.com" and "Walmart" to pay the government for food stamps, public housing, Medicaid and other federal assistance received by their workers. Said bill's name is reported to be a dig at Amazon chief executive Jeffrey P. Bezos and stands for "Stop Bad Employers by Zeroing Out Subsidies Act." The legislative initiative of Senator Sanders hereby aimed at establishing a 100 percent tax on government benefits received by workers at companies with at least 500 employees. (See Bhattarai (2018a)).

As Senator Sanders argued at a news conference announcing the bill (see Bhattarai (2018a)):

> In other words, the taxpayers of this country would no longer be subsidizing the wealthiest people in this country who are paying their workers inadequate wages. Despite low unemployment, we end up having tens of millions of Americans working at wages that are just so low that they can't adequately take care of their families.

The proposed legislation came just one day after Amazon reached $1 trillion in market cap, a milestone that reinforces its position as one of the world's wealthiest companies. (See Bhattarai (2018a)).

As Senator Sanders remarked on Twitter (see Bhattarai (2018a)):

> Amazon is worth $1 trillion. Thousands of Amazon workers have to rely on food stamps, Medicaid and public housing to survive. That is what a rigged economy looks like.

The extent to which the rich class of entrepreneurs behave as true elitists can, furthermore, be illustrated by the way Bezos has been reported to plan his own average working day. In an interview of September 3, 2018, held at the Economic Club of Washington, Bezos described his average working day as follows:

> He gets eight hours of sleep every night, exercises regularly, and has his first meetings everyday with staff at 10:00 a.m. He is too tired at 5:00 p.m. to make major decisions. He

A further consequence of "neoliberalizing" the economies of Western, capitalistic countries has been that a lot of these witnessed some of their classical industries simply move to countries where cheap labor is in much greater quantities available,[69] even under the form of child labor and slavery, practices which are at least implicitly evoked by the ideology of economic neoliberalism (albeit, at the same time, being in complete contradiction with the civil law premises of liberal societies, a contradiction which adherents of (economic) neoliberalism do not seem to mind at all).[70]

This has, in its own turn, also contributed to an ongoing de-industrialization of the economies of the Western world, which, in the recent past, made these countries respond by even further abandoning past labor and social protective legal measures and, even worse, by responding through means of classical protective measures[71] (of the sort that, in the 1930s, practically on a global scale, had attributed to a continued economic recession (or even depression) that eventually culminated in World War II).

In the meantime, many Western countries are at present facing severe economic problems, such as high unemployment rates, especially among young people (making the working classes even more vulnerable to classical capitalistic exploitation practices), next to budget problems on the level of the countries' public finances due to the fact that they are no longer able to subtract enough fiscal revenue from their waning economies.[72]

> "putters around" in the morning by reading newspapers and has breakfast with his children before they go to school. (See Kass (2018).)

It thus clearly appears that a right balance between "private time" and "(a little bit of) time for work" is high on Bezos' agenda, at least for himself, but much less for the people employed by the Amazon-empire who, in full accordance with the capitalist principles that those who perform labor should work as much as possible at the lowest cost (= wages) conceivable, have been reported to be subject to the most appalling working conditions. (See recently, next to many similar reports on the problem of the harsh working conditions in the Amazon-empire: Jaeger (2018)).

As Jaeger has reported:

> Employees say they are subject to 12-hour workdays five to six days a week, and claim Amazon never made good on promises to provide buses to and from its $100 million Bloomfield warehouse, which opened earlier this year.
>
> "It takes me four hours every day to get to and from work. Between my work schedule and my commute, I haven't seen my daughter in weeks," worker Rashad Long said in a statement..."We have asked the company to provide air conditioning, but the company told us that the robots inside cannot work in the cold weather,"...
>
> (Jaeger (2018).)

[69] Compare Field (2018), p. 93.

[70] Compare Kotsko (2018), p. 37.

[71] Such as closing one's borders for immigrants, or making the import of foreign goods subjected to all kinds of import taxes or other duties.

[72] It needs thus not come as a surprise that in its report of 2019 "Public good or private wealth", Oxfam has pointed out that, on a global scale, economies are built on millions of hours of unpaid labor carried out every day. Because of unjust social attitudes, this unpaid care work is

It should, hence, be clear that the ongoing efforts of neoliberal governments all over the world to make capitalism "unbridled" again,[73] is one of the most important reasons why, once again in history, the divergence between rich and poor classes within society is increasing by the minute, thus attributing to the fact that, on a global scale, the societies that are established under the cloak of unbridled capitalist economies, are getting more and more unjust and unfair, at the same time giving shape to a world that is completely opposite to the ideal (utopian) world referred to earlier on in Sect. 1.1, where any human being would be able of fulfilling his needs in an equal, fair and just manner.

We shall come back to the neoliberal ideology, and its impact, in some more detail in Chaps. 3 and 4 of this book.

2.2.2.3 The Myth of Economic Growth

Based upon the abovementioned ideas and mechanisms (amongst which the private money creation-system and the pursuit of profits-principle), the capitalist system that emerged on the shoulders of the abovementioned school of (economic) liberalism, would to a growing extent also become subject to the myth that economic growth should go on endlessly, if not immediate doom will occur.[74]

Given its starting points, capitalism was already from the beginning bound to evolve into an economic system serving no other purpose than the production and the thereof resulting consumption of ever more goods, or, otherwise put, into a system of ever more "economic growth".

This main goal of capitalism has obviously, at least in part, been (co-)determined by the private money creating system sustaining capitalist economies: as bank credit is handed out in order to ensure that economic growth becomes possible, there has to be ever more economic activity in order to ensure that (1) enterprises earn enough turnover to pay their credits back (and have enough profit left to satisfy their shareholders), and (2) that ordinary people get employed and, through this, gain

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overwhelmingly done by women and girls—time spent caring for children, the elderly and the sick; cooking, cleaning, and collecting water and firewood. If all the unpaid care work done by women across the globe was carried out by a single company, it would have an annual turnover of USD 10 trillion—43 times that of Apple. Women's unpaid contribution to the health sector alone is estimated to be worth approximately 3% of GDP in low-income countries. According to Oxfam, this for-free-work steals time from women, contributes to poor health and leaves them unable to take advantage of educational, political and economic opportunities. Poor women have the highest burden of unpaid work. (See Oxfam (2019), p. 15).

[73] See Byttebier (2018).

[74] Up to this very day, it is generally assumed that the modern capitalist economy needs to continuously grow in order to remain sustainable (as Harari has puts it: in the same way as a shark needs to continuously swim in order to avoid suffocating.) (See Harari (2014), p. 388).

enough income to pay their own credit back (next to be able to consume enough in order to sustain economic production).[75]

Having as ultimate goal to harvest as much profit as possible for the entrepreneurial class (see the previous Sect. 2.2.2.1), the capitalistic economic production was, otherwise put, from its early start bound to develop into a system where it barely any longer comes down to improve the wellbeing of others by providing quality goods or services, as, on the contrary, the only goal for any enterprise subject to the dictates of capitalism is the pursuit of its own profits (regardless of the effects of this on others or other things). Under classical economic theories, the more profits an enterprise makes, the more people it can employ and the more it can expand: hence follows the belief that an increase in the profits of private enterprises is the basis for collective wealth and prosperity,[76] a belief system that after a couple of centuries of global brainwashing is in present times generally accepted (in present days at the same time lying at the basis of the doctrine of neoliberalism).

As a result, the dependency on refundable bank credits, combined with the aim of making ever more profits, caused the economy to evolve into an economic system serving no other purpose than the production and the thereof resulting consumption of ever more useless goods and services.

Through this, capitalism obviously and inherently could not allow a wise approach of the use of the Earth's resources, be it natural resources or even (other's) man's labor, the detrimental effects of which are becoming clearer by the day.[77]

On the contrary, validated through the doctrines of liberalism (and later in time: neoliberalism), the principle of economic growth got set to be the greatest good in accordance with a belief system where justice, freedom and even happiness are, on a macro level, supposed to depend on such economic growth, and, through this, on a micro-level, on individual wealth accumulation and personal greed.[78]

As a further result, an extreme individualistic view on life got gradually validated, in our times fitting the (mythical) idea of the "homo economicus", the ideally economically behaving human being who only cares for himself and who is

[75] Compare Harari (2014), p. 347.

[76] Harari (2014), p. 348.

[77] It is remarkable that this intrinsic characteristic of the capitalist economy has already been criticized in religious doctrines of thousands of years ago.

For instance, a version of the well-known Hindu myth of "Parashurama", the sixth avatar of the Supreme Lord Vishnu, starts with a complaint by "Bhūmī-Devī", the goddess of the earth, about the behaviour of the Kshatriya's, the cast of rulers who were shamelessly exploiting her. This makes the Supreme Lord Vishnu incarnate as the avatar Parashurama, with as mission to end this exploitation of "Mother Earth". This in its own turn entails a fierce battle which goes on through many generations of Kshatriya's, and which finally leads to the entire extinction of the (former) cast of the rulers. (See Byttebier (2018), p. 223).

[78] Byttebier (2017), p. 152.

unmotivated by any notion of virtue, values, and purpose, let alone by the interests of others or the common good itself.[79]

In present times, this view on life fits with the idea that social relationships are manipulative as people show a preference for extrinsic goods such as money, power, and fame, over intrinsic values that are sought for their own sake. This life view also fits with a consumerist mentality without an acquisitive ceiling, where desires can be molded, and where the "goods society" replaces a "good society."[80] It furthermore fits with the reality that public debate is both rancorous and unresolved, obsessed with scandal and celebrity. And it fits with the idea that the dominant ideology of the age is self-absorbed and unreflective libertarianism.[81]

Through this, humanity is caught in a vicious circle.

As, on a global scale, economies continue to develop and grow, new problems arise faster than they can be solved, while practically nobody even attempts anymore to stop this spiraling, as everyone is afraid that without continuous economic growth, economies will come to a standstill and societies will collapse.

Under the reign of capitalism, humanity has thus become addicted to economic growth, without a basic awareness of the mechanisms inciting this and, clearly, without much concern for its many detrimental consequences.

And while the whole world has to an ever growing extent been forced to follow the blueprint of the capitalist economic system, those who still dare to raise objectives are labeled as rabble-rousers or communists.[82]

Nevertheless, it is at the very least becoming clear that the merciless exploitation of natural resources needed to ensure the continuous economic growth capitalism requires, cannot go on forever.

Already in 1992, Sivaraksa pointed out that if every country in the world would (at that time) have started behaving like the USA, it would have multiplied the combustion of fossil fuels by fifty times, the use of iron one hundred times, the use of other metals over two hundred times, while there are clearly not enough raw materials in the world to do this.[83]

In present-day, in light of the ongoing cynical attitude of the reigning president of the US, Donald Trump, who on taking office, started proclaiming that climate change is but a hoax,[84] while at the same time his own country is to a growing extent facing its detrimental impact, one can but wonder if humanity will ever be willing to seriously start reflecting on the moral implications of sustaining capitalism as a model inciting ever more economic growth.[85]

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[79] In an extreme version, the idea of the common good is even totally rejected, as has for instance been done in the works of numerous neoliberal authors, such as Ayn Rand and Milton Friedman.

[80] See Galbraith (1996).

[81] Annett et al. (2016).

[82] Sivaraksa (1992), p. 42.

[83] Sivaraksa (1992), pp. 42–43.

[84] Zurcher (2017).

[85] See furthermore Krugman (2018c).

We shall come back to this devastating impact of neoliberal ideology in the next Chaps. 3 and 4 of this book.

2.2.2.4 Further Impact of the Financial Markets

Since the breakthrough of capitalism, it appears that enterprises organized in the form of a company with limited liability not only basically exist to make ever more profits, but at the same time have in many cases such a great need for (new) working capital, that collecting such capital can in many cases no longer easily be organised on a small scale.

To deal with this problem, so called "stock markets" emerged (or, in case they already existed before: "expanded"), where capitalistic companies, after being

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On the reasons why, as regards the USA, big corporate interests keep denying climate change, see Krugman (2018a), apparently not showing much hesitation of expressing his opinion in a very cynical, albeit probably at the same time realistic manner:

> In many ways, climate denialism resembles cancer denialism. Businesses with a financial interest in confusing the public — in this case, fossil-fuel companies — are prime movers. As far as I can tell, every one of the handful of well-known scientists who have expressed climate skepticism has received large sums of money from these companies or from dark money conduits like DonorsTrust — the same conduit, as it happens, that supported Matthew Whitaker, the new acting Attorney General, before he joined the Trump administration.
>
> But climate denial has sunk deeper political roots than cancer denial ever did. In practice, you can't be a modern Republican in good standing unless you deny the reality of global warming, assert that it has natural causes or insist that nothing can be done about it without destroying the economy. You also have to either accept or acquiesce in wild claims that the overwhelming evidence for climate change is a hoax, that it has been fabricated by a vast global conspiracy of scientists.
>
> Why would anyone go along with such things? Money is still the main answer: Almost all prominent climate deniers are on the fossil-fuel take. However, ideology is also a factor: If you take environmental issues seriously, you are led to the need for government regulation of some kind, so rigid free-market ideologues don't want to believe that environmental concerns are real (although apparently forcing consumers to subsidize coal is fine).
>
> Finally, I have the impression that there's an element of tough-guy posturing involved — real men don't use renewable energy, or something.
>
> And these motives matter. If important players opposed climate action out of good-faith disagreement with the science, that would be a shame but not a sin, calling for better efforts at persuasion. As it is, however, climate denial is rooted in greed, opportunism, and ego. And opposing action for those reasons *is* a sin.
>
> Indeed, it's depravity, on a scale that makes cancer denial seem trivial. Smoking kills people, and tobacco companies that tried to confuse the public about that reality were being evil. But climate change isn't just killing people; it may well kill civilization. Trying to confuse the public about that is evil on a whole different level. Don't some of these people have children?
>
> And let's be clear: While Donald Trump is a prime example of the depravity of climate denial, this is an issue on which his whole party went over to the dark side years ago. Republicans don't just have bad ideas; at this point, they are, necessarily, bad people.

admitted, were allowed to call upon the general saving public, thereby enabling a wide range of (public) savers to subscribe to the shares—or debt instruments—issued by these capital companies (who through this also got known as "(capital) corporations").

Regretfully, the emergence of this practice would even further enhance some of the above-described detrimental characteristics of capitalism, amongst which especially the pursuit of profits principle, next to an enhanced level of allowing such companies to be run in an irresponsible manner.

Indeed, as stock exchanges started providing company shareholders with the opportunity of a smooth tradability of their shares, an intrinsic disinterest in the business activities of the capital companies they invested into, was gradually created, as a result of which such company shareholders had in most cases only one objective of participating in such companies, namely maximizing the returns on their investment, or, put otherwise, to make ever more profits. (See above, Sect. 2.2.2.1).

In light of the foregoing, it is not surprising that the shareholders of such stock quoted capital companies, to an ever-increasing extent, got to be only concerned with the dividends paid out by the companies in which they invested, without any concern for the practices required to generate those profits. In case these dividend expectations were not sufficiently met, this type of shareholders did not hesitate to simply sell their shares and re-invest their money in the shares of a more profitable company (a practice which would later in history be described in the financial jargon as "voting with the feet").

This practice would in its own turn cause an even larger degree of "irresponsible" entrepreneurship: as the shares of such stock exchange quoted capital-companies barely created a link with the issuing company other than the expectation that enough profit would be distributed (where, in some historical cases, capital companies even started to take up credit to cover the shareholders high dividend expectations, and thus avoid the prices on the stock exchange market of plummeting due to non-fulfilled profit expectations), the shareholders' interest in the management of the companies gradually became inexistent.[86]

As a result, the method of financing enterprises through appeals to the general savings public on organized stock exchanges not only enhanced the pursuit of profits-principle, but also attributed to an extreme degree of "short-term thinking" which has since then become one of the further main principles of capitalism.[87]

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[86] In the course of the twentieth century, this led to the emergence of a true "take over"-market.

[87] At present, there is indeed strong evidence that the model of financing large enterprises through the financial markets has detrimental economic effects. (See Plender (2015)). For instance, companies whose stock is quoted on a financial market become often obsessed with keeping their shareholders calm via high dividend payout ratios, and to even bolster earnings—and thus earnings-related bonuses—through share buybacks. As a result, according to Plender, the stock market's central function has been subverted: it no longer functions to provide net new equity capital to the corporate sector, but rather is dictating corporate behavior. (Plender (2015)). It does, hence, not come as a surprise that, for instance in the USA, economists have found evidence that public companies (whose stock are quoted on a financial market) invest substantially less and are less

2.2.2.5 Corporatocracy

The so-far described capitalist mechanisms (namely (1) the private money creation system, next to (2) the system of allowing enterprises to organize themselves through means of companies (with limited liability), and (3) submitting these companies to a pursuit of profits-principle), inherently have as a result that a large part of the wealth that is generated through the combined efforts of the economic system, ends up in the hands of a small class of bankers and entrepreneurs (including their respective shareholders).

If history has learned one thing, it is that were wealth goes, (societal) power follows.

It needs, hence, not come as a surprise that under the reign of capitalism, and especially in the wake of the implementation of neoliberal doctrines, the authority of states has in many capitalist countries gradually and increasingly been usurped by the forces of large capital which, as a result, have been able to acquire a much greater hold on power than could legitimately be expected within purportedly democratic societies.

Recent literature has acknowledged this phenomenon and denominated it as "corporatocracy".[88]

This influence of large capital on (and in) neoliberal governments, has in recent years, for instance, been deployed to determine tax policies of countries all over the world.[89]

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responsive to changes in investment opportunities, especially in industries where share prices are most sensitive to earnings news. There is moreover similar evidence as regards the UK.

Put otherwise, modern capital markets inherently stimulate "short-termism", with agents in the financial intermediation chain weighing near-term outcomes too heavily at the expense of longer-term opportunities, forgoing valuable investment projects and thus damaging the economy. As a result, instead of being seen to contribute to company value and economic growth, financial markets on the contrary detract wealth, a characteristic they share with private banks exercising their money creating power through bank credits. (See Plender (2015).

[88]On the way lobbying works, see Krugman (2008), p. 166.

Already in 1978, Galbraith described the problem of "corporatocracy" (albeit not yet using this term), in a very clear and blunt manner as follows:

> The American oil companies, large and small, control a certain number of members of the Congress and handle them pretty much as the performers in a puppet show manipulate their puppets. A squeeze there and the arms respond and the voice squeaks yes. It's very possible the greatest scandal in our political life, much more damaging to the public interest than Watergate.
>
> (See Galbraith and Salinger (1978), p. 142).

See furthermore Wilks (2013) and Korten (2015)

[89]To the extent that taxation could be a system of redistributing wealth, neoliberal governments have thus taken a (societal) stand which is in complete opposition to one of the basic assumptions made in Sect. 1.1 of this book, being that in order to create a just and fair society, the overall economic wealth should be distributed in an as just an fair manner possible. (See especially Sachs (2011), pp. 116–117. See even Congregation for the Doctrine of the Faith (2018), n° 30–31).

Through this, many capitalist countries have during the past decades made the policy choice of relatively exempting their richest classes from paying taxes, as a result of which mainly the middle and lower classes of society are burdened with being taxed.

This kind of (neo)liberal policy has, through this, contributed to a chronic underfinancing of state operations in many countries, with as one of the main causes the fact that, within capitalist societies, the belief prevails that profits, hence the added value of the combined economic efforts, should as much as possible flow to the rich classes of bankers and entrepreneurs, rather than serve as a tool of advancing society itself.

This in its own turn even explains why, to a growing extent, states massively have to resort to debt financing in order to overcome budget shortages, a consequence of the corporatocratic system of running states.

Otherwise put, while some of the most basic methods of classic capitalism—amongst which (1) the private money-making mechanism, (2) the method of organizing enterprises through the company form (with limited liability) and (3) the "Iron Law of the Wages"—are already, on their own accord, causing a small group of individuals to become ever more rich at the detriment of the rest of humanity, and while the same rich classes above all aim at avoiding paying taxes, under neoliberal influence, states themselves, to a growing extent, turn to skimming the (much lower) incomes of the poor and middle classes and to resort to debt finance in case taxing the low and middle classes does not generate a sufficient income.[90]

To illustrate the latter, reference can, for instance, be made to the Oxfam 2017-report "An economy for the 99%", in which it has been stated:

> Many of the super-rich also use their power, influence and connections to capture politics and ensure that the rules are written for them. Billionaires in Brazil lobby to reduce taxes, and in São Paulo would prefer to use helicopters to get to work, flying over the traffic jams and broken infrastructure below. Some of the super-rich also use their fortunes to help buy the political outcomes they want, seeking to influence elections and public policy. The Koch brothers, two of the richest men in the world, have had a huge influence over conservative politics in the US, supporting many influential think tanks and the Tea Party movement and contributing heavily to discrediting the case for action on climate change. This active political influencing by the super-rich and their representatives directly drives greater inequality by constructing "reinforcing feedback loops" in which the winners of the game get yet more resources to win even bigger next time.
>
> (See Oxfam (2017), p. 5.)

[90]During the past decades, this traditional effect of neoliberal economic policy has been further enhanced due to the bailouts of financial institutions in the aftermath of severe financial and/or bank crises, such as obviously the one of 2007–2008, and since then numerous countries have found themselves in ever heavier financial problems, causing them even more to turn to (expensive) debt financing.

Not surprisingly, Stiglitz has referred to the "bailouts" in the bank sector that occurred in the aftermath of the financial crisis of 2007–2008 as one of the greatest schemes of redistribution of wealth (in favor of the rich to the detriment of the poor) of our times (see Stiglitz (2010), p. 200).

As a further result, the debt burden of many (Western) countries has grown to unmeasurable (and even almost unpronounceable) proportions, where it has even become difficult to find precise data

As a result, although the economic wealth seems to increase, the capitalist methods of organizing the socio-economic order cause its distribution to happen in a completely unjust and unequal manner, thus ensuring that the rich get ever more rich to the detriment of the rest of society, and even of countries themselves.

The further neoliberal answer to this problem during the past decades has in many countries been that states should reduce (even) more their expenditures (for public services and for social security), making the neoliberal "wet dream" of further dismantling the welfare state model, amongst others by reducing social care systems and other services financed through public means, even more turned into reality.

We shall readdress these basic characteristics of neoliberal policy in more detail in Sect. 2.3 and in Chap. 3 of this book.

Even under the doctrines of neoliberalism, there nevertheless remain certain roles for the state that still may be maintained, or even enhanced, to the extent that these help ensuring the safeguard of the riches of the wealthy classes.

This explains why states that are governed in a "corporatocratic" manner are in many cases still fully willing to invest in security, on an internal level through police forces[91] that are basically there to protect the property and the interests of the rich, and on an external level through the organization of strong armies designed to defend the prosperous country's own position against the displeasure arising in (other) countries which, often due to their exposure to the capitalist principles of oppression and exploitation, have remained poor, or even to bring other countries' wealth under the control of one's own enterprises.

Similarly, a state run in a "corporatocratic" manner remains in most cases willing to grant (even very large) subsidies to (large) enterprises, since, in accordance with the doctrine of economic neoliberalism, they are the only societal institutions providing for welfare and prosperity. This same reasoning helps explaining why a "corporatocratically" run state will, when needed, not hesitate to protect ailing banks from bankruptcy, since banks are deemed of absolute necessity within the capitalist economy.[92]

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in this regard (to the extent that one could even wonder if keeping the numbers of the outstanding debt hidden has been done in a deliberate manner). (See for instance the website http://www.nationaldebtclocks.org/ (last consulted on March 5 2018)). We shall come back to this issue in Sect. 4.2.2.3.

[91]In some countries, there is strong support for another approach even more in line with free marketism. This alternative approach consists of defending the right to freely bear arms, an approach that, in the best neoliberal tradition, at the same times supports the interests of the big weapons industry.

[92]It hereby is of no concern at all that such measures of supporting big enterprises or big banks have to take place in direct opposition to the most basic free market-principles themselves. (See furthermore Chomsky (2017), pp. 83–88).

As Chomsky has phrased it:

> Each time, the taxpayer is called on to bail out those who created the crisis, increasingly the major financial institutions. In a capitalist economy, you wouldn't do that. In a capitalist system, that would wipe out the investors who make risky investments. But the rich and powerful, they don't want a capitalist system. They want to be able to run to the "nanny

2.3 The Capitalist Model of State Financing

2.3.1 Why According to Liberal and Neoliberal Doctrine the Rich Should Be Exempt from Paying Taxes

As has already been briefly explained in the previous Sect. 2.2.2.5, a noticeable characteristic of capitalist economies is the extreme degree of tax aversion of the rich and powerful.

Again dating back to the writings of Adam Smith, this tax aversion of the rich has, especially during the past decades, met the approval of neoliberal governments all over the planet under the argument that, rather than taxing the rich, one should encourage them to invest their (excessive) wealth as much as possible in (new) businesses, as this purportedly best serves general welfare.[93]

By applying this belief in many policy fields, such as obviously taxation, neoliberal governments all over the world are basically perpetuating the earlier referred to "trickle-down-economics"-doctrine and are even putting it more actively into practice than simply relying on the free market mechanisms itself.

According to this "trickle-down-economics"-doctrine, entrepreneurs are the only driving force within society. It is through their endeavors that economic progress is achieved, making it normal that the biggest part of the economic pie should go to them. The latter is, as explained in the previous Sections, accomplished to a variety of legal capitalist instruments, such as the interest mechanism (ensuring that private banks, hence private bank shareholders, capture a large part of the wealth created out of economic activities), the company form (basically ensuring that the largest part of the profits generated by enterprises flows to the company shareholders and management) and the idea that state authority should not hinder entrepreneurs by submitting them to paying taxes.

However, this classical "trickle-down-economics"-theory at the same time holds that the rest of the people also benefit from the efforts of the entrepreneurial class.

> state" as soon as they're in trouble, and get bailed out by the taxpayer. They're given a government insurance policy, which means that no matter how often you risk everything, of you get in trouble, the public will bail you out because you're too big to fail – and it's just repeating over and over again.
>
> (See Chomsky (2017), pp. 84–85.)

[93] See also Krugman (2018b):

> That doctrine is all about the supposed need to give the already privileged incentives to do nice things for the rest of us. We must, the right says, cut taxes on the wealthy to induce them to work hard, and cut taxes on corporations to induce them to invest in America.
>
> But this doctrine keeps failing in practice. President George W. Bush's tax cuts didn't produce a boom; President Barack Obama's tax hike didn't cause a depression. Tax cuts in Kansas didn't jump-start the state's economy; tax hikes in California didn't slow growth.
>
> And with the Trump tax cut, the doctrine has failed again. Unfortunately, it's difficult to get politicians to understand something when their campaign contributions depend on their not understanding it.

The main "benefit" other people receive is employment that ensures a basic income making it possible to survive. However, to the extent that the efforts of such working class people are considered of marginal importance for economic progress, it is deemed normal that their wages are kept as low as possible (more precisely: as low as acceptable for maintaining social peace). In such an approach, the working class people are supposed to be happy with the metaphorical bread crumbs that fall from the table of the rich entrepreneurial class, a viewpoint on rewarding labor that translates in the already dealt with "Iron Law of the Wages".

Moreover, under neoliberal doctrine, it is considered the role of the state to ensure that this approach is translated into laws and regulations that ensure that the biggest part of the pie resulting out of economic activities flows to the rich entrepreneurial class. (See furthermore in Chap. 3 of this book).

This approach obviously at the same time declares why, in accordance with liberal and neoliberal doctrine,[94] states have to avoid taxing the rich entrepreneur class as little as possible.[95]

Although this originally liberal theory has been determining the outlook of societies during centuries for now, this approach has since the implementation of neoliberal doctrine as of the 1980s, even more become successful in reshaping public finances all over the world.[96] We shall explain this further in Chap. 3 of this book when commenting on the neoliberal doctrine.

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[94]See furthermore Oxfam (2019), p. 29:

> The push for lower taxation of those at the top has its roots in the idea that if the rich become richer, all of society will benefit. However, this 'trickle-down' orthodoxy has been increasingly questioned. In the face of growing inequality, even the International Monetary Fund (IMF) and the UK's *The Economist* magazine are saying that there is ample scope to tax the richest more without hurting economic development, and that such redistribution is required to tackle inequality.
>
> A core argument of this paper, outlined in section 4, is that this trend must be reversed, and that it is common sense that the richest individuals and corporations pay their fair share of tax to fund health, education and other public services for all. Governments can use progressive taxation and spending to dramatically reduce the gap between rich and poor and between women and men. If they fail to do this, the inequality crisis will remain out of control.

[95]This fiscal leniency towards the rich is, obviously, even more enhanced as a result of the above-described systems of "corporatocracy" (see above, under Sect. 2.2.2.5).

[96]Based upon this approach, state authority has during the past years in general been reshaped into a method of creating an as business friendly economic climate possible, a policy system that got theoretically validated by the ideology of (economic) neoliberalism itself to the extent that the latter wants state authority to be deployed in order to ensure that the free market may function unburdened by any governmental intervention. In recent times, this phenomenon has, in a wide variety of countries, taken an even more extreme dimension of captains of industry themselves becoming political leaders in order to ensure that state authority is deployed in a manner best serving the interests of the rich entrepreneurial world. Obvious examples are, or have been: Donald Trump in the USA, Silvio Berlusconi in Italy, Emmanuel Macron in France. . .

One of the domains in which this approach of kneading economic policy in accordance with the exclusive needs of the entrepreneurial sector has been used to its fullest extent, has obviously been

2.3.2 Some Further Consequences of the Liberal and Neoliberal Taxation Approach

A downside of the liberal (and, later in time: neoliberal) approach of exempting the entrepreneurial classes, hence the rich, from taxation as much as possible has been that, during the past decades, countries conducting a (neo)liberal fiscal policy have started mainly taxing the poor and middle classes.

As a result, it are mainly the lower and middle[97] classes of society that, on a global scale, are most burdened by taxation, even to the extent that, as has been demonstrated by for instance Oxfam, taxation has itself evolved into one of the main causes of the increasing gap between rich and poor within modern-day societies, rather than for ensuring that the wealth created by the overall economy gets redistributed among the general population in a fair and just manner.

As a further result—and contrary to what could be expected from the point of view of establishing the "ideal" society referred to in Sect. 1.1 in which all people's needs would be attended for in a just, fair and equal manner—, modern-day taxation is not a method of ensuring a fair (re-)distribution of the wealth that is generated by the economic system, but rather the opposite.

We shall further illustrate this in Sect. 4.3.

Another consequence of leaving the rich and their enterprises relatively undisturbed in the field of taxation, has been that, during the past decades, the budgets of many (Western) countries have been facing huge shortages, which in accordance with the ideology of neoliberalism, especially its axiom that all problems should be left to the free markets which will eventually solve everything, have been dealt with in one of the worst possible ways, namely by states massively resorting to the private markets, more precisely to systems of debt financing.

As a result, a lot of countries all over the world have during the past decades taken up extreme amounts of credit, mainly from the financial markets, for amounts exceeding all rationality.[98] According to a certain source,[99] the outstanding debt of

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the field of taxation, which explains why a majority of the countries in the world that apply the ideology of (economic) neoliberalism in practice, are becoming more and more tax friendly towards the rich and their enterprises.

[97]To the extent that, in some countries, the middle classes are even increasingly disappearing. (See Daugherty (2018)). Daugherty reports that besides the U.S., the nations with declining percentages of middle class adults are Denmark, Finland, Germany, Italy, Luxembourg, Norway and Spain. Germany saw the steepest decline, falling from 79% in 1991 to 72% in 2010.

[98]For instance, on February 12th 2019, the American press reported that the U.S. national debt had topped $22 trillion for the first time in history. Said debt was moreover reported to have ballooned by more than $2 trillion in the 2 years since President Trump took office in January 2017, when the debt stood at $19.9 trillion. Surprisingly (as most American policy makers seem to have been basically in denial of this fact until then), the news report also acknowledged that this huge debt could form a threat for the future of the American economy. (See Watson (2019)).

[99]See https://www.nationaldebtclocks.org/.

all the countries of the world at the moment of first writing this sentence[100] amounted to more than 73.043 trillion USD (and some 8 months later,[101] more than 74.466 trillion USD).[102]

This characteristic of the liberal and neoliberal approach towards state financing will be readdressed in more detail in Sect. 4.2.2.3.[103]

2.3.3 Neoliberal Methods of State Financing As an Endless Source of More Wealth for the Rich

In light of the foregoing, one could even start wondering if states' willingness to massively resort to debt financing is not a deliberate developed method of enriching the financial sector (and its shareholders).

This wondering becomes thus the more justified when keeping in mind that one of the most important group of creditors providing credit to ailing states, are financial institutions. As a result, under the systems of debt financing they help providing for, states have become chronic debtors of a variety of financial institutions (and other

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[100]On June 11th 2018.

[101]On February 13th 2019.

[102]To give at least some general idea of the incredible speed by which public debt has been expanding during the past years, it can be pointed out that, relying on data made available by the same quoted source, the combined public debt (of all the countries in the world together) has grown with an amount of more than 10 trillion USD in about three year time, clearly illustrating that neoliberal policy does not provide an answer to one of the main economic problems of our time, namely the extreme debt positions of both private market players and states themselves (next to other public entities).

[103]The fact that, by implementing neoliberal doctrine, state debt is booming on a global scale, is moreover thus the more remarkable given the fact that, as has already been pointed out, during the same time period, a lot of the countries that have witnessed the mentioned huge increase of their outstanding public debt, are at the same time conducting a neoliberal policy of cutting in expenses for public services and social security systems, under the argument that these have become way too expense to have them continued. (See for instance Friedman (1993)).

Moreover, where one could expect that cutting back in the expenses for public services and social security would, if serving no other rational purpose, at the very least help sanitizing public finances, as this is moreover the main neoliberal argument for justifying said cut-backs, one can in reality but observe that the complete opposite is happening, and that under the application of neoliberal policy measures, government deficits all over the planet are skyrocketing. One should hereby indeed not forget that, in the end, this interest burden (next to the burden of having to repay the capital of the credit obtained), eventually, has to be financed out of the income of such a state that is a debtor. In the end, under the prevailing capitalistic economic system, the only source of true income a state has, are taxes due by its population (regardless of the legal form under which such taxes appear, as in theory a state could also just simply "expropriate" all of its inhabitants in order to pay its outstanding debt back).

Taxes of the poor and middle classes => states => interest payments on and capital repayments of public debt => financial institutions => dividend payments => rich classes of society

Fig. 2.2 Correlation between taxes and bank dividends

similar market players) and, moreover, have to pay huge sums of interests to these creditors (Fig. 2.2).[104]

In this way, under the influence of neoliberal doctrine, the capitalist model of state financing has been turned into one of the many neoliberal instruments of ensuring that the wealth of the rich on the planet increases even more to the detriment of the poor and middle classes, as empirical research has indeed demonstrated that the rich and very rich of the planet see their wealth increase to a large extent as a result of dividends from their shareholdings (and other holdings of financial instruments) in financial institutions,[105] the latter being the ones that receive the interests states have to pay and for whom these interests are in this way a source of income that allows for the making of dividend payments.[106]

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[104]Indeed, such financial institutions (and other market players) that provide credit to ailing states, obviously, do not do this out of concern for the general interest, and certainly not out of the good of their heart, but only for the same reason why they—and by extension all capitalistic enterprises—do anything, namely to make profits. (See already above, Sect. 2.2.2.1).

As has been explained before, one of the main sources for these profits of financial (and similar) institutions are the interests they charge on the credits they provide to a wide variety of credit takers, amongst which states. As a result, states having resorted to credit financing do not only have to pay back the capital of the credit they take up, but also the (conventionally agreed upon) interests.

To give but a general idea of the huge interest burden countries in debt all over the world are exposed to, one can point out that during the course of a 23 min visit to the website https://www.nationaldebtclocks.org/, on the same abovementioned date of checking out the then combined outstanding debt of all the countries of the world put together, more precisely on June 11th 2018, it appeared that the combined interest burden of the overall countries' debt amounted to a sum of more than 105,000,000 USD, and in the course of a visit of half an hour, to even more than 150,000,000 USD. It, moreover, took only about 105 min to have the interests on the combined countries' debt amount to 500 million USD, or half a billion USD, where one should bear in mind that these interests are basically money that is due by (and hence impoverishing) the public sector (and ultimately those members of society paying taxes) to (and hence enriching) the private sector (especially people themselves hardly paying any taxes at all) for having taken up (bank) credit.

[105]See Oxfam (2015), p. 7, mentioning that, as regards the year 2013:

> The biggest and most successful companies from both the finance and insurance sectors and the pharmaceutical and healthcare sectors achieve extremely high profits and therefore command substantial resources which they use to compensate their owners and investors, helping to accumulate their personal wealth.
>
> (. . .)
>
> Billionaires from the US make up approximately half of the total billionaires on the Forbes list with interests in the financial sector.

[106]The effect to which the state debt financing mechanism has, through all this, basically become a method by which state tax income gets diverted into dividend payments to the rich and very rich

It is moreover clear that as good as no country in the world still manages to repay its outstanding debt, but on the contrary that for most countries, the public debt level has during the past decades been gradually increasing.

This implies that, rather than paying debt back, states are continuously refinancing their outstanding debt, thus ensuring that the financial sector has a guaranteed source of income out of the repayments of past debt.

As a result, under the influence of neoliberal ideology, an ongoing flow of money seems to have been organized based upon which the poor and middle classes have to pay taxes that the states, at least in part, use in order to make interest and capital (re) payments to the financial sector, which in their own turn ultimately mainly benefit the rich shareholders of the latter, while through the perpetual refinancing of state debt, it is made sure that this money flow goes on forever.

When dealing with some of the most detrimental consequences of the capitalist economic system in Chap. 4 of this book, we shall readdress this matter by providing some more detailed figures on how the global, public debt has been expanding during the past years. (See especially Sect. 4.2.2.3).

2.3.4 Conclusion

Liberal and neoliberal state financing methods basically underline how big a historical mistake has been made when, on a global scale, capitalist monetary systems were set up in such a manner that the power to create new money was left over in the hands of private market players, as, through this, these monetary systems have evolved into a system in which the money creation power is not in the least a tool of serving the general interest—or, put otherwise, to help establishing our as "ideal" as possible society model, in which it is ensured that all human beings get a fair, just and equal chance of getting their (basic life) needs fulfilled (see Sect. 1.1)—, but

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shareholders of financial institutions, is even more enhanced as a result of surrounding free market mechanisms of evaluating the creditworthiness of state-debtors. Indeed, the extent to which any debtor state has itself any say in the interest rate it will have to endure, has during the past years become extremely small under the influence of neoliberal ideology which always prefer resorting to free market solutions, rather than relying on state prerogative based solutions.

As a result, determining the financial soundness of states, and hence to a large extent also the interest rates they are subjected to, has during the past decades even so fallen in the hands of private market players. Reference is here obviously made to the so-called "rating agencies", purportedly independent private institutions that have made it their business to rate the creditworthiness of both public and private debtors. It is, amongst others, based upon these credit ratings that financial institutions calculate their interest rates when providing credit, for instance to states. As a result, the price setting for the interest financial institutions charge when providing credit to states—and hence of the mechanism through which the taxes of the poor and middle classes serve at enhancing the wealth of the rich—is to a very large extent again left over to the private sector itself, and this in full accordance with the dictates of economic neoliberalism. When combining this insight with the knowledge on how money is created (see above, under Sect. 2.1), the situation of state financing becomes even more absurd, not to say criminal.

rather a tool of merely serving the interests of the rich on the planet to the detriment of the poor.

In this way, the liberal and neoliberal methods of state financing—especially when combined with the way private banks deploy their power to create new money—have themselves become one of the many (neoliberal) methods that are responsible for creating the huge gap between rich and poor or, put otherwise, that leads to a society model that lays itself as far away as possible from our (utopian) ideal society model in which any human being entering this world stands a fair chance of leading a humane and dignified life.

2.4 General Conclusion

The capitalist mechanisms described in this Chap. 2 (namely (1) the private money creation system, next to (2) the system of allowing enterprises to organize themselves through means of companies (with limited liability), and (3) submitting these companies to a pursuit of profits-principle), certainly in combination with (4) the capitalist methods of state financing, inherently have as a result that a large part of the wealth that is generated through the combined efforts of the economic system, ends up in the hands of a small class of bankers and entrepreneurs (including their respective shareholders).

This has been happening, in a systematic way, for a couple of ages already, resulting into a socio-economic order that is manifestly unjust and unfair, as will be illustrated furthermore in the Chap. 4 of this book.

However, before looking into some more detail to some of the most detrimental characteristics of the capitalist socio-economic order, we shall first, in the next Chap. 3 of this book, have a closer look at the doctrine of (economic) neoliberalism, this doctrine being responsible for having even more enhanced the abovementioned classical (legal) tools of capitalism, and hence for the present shape of the socio-economic order.

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Chapter 3
Neoliberalism

3.1 Why Neoliberalism Wants the Welfare State Model Dismantled

3.1.1 Neoliberalism: The Ideology That Has Proclaimed Egoism, Selfishness and Greed to Be the Basic Socio-Economic Values

From what has been described so far, it may be clear that one of the basic premises of the ideology of (economic) neoliberalism, and hence of the societies that are organized in accordance with its theories, is that every human being is on its own and should act accordingly.

It is hereby, without little restraint, by many a neoliberal author proclaimed that any human being not only stands on its own, but should moreover behave as selfishly, egoistically and greedily as possible, and, when acting, not to take other people's interests into consideration, nor to expect any help from other people.

The socio-economic order defended by the adherents of the neoliberal ideology is one in which human beings are but each other competitors and that is, furthermore, characterized by a belief system that, when everyone acts outs his own selfish interests to the fullest extent imaginable, an ideal society will emerge in which everyone will prosper.

As has already been explained before, the reasoning behind this philosophical viewpoint is that, when everyone acts fully in accordance with his own selfish interests, there will be a sufficient amount of economic growth and renewal that will make living together perfect for everyone.[1]

[1] As explained in Sect. 2.2.2.2.1, this theory is known as trickle-down-economics"-theory.

K. Byttebier, *The Tools of Law that Shape Capitalism*, Economic and Financial Law & Policy – Shifting Insights & Values 3,
https://doi.org/10.1007/978-3-030-24182-7_3

Simply put: by behaving as egoistically, selfishly and greedily as possible, everyone will act at his peak performance level, so that human resources and skills will be optimally deployed for ensuring overall societal welfare.

Solidarity and economic neoliberalism are, accordingly, not a match.

On the contrary, for neoliberal ideologies, there is no societal need whatsoever of having (or maintaining) any systems of solidarity, as these are but a means of allowing lazy people to take advantage of the efforts of diligent people.

In such a view on society, there is obviously not much room for much societal organization or planning within the socio-economic order at all. On the contrary, the whole socio-economic domain should be left over to the logic of the free market.

There is, for instance, no need for public services, such as public education and justice (in private matters). On the contrary, people in need of an education should look to the market, more specifically to systems of private education. In the same sense, people who are involved in a private conflict, should not bother government courts—in a strict neoliberal approach, there simply should not be government courts for dealing with private conflicts—, but should rather install a proper private arbitrage college that will help resolving their conflict.

In the same sense, there should not be any systems of social security for covering any kinds of socio-economic risks, such as unemployment, health and/or income-related risks, next to similar socio-economic burdensome events; on the contrary, people should rely on private insurance coverage, thus on risk coverage systems that are entirely provided for by profit-driven free market players.

For the adherents of neoliberal ideology, there has, in the recent past, occurred a lot of waste of energy in organizing (welfare) states.[2] And so, as of the seventies of the twentieth century, the adherents of the doctrine of neoliberalism decided to do something about it...

3.1.2 The Rise and Decline of the Welfare State Model

Especially in the period after World War II, a broad range of capitalist countries had put a lot of effort in organizing the so-called "welfare state model" (which could be

[2]See United Nations Special Rapporteur professor Philip Alston's comments on how many Americans, after decades of being brainwashed by neoliberal doctrine, blindly belief and share this neoliberal viewpoint:

> I have been struck by the extent to which caricatured narratives about the purported innate differences between rich and poor have been sold to the electorate by some politicians and media, and have been allowed to define the debate. The rich are industrious, entrepreneurial, patriotic, and the drivers of economic success. The poor are wasters, losers, and scammers. As a result, money spent on welfare is money down the drain. To complete the picture we are also told that the poor who want to make it in America can easily do so: they really can achieve the American dream if only they work hard enough.
>
> (See Alston (2017), n° 10.)

defined as the whole of mechanisms of socio-economic planning that are installed by states which aim at offering certain forms of protection to the poorer classes within society against the most dominant capitalist exploitation mechanisms).

These efforts led, in many countries, to the instalment of both a variety of public services and social security systems, all based on the idea that these are to be financed out of collective efforts—either through tax money, or by means of special "contributions" or "duties"—and meant to assure that everyone within society has an equal access to them.

To at least a certain degree, one could even perceive the modern welfare state model as a(n) (moderate) attempt of reconciling the capitalistic economic system with the idea of an "ideal" society (as referred to in the Sect. 1.1 of this book) that aims at making it possible for everyone, and not only for the rich, to fulfil at least one's most basic needs of survival.

In this, the modern welfare state model may, from a historical perspective, be perceived as one of the first attempts in history of truly introducing a societal order in which at least a part of the wealth generated by the economic system got redistributed among the general population in a more fair way than may happen under the rule of leaving all private relationships to the contractual domain itself.

In light of this, be it during a period that only lasted a couple decades, and furthermore only in certain parts of the world, the modern welfare state has most probably been an experiment of establishing a societal system of a more just and fair nature than has ever before been witnessed in history.

However, the success of the welfare state model has not lasted a very long time, as it soon got contested by the adherents of (economic) neoliberalism themselves.

According to the latter ideology, the socio-economic order can simply not afford being vested upon systems of solidarity as these undermine economic prosperity due to the fact that they are simply too expensive and, hence, unable to finance.

For the adherents of economic neoliberalism, economic policy is not about looking for better means of redistributing wealth, but rather about ensuring that there is a continuous wealth creation to the benefit of the rich and powerful (or, put otherwise, to the benefit of the classes of bankers and entrepreneurs).

Also in accordance with neoliberal theories, government deficits have as their main cause all kinds of too expensive systems of solidarity (such as public services and social security systems), while on the contrary, the private money creation systems that lies at the basis of many societal problems is under the ideology of (economic) neoliberalism completely taken for granted.

Given that the doctrine of (economic) neoliberalism, more in general, also holds that the market should be made as free as possible from all hindrances, among which any form of labour or social protective legislation that is considered of being a hindrance for entrepreneurial freedom, hence for general prosperity, the neoliberal answer for dealing with this problem is that one should simply get rid of all the societal advancements that have been accomplished in the period after World War II and that attributed to shaping the modern welfare state.

What is even worse, is that (economic) neoliberalism has not remained limited to the world of ideology, but that it has been put into practice, as a result of which, already since the 1970s, the economic policy of more and more countries has, to an ever growing extent, become subjected to this neoliberal ideology.[3]

As a result, during the past decades, the world has witnessed an unprecedented (neo-)liberalisation and deregulation of a vast set of systems that had, only a short period before, been established in order to protect the poorer classes of society against capitalistic exploitation practices.[4]

These neoliberal attempts to make the free market ever more free have, in numerous countries, so far been extremely successful in putting an end to the welfare state model, albeit that they have not yet reached their end goal of dismantling all welfare state mechanisms all over the world.[5]

The result of all this has been that, on a global scale, capitalism is, to a growing extent, becoming "unbridled" again,[6] implying that the whole organization of the socio-economic order is more and more subjected to the free markets and where there is hardly room any more for any form of state involvement whatsoever.[7]

As explained above, all this aims at fulfilling the neoliberal ideal that any person should be completely left on his own and should regulate his socio-economic life sphere as much as possible himself by entering into private contracts with other persons.

In this regard, individuals cannot expect any help from states as these are no longer supposed to get involved with this kind of problems. The reduced state model of neoliberal ideology is, through this, becoming one where the state has as its sole purpose to ensure safety, both on the internal level of protecting its (rich) citizens against other of its citizens, mainly the lower classes, and on an external level by ensuring a sufficient military apparatus to protect the state against outside attacks, or even to ensure state victory when starting a robbery mission in foreign territories.[8]

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[3]On a more philosophical level, one has however to admit how well the attack on the welfare state model by economic neoliberalism has succeeded in accomplishing its general objective of completely turning around the historical hierarchy of values referred to in Sect. 2.2.2.1 above, and through this in shaping global societies in accordance with a world view where altruism is considered being "bad" and egoism is endorsed as the highest possible virtue (see in an extreme manner in Ayn Rand's book "The virtue of selfishness" (See Rand (1992)).

[4]See in general World Health Organization (2014), p. 5.

[5]Compare Alston (2018).

[6]See Byttebier (2018).

[7]See Lipman:

> Neoliberalism reframes all social relations, all forms of knowledge and culture in the terms of the market. All services established for the common good are potential targets of investment and profit-making. In the discourse of neoliberalism, the society becomes synonymous with the market, democracy is equated with consumer choice, and the common good is replaced by individual advantage.
>
> (See Lipman (2006), p. 51.)

[8]See already above, the aspirations of corporatocracy (see Sect. 2.2.2.5).

3.1.3 Summary

In summary, neoliberal economic policy basically aims at destroying, one by one, societal mechanisms that were introduced in the past to attribute to the ideal society we had earlier on in this book in mind and that aim at ensuring that every single human being would get access to the means of fulfilling his basic life needs in a sufficiently fair, just and equal manner.

Based upon this insight, many an academic working in the field of social sciences, has in the recent past come to the conclusion that, in this way, neoliberalism is basically reinstalling a feudal society model where a small elite of rich people is ruling a world that condemns the rest of humanity to live a life of poverty.

To illustrate this further, the next Sect. 3.2 will explore how the doctrines of neoliberalism have, during the past decades, been put into practice in some countries.

3.2 The Neoliberal Wet Dream of Dismantling the Welfare State Model Made True in Practice

3.2.1 General

It has already been addressed in the previous Sect. 3.1: driven by its inherent aversion of any state involvement in socio-economic life, (economic) neoliberalism has as one of its main ambitions to free the world from the methods of correcting unbridled capitalism which had been developed in the period after World War II and which under its doctrines are deemed to be disastrous.

In this approach, going back to the writings of neoliberal economists the likes of Milton Friedman and Friedrich (von) Hayek, it is believed that anything that can hinder the free market, is economically detrimental and needs to be eliminated as much and as fast as possible.

A typical example of such “hindrances” are the several types of regulations aimed at offering an elementary degree of social protection to the weaker members of society, such as, obviously, social security systems, next to system of public services that are financed by governments out of tax money, amongst which public education.

It however also concerns regulations that aim at streamlining certain economic processes or certain forms of market behaviour, with as obvious examples antitrust law, next to the so-called prudential, financial regulation urging financial institutions to exercise more reason and caution than they are inclined to by nature, together with all types of similar regulation protecting consumer interests or the environment.

Under the doctrine(s) of neoliberalism, to the extent that all these methods of correcting unbridled capitalism are deemed to be an obstacle for the working of the free market, it got assumed that all such forms of regulation needed to be eliminated as much and as quickly as possible, a doctrine that resulted in the neoliberal agenda of "de-regulating" and "(neo-)liberalising" the (global) economy.[9]

3.2.2 The Implementation of the Neoliberal Agenda in Some Territories in the Eighties of the Twentieth Century

A blueprint of (neo-)liberalisation and deregulation measures which could have been unilaterally applied in all countries has, obviously, never been available.

This is, amongst others, due to the fact that in the various capitalist countries where economic neoliberalism has struck during the past decades, the variations in the social protecting tissue and in other regulations having attempted to correct the free market mechanism, have obviously been too large.

As a result, in order to fully grasp how economic neoliberalism works, one rather better investigates on a country-by-country base in which way neoliberal governments have attempted to purify their respective countries from the consequences of the mixed market economy.

It is hereby a well-known fact that, in the 1980s, there were two major economic powers that have been among the first to attempt to achieve the goals of economic neoliberalism, which allows to get a general idea of the working methods of economic neoliberalism, but also of its disastrous consequences for society.[10]

These two economic powers were obviously the United States of America (where the doctrine of (economic) neoliberalism then deployed has also been referred to as "Reaganomics") and the United Kingdom (where the doctrine of economic neoliberalism deployed has also been indicated as "Thatcherism").[11]

The at the time neoliberal governments of these two countries eagerly addressed the invitation of the schools of economic neoliberalism to purify capitalism from the disastrous effects of the mixed economy model, or, put otherwise, of making the markets "free" again.

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[9] See also Brown (2003).

Ross and Gibson have defined the goals of neoliberalism as follows:

> Neoliberalism is embraced by parties across the political spectrum, from right to left, in that the interests of wealthy investors and large corporations define social and economic policy. The free market, private enterprise, consumer choice, entrepreneurial initiative, deleterious effects of government regulation, and so on, are the tenets of a neoliberalism. Indeed, the corporate-controlled media spin would have the public believe that the economic consequences of neoliberal economic policy, which serves the interests of the wealthy elite, is good for everyone. In fact, neoliberal economic policies have created massive social and economic inequalities among individuals and nations.
>
> (See Ross and Gibson (2006), pp. 1–14, especially p. 2.)

[10] On these disastrous consequences, see furthermore Chap. 4 of this book.

[11] See furthermore Byttebier (2018), p. 62 a.f.

Among the central measures resorted to by either both or one of the abovementioned governments were:

- Implementing the doctrine of "consumerism" (aimed at answering a then prevailing economic crisis by stimulating demand within the economy);
- An extensive deregulation of numerous economic sectors, such as the financial sector and the energy sector;
- An unprecedented stimulation of all types of (consumer) credit mechanisms[12];
- The enhancement of military expenditure (and even warfare);
- Tax reforms mainly benefiting the rich within society (especially (large) enterprises and their underlying capital providers, next to their CEO's and other leading managers);
- The dismantlement of social care systems, amongst which access to medical care and public education;
- The dismantlement of public institutions, next to the privatization of all types of public sectors and/or public services (for instance the energy sector, the transport sector, the education sector...);
- Embracing the doctrine of "monetarism" (which resulted in an unbridled resort to credit financing in all layers of society);
- Breaking the influence of trade unions;
- ...

Inspired by the example of these two countries, many other capitalist countries have since then started to follow their example.

This gradually translated into a worldwide dismantling of public socio-economic structures in fields as public services (for instance education and justice) and social care (in a broad sense of the word).

Moreover, at the end of the 1980s, the doctrines of economic neoliberalism would even further triumph thanks to the fall, in the Soviet-Union and its vassal states, of communism, which up till then had provided at least some counter weight to the since then ever predominant capitalist market model.

As a result, the power of capitalism would not be countered anymore in a meaningful manner.[13]

Since that period, the belief in the myth of the free market has on a global become ever more fanatic, even resulting into the idea that the free market is an essential prerequisite for a free society, and a condition for individual prosperity and societal progress.

Especially in the 1990s, the overall success of the doctrines of economic neoliberalism also paved the way for an unprecedented globalization of the world

[12]Needless to say that this policy implied an important stimulus for the so-called "credit economy" (on its own turn, one of the main factors attributing to the severe financial crisis of 2007–2008).

[13]It is hereby hardly surprising that (especially by neoliberal authors) the collapse of the communist economies has often been upheld as an argument that "there are no alternatives" for the free markets (= the so-called "TINA-argument"). (See for instance Rand (2008), p. 26).

economy—to be understood as the increasing degree of mutual interdependence between countries economically, due to an increasing international traffic of goods, services, capital and labour—based on the neoliberal principles of liberalisation and deregulation.[14] This evolution has ever since been continuously ongoing until the very present date.

3.2.3 Implementing the Neoliberal Agenda in Some Territories in Present Days

In recent times, the efforts of neoliberally inspired policy makers have hardly come to an end.

On the contrary, all over the world, neoliberal governments are still applying neoliberal methods and strategies in order to gradually downsize what is still left over of the welfare state model.

Although these efforts continue to differ by nation, neoliberal reforms are usually still based on privatization of state-owned enterprises, deregulation and tax cuts for the wealthy. Social welfare continues to be reduced, based upon the belief that social welfare mechanisms are too expensive and that reducing social welfare will encourage the poor to work harder.[15]

This is, as already mentioned before, often done under the pretence of sanitizing government expenditure behaviour, a strategy that is hardly successful given the fact that during the last decades, state debt has for most countries dramatically increased (where, if one were to believe the doctrines of ("Friedman") neoliberalism, one would expect a gradual decrease of state debt). (See furthermore, the figures presented in Sect. 4.2.2.3).

In this regard, the current American socio-economic policy still remains one of the most documented and commented in literature. This obviously does not imply that the USA are the only territory still implementing the theories of neoliberalism, although it continues to make it the ideal example of illustrating how the tactics of neoliberal governments have basically remained the same as in the 1980s.

Already in an opinion piece of 2016, Sasha Bush pointed out that Donald Trump's election as the 45th president of America basically came down to a complete "unmasking of the corporate state model".[16]

Bush pointed out that, at the moment of Trump's election, American democracy had been under attack by the powers of "corporatocracy" for a long time already,

[14]Neoliberal measures that undoubtedly have contributed to this extreme degree of globalization have been the creation of the European (Economic and Monetary) Union in 1992, the enactment of the North American Free Trade Agreement in 1994, and the replacement of the GATT by the World Trade Organization in 1995. (See Field (2018), p. 46).

[15]Field (2018), p. 44.

[16]Bush (2016).

with this process having accelerated and gained strength over the period of neoliberal globalization (according to Bush, roughly the 1970s to the present).[17]

Still according to Bush, already from the start, Trump's socio-economic agenda has been mainly aimed at redirecting the activities of the U.S. government along the lines routed by neoliberal "market fundamentalists" like Milton Friedman, who, as explained already before, advocate limiting government's role to market-supportive functions such as national defense and domestic law and order. What little America still had in other government functions, for example, health care provision and public education, next to some elementary programs for protecting the environment and public lands, in Trump's agenda, became fully open for further privatization and defunding. For Trump, the scope of federal government activities had to be narrowed down to public domains such as infrastructure, national defense, and domestic policing and surveillance, basically the public domains serving the interests of the rich and powerful. As a result, Trump's socio-economic agenda already from the start of his presidency embraced neoliberal advice in regard to business regulation (= "less is best") and the role of the private sector in self-regulating itself (= industry insiders understand regulatory needs better than public officials).[18]

Strangely enough, Trump's embracing of the neoliberal agenda at the same time narrowed it down to the national policy level, while on the international level, Trump from the start of his presidency policy strongly opposed globalization (notwithstanding the fact that the globalization of the world economy during the preceding decades had but been the result of implementing the doctrines of economic neoliberalism itself).[19]

As Sasha Bush herself has phrased it, already from the start of his presidency, Trump aimed at transforming neoliberalism into a geographically fragmented and localized system (an approach that can also be witnessed in other countries; see for instance the Brexit).[20]

Bush thus summarized Trump's in 2016 announced socio-economic program as aimed at implementing a full fusion of state and market interests, but one in which the marketplace and big business have almost total power and freedom of movement (and where labor is treated poorly).[21]

After witnessing 2 years of Trump's presidency, it appears that Sasha Bush's predictions of the socio-economic policy that would be deployed under Trump's presidency have been amazingly accurate.

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[17] Bush (2016).

[18] Bush (2016). Sasha Bush here further refers to Trump's plan for the first 100 days specifying "a requirement that for every new federal regulation, two existing regulations must be eliminated."

[19] Bush (2016).

[20] Bush (2016).

[21] Bush (2016).

Reference can, for instance, be made to the passage of the so-called "Tax Cuts and Jobs Act" of 2017,[22] clearly having refuted any notion that Trump's presidency would mark an end to neoliberalism. Indeed, through this Act, it became clear that furthering neoliberal policies had become a critical objective of Trump's socio-economic policy.[23]

It has in this regard, for instance, been pointed out that this "Tax Cuts and Jobs Act" represents a textbook example of a neoliberal policy to the extent that cutting taxes is a key aspect of the economic doctrine of neoliberalism and, more in general, of favoring the rich members of society. While the supposed rational behind the Act has been to stimulate economic growth, it is hence far more likely that it will most probably even further widen inequality, while the Act was at the same time predicted to add at least USD 1 trillion to the existing American national debt.[24]

A second example of Trump's neoliberal approach of reshaping the socio-economic order concerns a new deregulation of the financial sector.[25]

As regards especially banks, this deregulation has mainly been accomplished through the "Economic Growth, Regulatory Relief and Consumer Protection Act" (22 May 2018) that basically aimed at rolling back the regulations imposed by the "Dodd-Frank Act" (= a former act that was voted in 2010, under the presidency of Barack Obama, in response to the financial crisis of 2007–2008). The Economic Growth, Regulatory Relief and Consumer Protection Act, amongst others, aimed at loosening the capital requirements for both major and smaller banks. The Act also raised the threshold in assets from which banks are considered (too) risky and become subject to stricter oversight from USD 50 billion to USD 250 billion.[26]

It, hence, needs not come as a surprise that also this Act has been reported to mark yet another marquee "pro-business" triumph for President Donald Trump.[27]

Similarly, also in the UK, the systematic dismantlement of the social welfare system has continued after the 1980s.[28] Alston has in this regard mentioned that

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[22] An Act to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018 (Public Law 115-97; 131 Stat.2054).

[23] Rossi (2018).

This bill mainly lowers the top individual tax rate from 39.6% to 37% and slashes the corporate tax rate to 21%, a dramatic fall from its current rate of 35%. (See Siddiqui et al. (2017)).

[24] Anonymous (2017).

[25] See DM/RC (2018) and McKenna (2018).

[26] See DM/RC (2018) and McKenna (2018). For the text of this bill, after it having been approved by the American Senate on 14 March 2018, see S. 2155: Economic Growth, Regulatory Relief, and Consumer Protection Act, at: https://www.govtrack.us/congress/bills/115/s2155/text/es (last consulted on March 5 2019). For the text as of 24 May 2018, after having passed Congress, see https://www.govtrack.us/congress/bills/115/s2155/text. (last consulted on March 5 2019).

[27] See DM/RC (2018) and McKenna (2018).

It may be expected that as a result of the Democrats winning control of the House of Representatives in the 2018 midterm elections (see https://www.nbcnews.com/decision-2018; last consulted on March 5 2019), the plans of Trump to further "neoliberalize" the American economy will be slowed down.

[28] See Alston (2018).

there are many ways in which the country's overall safety net has been reduced since 2010, amongst which a benefit freeze and cap, the reduction of legal aid, the reduced funding of local authorities, and a variety of cuts in other specific services.[29]

3.3 Conclusion

An ancient biblical saying goes that "one will reap what one has sown" (see Galatians, 6:7), which in the context of the socio-economic organization of society translates in the observation that, when a societal order gets more and more based on the many witticisms of economic neoliberalism, the resulting society will be the one which is at present increasingly experienced on a global scale.

Such a society will be characterized by an extreme polarisation between rich (= basically those who reap the business profits, ergo the largest part of the added value of economy) and poor (= those who do not share in business profits, but are rather mainly drained in order to contribute to these business profits of the rich), with all known consequences.

Such a society will, furthermore, be characterized and by an ongoing dismantling of the tissue of the public care mechanisms which have shaped the welfare state model in the period after World War II, at least in Western countries, such as justice, social care in a broad sense of the word and public education.

Moreover, egoism, selfishness and greed will, in full accordance with the dictates of neoliberalism, be the driving forces of such a society which, as a consequence, will be as remote as possible from the ideal society referred to in Sect. 1.1.

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[29] See, as regards the UK, Alston (2018).

Needless to say that it is for any individual author quite impossible to map the current socio-economic situation of every country in the world in order to further illustrate the abovementioned.

Probably only international institutions such as the OESO and the IMF could be capable of performing such task, the question being if they would ever show a sufficient willingness to do so, as also their own operation has during the past decades also been increasingly contaminated by the spirit of economic neoliberalism which seems to grip the entire world.

Nevertheless, the anecdotic proof speaks for itself, even by merely consulting press reports.

From the many possible examples, reference can be made to a remarkable observation that was already made in 2015 regarding the socio-economic situation in Israel (based on an interview with economics professor Bernard Avishai). It is hereby in particular mentioned that Israel is marked by an increasing socio-economic injustice, which already in a further past has led to civil protest by hundreds of thousands of people. The article furthermore mentions that, to an increasing extent, the Israeli economy is strongly dominated by a small number of large conglomerates holding monopoly positions which are artificially boosting prices of all kinds of products (resulting in prices that are up to 33% higher compared to other countries). It is, furthermore, reported that the economic added value of the past 6 years has mainly been translated into profits flowing to the capital providers of large corporations, causing serious difficulties for (public) sectors such as education and health care. The article concludes with the observation that the condition of Israel is a result of the socio-economic policy of successive governments, where the open question rises what the near future will offer to Israel it this trend will go any further. (See Descamps (2015), p. 4).

As a result of the ongoing implementation of the doctrine of neoliberalism, such a neoliberal society will also perfectly start mirroring the doomsday image which already Plato warned about ages ago[30]:

> The further they go in the process of accumulating wealth, the more they value it and the less they value goodness. For aren't wealth and goodness related like two objects in a balance, so that when one rises the other must fall. (. . .) So the higher the prestige of wealth and the wealthy, the lower that of goodness and good men will be. (. . .) And so there is a transition from the ambitious, competitive type of man to the money-loving businessman, honor and admiration and office are reserved for the rich, and the poor are despised.

In the next Chap. 4 of this book, we shall further illustrate the latter by bringing into mind some of the most detrimental aspects of the capitalist socio-economic model for which the doctrines sustaining capitalism (amongst which especially liberalism and neoliberalism) have miserably failed to provide any satisfying answer, these being: (1) an increasing global debt problem; (2) an unfair tax system; (3) the problems the environment faces (especially "climate change"); and (4) an increasing gap between rich and poor.

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[30]Plato (1987), p. 306.

See also the rebuttal of neoliberal authors such as Yaron Brook and Don Watkins (see Brook and Watkins (2012), p. 77):

> In Plato's Republic, Socrates declares "the more men value moneymaking, the less they value virtue." Rand's view is exactly the opposite. The value of virtues is its role in promoting your own welfare – including your economic welfare. The more men value money making, the more they value virtue.

The purported "rebuttal" by Brook and Watkins is a textbook example of the complete turn-around of values (in comparison to, for instance, the value scale of Classical Antiquity, or the one of Jesus Christ) that characterizes (economic) neoliberal thinking.

Compare Bhagwan Shree Rajneesh (1980), p. 306:

> Money is such a strange power. And it goes on creating more power (. . .). And they have turned the whole world into a market: they reduce everything to a commodity, they reduce everything to a certain market value. That too creates a little hatred, because If everything is reduced to money, if everything is reduced to the market and everything becomes a commodity, it creates an ugly world. Then there is no higher value. Then there is nothing more important than money. Then everything is reduced to money.

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Chapter 4
Some Major Unanswered Challenges of Our Times

4.1 General

It is strange to observe how many of the problems that the world is facing today stem from (unbridled) capitalism, and more specifically from the economic and legal mechanisms that were developed in the late Middle Ages and that gave shape to the at present still prevailing capitalist socio-economic order, without the public opinion being aware of, or paying any noteworthy attention to this fact.

It almost seems that the majority of the people are willingly kept in the dark, or choose to be so, about how a lot of the severe socio-economic problems of our times are the direct result of both the socio-economic value choices that since the late Middle Ages lie at the basis of the capitalist world order and the economic and legal tools that have been developed to implement these values into practice.

It, moreover, even seems that there exists among the general public hardly any awareness that economics itself is basically (but) the result of value choices, especially the choices society makes on how to organize access to the goods and services that are created out of the combined efforts of man and nature.

In Chap. 2 of this book, we already investigated some of the most important of these economic and legal tools that gave form to the capitalist socio-economic order, and hence to the world we live in.[1]

In Chap. 3, we furthermore investigated how these main economic and legal tools of capitalism are being further enhanced by the doctrine of (economic) neoliberalism.

In the present Chap. 4 of this book, we shall investigate how these tools and working methods of (unbridled) capitalism lie at the roots of some of the main socio-economic problems of our times. Such an investigation will, at the same time, lead to the insight that, contrary to what the doctrines of (neo)liberalism hold and aim at,

[1] See also Byttebier (2015b, 2018).

K. Byttebier, *The Tools of Law that Shape Capitalism*, Economic and Financial Law & Policy – Shifting Insights & Values 3,
https://doi.org/10.1007/978-3-030-24182-7_4

these problems can hardly be dealt with by enhancing said capitalist tools and mechanisms. On the contrary, it clearly appears that after decades of attempting to do so, said problems have only become worse, even to the extent that one may wonder if they can still ever be solved.

In our investigation, we shall focus on four of the most stringent, global problems of our times that were created by the forces of capitalism and that remain unaddressed by the doctrine(s) of (economic) neoliberalism, more precisely:

- A huge and unaddressed/unaddressable (global) debt problem;
- A completely unjust fiscal system;
- The immense environmental problems that arose due to the belief in the combined myths that (1) economic growth should go on endlessly and (2) no economic planning whatsoever is ever needed as, by leaving all problems to the care of the free market, everything will just turn out fine;
- Chronic poverty and an increasing gap between rich and poor.

It shall hereby also be pointed out to what extent these problems correlate to and, furthermore, have been created by, and are enhanced through, the blind belief in the free market forces, hence by the dominating economic doctrine of our times, namely (economic) neoliberalism.

4.2 The Unsolvable Debt Problem Revisited

4.2.1 Introduction

For many years already, I find it surprising how extremely lighthearted people in general, and academics (especially—(neo)liberal—economists) more specifically, think about “debt”.

This misplaced lightheartedness at the same time demonstrates how successful the doctrine of (economic) neoliberalism has been in brainwashing people’s mind, more especially by having created a blind belief in the forces of the free market (s) and in the assumption that by doing nothing (especially from a government point of view), everything will just turn out fine.[2]

In order to fully grasp this truth as regards monetary issues, one must, on the one side, be willing to understand how the private money creation mechanism truly

[2]It should in this regard also be pointed out that the private bank sector is probably the sector that is most in favor of the neoliberal ideology, however only in as far as it should be applied to all other market players, next to public authorities, but not when the free market forces result in problems for the bank sector itself, in which case all neoliberal ideology is easily thrown overboard and banks shamelessly shout for state support measures to “bail them out” of the problems for which they are themselves the ones most responsible.

works (which has been explained in the Sect. 2.1 above),[3] and, on the other side, realize how this system has dragged (and keeps on dragging) the whole world in ever increasing amount of debts.

4.2.2 Some Data on the Amounts of Debt

4.2.2.1 General

For a non-economist, it is not always easy to gain access to precise data on both the amount of scriptural money that circulates within the global economy, and on the amounts of outstanding bank debt. One may even wonder if access to such information is not deliberately made difficult, as the monetary system apparently has little to gain in making details of its functioning generally available.

Nevertheless, from the data that a layman may find through sources available to the general public, it clearly appears that the amounts of outstanding debt/scriptural money, are both astronomical and, under the reign of (economic) neoliberalism, ever more increasing.

As regards specifically the past decade, calculations of McKinsey have pointed out that global debt has substantially risen since the financial crisis of 2007–2008.

More precisely, the website https://www.mckinsey.com[4] mentions that total global debt had increased by USD 72 trillion, or 74%, from USD 97 trillion in 2007 to USD 169 trillion in the first half of 2017. Government debt was hereby reported to account for 43% of this increase, and nonfinancial corporate debt for 41%.[5]

According to Davis, total global debt in 2018 amounted to USD 164 trillion, or to 225% of the then total global GDP.[6]

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[3]Indeed, although the basic simplicity of the mechanism is completely bewildering and its inherent unfairness in contradiction to all what one might expect from a civilized democratic socio-economic order, it is thus the more surprising that there still can be hardly any true academic or societal debate on the matter.

[4]Last consulted on March 5 2019.

[5]See https://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/visualizing-global-debt (last consulted on March 5 2019).

Japan is hereby reported to have the highest level of government debt to GDP of any of the 51 countries that were taken into consideration in McKinsey's research, at 214 percent in the second quarter of 2017. International financial centers Hong Kong and Luxembourg were reported to top the list for nonfinancial corporate debt to GDP, largely reflecting the activities of foreign companies. China's total debt was reported to have quadrupled over the last decade, a rise of USD 32 trillion, fueled by debt of the nonfinancial corporate sector. By contrast, the economies of Germany, Portugal, and Spain were reported to have been deleveraging over the past few years, with declining total debt relative to GDP.

[6]Davis (2018).

However, according to another source (based upon data collected by the "Institute of International Finance"[7]), total debt in 2016 was already as high as USD 217 trillion, or roughly 325% of the then global GDP.[8]

According to the same Institute of International Finance, global debt amounted to USD 247 trillion in Q2 2018 (or 317% of the then global debt-to-GDP ratio).[9] Emerging market debt was hereby reported to account for USD 71 trillion (or 212% of EM GDP), around USD 4.8 trillion higher than its 2017 level, with China accounting for over 80% of this increase.[10] Global debt excluding the financial sector was reported to amount to USD 187 trillion.[11]

Estimating that, (at a certain moment) on 21 December 2018, there were 7,671,626,040 people alive on Earth[12] and based upon the estimation of the Institute for International Finance regarding Q2 2018, the average debt per human being in 2018 amounted to more or less USD 32,200/human being.[13]

The one question that arises from these data is how the ever increasing amounts of outstanding debt can still be considered to be economically sustainable, or, put otherwise, who of a sound mind can still think that it will still be possible to earn all this outstanding debt back out of economic activities (hence: out of economic growth).

It needs, hence, not come as a surprise that some authors have even suggested that such debt is no longer meant to be ever paid back, but simply serves as a means to submit everyone and everything to serving the interests of those in control of creating (new) debt, or, put otherwise: of creating (new) money, in other words, of the banks and those controlling these.[14]

Let us now have a look of how the mentioned amounts of debt are divided between private and public debt.

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[7]https://www.iif.com/ (last consulted on March 5 2019).

[8]Durden (2017). Similarly Tanzi (2018).

[9]Institute of International Finance (2018), p. 1.

[10]Institute of International Finance (2018), p. 1.

[11]Institute of International Finance (2018), p. 1.

[12]Source: http://www.worldometers.info/world-population/, as consulted on 21 December 2018.

[13]Obviously, this is but a flawed calculation. Ideally, the exact amount of debt should be measured against the exact number of people on Earth on the exact same moment in time.

[14]Compare Davis (2018):

> The number is now so astronomically high that it's impossible to pay off, and so there really is no point to even trying. In fact, governments are not at all concerned with paying off the debt because they know the number has lost it's meaning in the face of such cartoonish proportions.
>
> (Davis (2018).)

4.2.2.2 Private Sector Debt

4.2.2.2.1 Households

According to figures made available by the Institute of International Finance, the total household debt in Q2 2018 in the world's "mature markets", amounted to USD 34.2 trillion, while the total household debt in Q2 2018 in the world's "emerging markets" amounted to USD 12.2 trillion, bringing the total global household debt as regards Q2 2018 to USD 46.4 trillion.[15]

Since 2015, as regards the emerging markets, the rise in household debt ratios has been the sharpest in China, Lebanon and Korea.[16]

It is hereby reported that a troublesome relatively "new" form of household debt of the last years are the so-called "student loans", a fact that bears witness of the extreme intergenerational injustice that has been caused by the financial crisis of 2007–2008. As regards the USA alone, during the first quarter of 2018, the outstanding debt for such student loans amounted to USD 1.5 trillion. To compare: the outstanding auto loan debt then amounted to USD 1.1 trillion and the outstanding credit card debt to USD 977 billion,[17] which gives but a general idea of what the amounts of the combined (near-future) incomes of American laborers will have to be just to pay back these outstanding credits.

4.2.2.2.2 Enterprises

According to figures made available by the Institute of International Finance, the total non-financial corporate debt in Q2 2018 in the world's "mature markets", amounted to USD 42.3 trillion, while the total non-financial corporate debt in Q2 2018 in the world's "emerging markets" amounted to USD 32.6 trillion, bringing the total global non-financial corporate debt as regards Q2 2018 to USD 74.9 trillion.[18]

As regards the same time period Q2 2018, the total financial corporate debt in the world's "mature markets" amounted to USD 48.9 trillion, while the total financial corporate debt in the world's "emerging markets" amounted to 10.8 USD trillion, bringing the total global financial corporate debt as regards Q2 2018 to USD 59.8 trillion.[19]

As regards the non-financial corporate sector, Switzerland and France were reported to have seen the sharpest increases since 2015. Also Belgium, Sweden and Canada saw a relatively large rise in their non-financial corporate sector debt in

[15] Institute of International Finance (2018), p. 1.

[16] Institute of International Finance (2018), p. 2.

[17] Lobosko (2018).

[18] Institute of International Finance (2018), p. 1.

[19] Institute of International Finance (2018), p. 1.

comparison to GDP levels.[20] On the contrary, even so since 2015, Ukraine, Hungary, and Russia have seen the largest drop in debt outside the financial sector, most notably for non-financial corporates.[21]

In a series of reports on global debt, "Rising corporate debt: Peril or promise?", the McKinsey Global Institute in 2017 looked in some more detail at the growth of "corporate debt". The total debt of non-financial corporations, including bonds and loans, was hereby reported to have more than doubled over the past decade, having increased by USD 37 trillion to reach USD 66 trillion in mid-2017, or 92% of global GDP. This growth was reported to be nearly equal to the increase in government debt, although according to McKinsey the latter has received far more attention. In a departure from the past, a large share of the growth in corporate debt was reported to stem from developing countries, and in particular China, which in 2017 had one of the highest ratios of corporate debt relative to GDP in the world.[22]

4.2.2.2.3 General Overview of Private Debt in Europe

To conclude this Sect. 4.2.2.2, the following tables present a general overview of the total private debt[23] in some European countries on December 24th 2018 (Tables 4.1 and 4.2).

4.2.2.3 Government Debt

4.2.2.3.1 General

Next to households and enterprises, in present-day times, also states (and other public authorities of both a national and supra- or international nature), heavily rely on bank credit in order to finance their activities.

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[20]Institute of International Finance (2018), p. 1.

[21]Institute of International Finance (2018), p. 2.

[22]See Lund et al. (2018) who, moreover, mention that:

> there are also signs that creditworthiness of borrowers has declined. This could prompt more defaults in the years ahead as a record amount of bonds come due and as future borrowing costs rise.

[23]The private sector debt is composed of the stock of liabilities held by the sectors "Non-Financial corporations" (S.11) and "Households" and "Non-Profit institutions serving households" (S.14_S.15). The instruments that are taken into account to compile private sector debt are "Debt securities" (F.3) and "Loans" (F.4). The data in the table are presented in consolidated terms, i.e. do not taking into account transactions within the same sector, and expressed in % of GDP and millions of national currency. Definitions regarding sectors and instruments are based on ESA 2010.

Table 4.1 Private debt in some European countries (in million units of national currency)[a]

Country	Currency	1995	2000	2005	2010	2015	2017
Austria	€	181,742	259,400	313,728	391,499	427,704	453,223
Belgium	€	195,566	294,649	375,992	617,703	743,626	821,210
Bulgaria	lev	391	7,491	33,870	99,083	97,835	101,100
Croatia	Kuna	NA	NA	216,149	412,036	383,698	359,676
Cyprus	€	24,385	32,275	39,496	60,901	62,724	61,909
Czechia	KC	1,022,596	1,352,364	1,564,600	2,690,158	3,131,719	3,402,876
Denmark	KR	1,431,580	2,097,419	2,977,137	3,995,537	4,305,784	4,371,464
Estonia	€	802	3,330	10,880	20,666	23,435	25,123
Finland	€	93,936	126,688	190,571	278,518	320,439	327,632
France	€	1,138,671	1,470,564	1,935,184	2,633,056	3,139,180	3,396,939
Germany	€	2,005,758	2,603,335	2,690,879	2,753,156	2,995,297	3,279,545
Greece	€	33,240	74,656	170,710	289,540	224,665	209,715
Hungary	forint	2,381,960	7,475,298	17,815,517	31,345,752	29,068,519	27,398,974
Ireland	€	NA	NA	289,540	431,092	803,116	716,596
Italy	€	674,408	939,867	1,429,652	1,978,151	1,902,225	1,905,307
Latvia	€	460	3,192	11,034	24,039	21,626	22,572
Lithuania	€	1,632	4,028	10,518	20,886	20,510	23,654
Luxembourg	€	NA	27,303	54,726	114,173	195,689	178,535
Malta	€	3,291	5,390	6,883	10,716	11,668	13,392
Netherlands	€	622,971	951,379	1,273,890	1,560,825	1,823,338	(p)1,858,220
Poland	złoty	68,899	262,253	416,165	1,007,577	1,420,407	1,518,933
Portugal	€	72,566	176,111	271,866	362,473	322,514	315,680
Romania	leu	5,856	21,619	113,475	394,384	421,375	436,528
Slovakia	€	13,131	15,036	24,598	45,580	65,935	81,569
Slovenia	€	3,530	10,048	22,311	41,743	33,711	32,506

(continued)

Table 4.1 (continued)

Country	Currency	1995	2000	2005	2010	2015	2017
Spain	€	344,929	665,415	1,438,661	2,168,273	1,673,557	1,618,835
Sweden	krona	2,191,073	3,251,572	4,417,529	6,665,110	7,913,295	8,901,611
United Kingdom	£	972,529	1,519,136	2,394,330	2,923,060	3,123,700	3,454,647

NA: not available
(p): provisional
[a]Source: Eurostat on 24th December 2018

Table 4.2 Private debt in European countries in % of GDP[a]

Country	1995	2000	2005	2010	2015	2017
Austria	103%	121%	124%	132%	124%	123%
Belgium	92%	114%	121%	169%	181%	187%
Bulgaria	31%	27%	73%	133%	111%	100%
Croatia	NA	NA	80%	125%	113%	98%
Cyprus	318%	305%	267%	316%	354%	(p) 316%
Czechia	65%	57%	48%	68%	68%	67%
Denmark	138%	158%	188%	221%	211%	201%
Estonia	29%	54%	97%	140%	114%	106%
Finland	95%	93%	116%	149%	153%	146%
France	94%	100%	110%	132%	143%	(p) 148%
Germany	106%	123%	117%	107%	98%	100%
Greece	36%	53%	86%	128%	(p) 127%	(p) 116%
Hungary	41%	56%	79%	115%	85%	71%
Ireland	NA	NA	170%	257%	306%	244%
Italy	69%	76%	96%	123%	115%	111%
Latvia	11%	47%	81%	134%	89%	84%
Lithuania	21%	30%	50%	75%	55%	56%
Luxembourg	NA	118%	182%	284%	379%	323%
Malta	(e) 108%	(e) 130%	134%	162%	121%	119%
Netherlands	189%	211%	231%	244%	264%	(p) 152%
Poland	20%	35%	42%	70%	79%	76%
Portugal	82%	137%	171%	202%	179%	(p) 162%
Romania	77%	27%	39%	75%	59%	(p) 51%
Slovakia	67%	48%	49%	67%	83%	96%
Slovenia	34%	53%	76%	115%	87%	76%
Spain	75%	103%	155%	201%	155%	(p) 139%
Sweden	116%	136%	152%	189%	188%	194%
United Kingdom	115%	140%	172%	184%	165%	169%

NA: not available
(p): provisional
(e): estimated
[a]Source: Eurostat on 24th December 2018 (https://ec.europa.eu/eurostat/tgm/refreshTableAction.do;jsessionid=4N7LOEmKRbQ8ryPEbK6lSDoVBQ8Ngyo9W5nb_-0yQdua2HAw1_kS!1742705336?tab=table&plugin=1&pcode=tipspd20&language=en; last consulted on March 5 2019)

4.2.2.3.2 Why Countries Resort to Debt Financing and How This Can Be (come) Problematic

Some of the reasons why states so massively have started taking up credit in order to finance their activities have already been elaborated upon in some more detail in Sect. 2.3 (dealing with the capitalist model of state financing) to which we can here further refer.

It has especially appeared that in more or less recent times, countries with a traditionally important government role found out that, as a consequence of a cascade of economic and financial crises since the 1970s, their income from taxation and semi-taxation, (relatively) decreased in comparison to their spending pattern, making this income source in many cases insufficient to cover government expenditure.

As a consequence, especially from the 1970s on, many capitalist countries have, even more than had been the case in the past, massively sought salvation in taking up credit, either by their own inhabitants (amongst which local financial institutions, but in some cases also other private savers and investors, often through issuing government securities—or in later times: dematerialized financial instruments—on financial markets), by foreign private credit lenders, or even by supranational organizations (such as the IMF and the World Bank).[24]

Through this—as has already been addressed briefly in the previous Sect. 2.5—, the problem of the debt of developing countries, as well as the debt of deteriorating Western countries, has turned into one of the most severe economic problems of our times.[25]

Although there is some awareness of this problem, in many capitalist countries, the policy focus nevertheless remains on strategies of repaying these debts, or in any case on paying the interests due (which, in many countries, has resulted in "rationalization policies" that are based on neoliberal doctrine), rather than on looking for alternative solutions of sanitizing government finances, such as abandoning the private money creation system and making money creation of a (more) public nature.[26]

Already through this, the system of government financing by private banking credit inherently keeps strengthening the fact that capitalism causes a very small group of people within society, ultimately the shareholders and managers of private banks, to accumulate large fortunes to the detriment of the rest of society.

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[24]Brook and Watkins (2012), p. 33, speaking of the "natural disease of all governments".
See also Krugman (1992), p. 143 a.f.

[25]See Piketty (2014), p. 685 p., esp. Ch. XVI. The question of public debt, pp. 540–570.

The high credit dependency of many countries also explains the great importance of their so-called "credit rating" (which, according to some sources, is currently estimated to be even more important than the presence of natural resources). Such a credit rating does offer a (so-called "independent") indication of the probability that a country will be able to pay back its debts (providing credit rating agencies with an enormous power which sometimes co-determines the prosperity of the monitored countries). (See for instance Harari (2014), pp. 365–366). It is hereby further to be noted that the credit rating of a country, for example, helps determining the interest rates which private banks charge for lending to such a country, putting the capitalist "principle of anti-solidarity" even more in place: countries already facing financial difficulties usually get a lower credit rating, making them subject to higher interest ratings than those applied to (more) prosperous countries, which often makes it for the former countries even more difficult to overcome their financial problems. (See Skidelsky (2010), p. 25).

[26]See further in Chap. 5 of this book.

Table 4.3 Public debt in some European countries

Public debt in	Total debt in million USD			Debt in % of GDP	Debt/head in USD
	2014	2016	2018	2018	2018
Austria	325,753	315,397	358,495	84.8%	41,763
Belgium	527,610	433,273	540,429	105.9%	48,001
Bulgaria	10,664	13,689	17,178	29.9%	2,385
Cyprus	26,019	20,851	25,149	114.6%	29,692
Czech Republic	91,285	67,003	87,839	37.4%	8,331
Denmark	154,379	122,630	125,869	37.1%	22,240
Estonia	2,582	2,203	2,428	9.9%	1,848
Finland	153,532	140,623	171,994	64.1%	31,434
France	2,682,351	2,289,370	2,699,088	101.1%	40,813
Germany	2,990,177	2,349,165	2,485,417	62.2%	29,676
Greece	476,234	394,346	388,455	188.8%	35,926
Hungary	112,160	91,351	111,816	80.1%	11,352
Ireland	254,898	227,762	242,463	69.5%	50,787
Italy	2,907,162	2,417,892	2,833,893	141.3%	46,613
Latvia	12,655	9,501	12,664	42.1%	6,258
Lithuania	19,346	15,272	19,465	42.0%	6,550
Luxemburg	14,738	12,221	15,595	23.2%	27,701
Malta	7,461	6,318	7,576	62.7%	17,645
The Netherlands	628,233	493,059	522,738	65.4%	30,930
Poland	320,466	238,425	294,176	57.6%	7,642
Portugal	300,928	250,820	304,265	137.1%	29,329
Romania	75,170	65,248	82,623	39.2%	4,160
Slovakia	56,859	46,359	55,911	55.0%	10,312
Slovenia	36,087	34,162	42,049	87.4%	20,404
Spain	1,100,541	1,160,604	1,435,829	109.6%	30,859
Sweden	232,773	213,178	210,761	40.0%	21,316
United Kingdom	2,563,657	2,254,616	2,415,626	85.3%	36,180

Converted in USD/figures and exchange rate of 15th December 2014, 1st April 2016 and 21st December 2018 (Source: https://www.nationaldebtclocks.org/)

Indeed, each time a government of a country takes up a credit from the private banking sector, the result becomes that a large part of its income (mainly from taxation) will have to be spent on paying the agreed upon banking interest,[27] next to paying the credit itself back.

In the Tables 4.3, 4.4, 4.5 and 4.6 a.f., some general idea is given on what this implies for government budgets all over the world.

[27] Oxfam (2015).

Table 4.4 Public debt in some other countries

	Total debt in million USD			Debt in % of GDP	Debt/head in USD
Public debt in	2014	2016	2018	2018	2018
Australia	323,610	343,485	434,908	31.9%	13,976
Brazil	1,344,647	681,774	1,649,949	81.2%	7,980
Canada	577,490	794,900	909,048	60.8%	25,052
China	5,157,907	5,384,281	5,225,587	46.2%	3,784
India	949,071	832,774	1,044,889	46.2%	789
Japan	10,073,728	8,939,495	9,646,455	252.8%	75,813
Mexico	533,599	435,109	515,098	49.1%	4,586
New Zealand	73,011	79,011	83,033	43.8%	17,564
Norway	115,388	54,306	152,930	34.8%	29,603
Russia	234,018	145,151	207,223	20.6%	1,416
Switzerland	127,360	101,363	225,947	33.8%	27,431
Turkey	334,911	230,782	246,104	28.8%	3,072
United States	18,006,159	19,150,866	21,335,446	108.0%	65,779

Converted in USD/figures and exchange rate of 15th December 2014, 1st April 2016 and 21st December 2018 (Source: https://www.nationaldebtclocks.org/)

Furthermore, governments that in case of budget shortages have resorted to take up credit from (private) market players, have in the recent past, when faced with problems of repaying those credits, showed little or no restraint in refinancing such credits by taking up new credits, thus continuously shifting the remediation of government financing forward in time.

It is in this regard very illustrative that in 2018 alone, according to some sources, in the period from June until December—hence, broadly speaking, in the time frame of but half a year—, the combined debt of all the world countries increased with an amount of more than USD 1.5 trillion. (See the Figures mentioned in Sect. 4.2 above).

The increase of global public debt in the time frame of 4 years—more precisely between finishing my book “Nu het gouden kalf verdronken is” at the end of 2014 and writing this section of the present book at the end of 2018—even amounts to a sum of more than USD 13 trillion (from a bit more than USD 60 trillion at the end of 2014[28] up to more than USD 73 trillion by the end of 2018).

Otherwise put, in the time frame of but 4 year time, global public debt increased by 22.3% of the global public debt that had been built up throughout the rest of history.

Needless to say that with each such every operation of “re-financing” government debt, the negative characteristics of the capitalist model are even more strengthened, furthermore adding to a huge “intergenerational” injustice, as each next generation

[28]More precisely USD 60.793 trillion on December 15th 2014 (see Byttebier (2015a), p. 197).

Table 4.5 Interest on public debt in some European countries

Interest on public debt in	Interest/year, in million USD			Interest/year in % of debt (own calculation)		
	2014	2016	2018	2014	2016	2018
Austria	7,953	7,738	8,592	2.4%	2.4%	2.4%
Belgium	15,535	12,932	16,773	2.9%	3.0%	3.1%
Bulgaria	430	557	672	4.0%	4.1%	3.9%
Cyprus	1,504	1,214	1,367	5.8%	5.8%	5.4%
Czech Republic	2,662	1,980	2,505	2.9%	3.0%	2.9%
Denmark	3,622	2,884	2,901	2.4%	2.4%	2.3%
Estonia	75	64	69	2.9%	2.9%	2.8%
Finland	3,748	3,450	4,147	2.4%	2.5%	2.4%
France	73,137	56,518	62,206	2.7%	2.5%	2.3%
Germany	70,146	55,371	58,286	2.4%	2.4%	2.3%
Greece	34,308	22,309	21,122	7.2%	5.7%	5.4%
Hungary	6,363	5,299	6,080	5.7%	5.8%	5.4%
Ireland	12,160	10,971	11,563	4.8%	4.8%	4.8%
Italy	134,881	94,773	106,047	4.6%	3.9%	3.7%
Latvia	604	463	583	4.8%	4.9%	4.6%
Lithuania	745	592	728	3.9%	3.9%	3.7%
Luxemburg	402	335	417	2.7%	2.7%	2.7%
Malta	362	304	349	4.9%	4.8%	4.6%
The Netherlands	15,337	12,097	12,681	2.4%	2.5%	2.4%
Poland	15,289	11,485	13,542	4.8%	4.8%	4.6%
Portugal	10,190	8,551	10,044	3.4%	3.4%	3.3%
Romania	4,264	3,744	4,493	5.7%	5.7%	5.4%
Slovakia	2,609	2,147	2,506	4.6%	4.6%	4.5%
Slovenia	1,722	1,645	1,935	4.8%	4.8%	4.6%
Spain	52,517	55,491	64,878	4.8%	4.8%	4.5%
Sweden	5,648	5,230	5,164	2.4%	2.5%	2.5%
United Kingdom	72,465	56,131	68,942	2.8%	2.5%	2.9%

Converted in USD/figures and exchange rate of 15th December 2014, 1st April 2016 and 21st December 2018 (Source: https://www.nationaldebtclocks.org/)

gets burdened more with an increasing government debt created by previous generations.[29]

Not coincidentally, the public debt problem, which obviously goes hand in hand with the way (neoliberal) governments deal with taxation and semi-taxation, has been characterized as one of the greatest challenges of our time, albeit that the political world (in most capitalist countries) still shows little enthusiasm to advocate truly fundamental and just solutions to solve this problem (but, based upon

[29]This is also one of the many detrimental consequences of capitalism and the (liberal and neoliberal) ideologies promoting it. (See already Kruithof (1985); Galbraith (1992), p. 20).

Table 4.6 Interest on public debt in some other countries

Interest on public debt in	Interest/year in million USD 2014	2016	2018	Interest/year in % of debt (own calculation) 2014	2016	2018
Australia	10,402	11,207	17,600	3.2%	3.3%	4.0%
Brazil	138,251	71,056	154,974	10.3%	10.4%	9.4%
Canada	14,126	19,625	22,276	2.5%	2.5%	2.5%
China	174,667	174,667	177,817	3.4%	3.2%	3.4%
India	68,454	54,363	66,198	7.2%	6.5%	6.3%
Japan	129,753	115,453	123,180	1.3%	1.3%	1.3%
Mexico	35,559	29,403	29,403	6.7%	6.8%	5.7%
New Zealand	3,538	3,791	3,866	4.9%	4.8%	4.7%
Norway	3,278	1,563	4,253	2.8%	2.9%	2.8%
Russia	14,937	9,541	12,806	6.4%	6.6%	6.2%
Switzerland	1,890	1,508	3,309	1.5%	1.5%	1.5%
Turkey	27,742	20,300	17,197	8.3%	8.8%	7.0%
United States	521,977	478,217	170,081	2.9%	2.5%	0.8%

Converted in USD/figures and exchange rate of 15th December 2014, 1st April 2016 and 21st December 2018 (Source: https://www.nationaldebtclocks.org/)

neoliberal doctrine, usually resorts to solutions based upon taxing lower and middle classes, and/or cutting back on social security and similar government expenses serving the public good or general interest, amongst which expenses for health care and for public education).[30]

4.2.2.3.3 Some Further Figures

From the foregoing, it is clear that, under the impulse of neoliberal doctrine (especially "Friedman monetarism"), during the past decades, states all over the world have become massive credit takers to a similar extent as both private natural persons and private legal persons.[31] This does not need to come as a surprise to the

[30] In Chaps. 5 and 6 of this book, a number of possible solutions for this dilemma of public financing (being the result of an "out of the box thinking" exercise) will be suggested.

[31] The website of "The Economist" mentions an older version of the world (public) debt clock, however apparently not being kept up-to-date. Nevertheless, it is interesting to quote the following general remark mentioned on this website:

> Does it matter? After all, world governments owe the money to their own citizens, not to the Martians. But the rising total is important for two reasons. First, when debt rises faster than economic output (as it has been doing in recent years), higher government debt implies more state interference in the economy and higher taxes in the future. Second, debt must be rolled over at regular intervals. This creates a recurring popularity test for individual governments, rather as reality TV show contestants face a public phone vote every week. Fail that vote, as various euro-zone governments have done, and the country (and its neighbours) can be plunged into crisis.
>
> (See https://www.economist.com/content/global_debt_clock; as consulted on 20 December 2018.)

extent that, in full accordance with the classical liberal economic "laissez faire"--principle, in many capitalist countries there is a blind belief that by leaving all such problems to the care of the invisible hand steering the free market(s), everything will in the end just turn out fine.

According to, for instance, figures made available by the Institute of International Finance, the total government debt in Q2 2018 in the world's "mature markets" amounted to USD 50.5 trillion, while the total government debt in Q2 2018 in the world's "emerging markets" amounted to 15.5 USD trillion, bringing the total global government debt as regards Q2 2018 to USD 66.0 trillion.[32]

Since 2015, government debt-to-GDP is hereby reported to have risen the most in Greece and the UK, while Germany, the Netherlands, and Ireland recorded a sharp decline in government debt—over 10 percentage points of GDP.[33] Similarly, the growth in general government debt has been over 10 percentage points in Brazil and Saudi Arabia. The decline in government debt was more pronounced in Czech Republic and Hungary.[34]

The figures mentioned on the website https://www.nationaldebtclocks.org[35] are somewhat higher than those provided by the Institute of International Finance.

From the latter website, it more precisely appears that, on December 20th 2018, the (estimated) government debt of all the countries in the world together then amounted to more than USD 74.126 trillion, which is more than USD 13.4 trillion more than the same amount of combined government debt of all the countries in the world on December 15th 2014 (which, on that date, amounted to USD 60.793 trillion[36]).

The data provided on the website https://www.nationaldebtclocks.org are probably the ones most reliable.

Indeed, on consulting the official American website https://www.treasurydirect.gov/NP/debt/current[37] on December 20th 2018, one could find out that the outstanding government debt of the USA, on December 18th 2018, amounted to a bit more than USD 21.885 trillion, while the website https://www.nationaldebtclocks.org, on December 20th 2018, mentioned a (very similar) amount of American government debt of a bit more than USD 21.335 trillion.[38]

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[32]Institute of International Finance (2018), p. 1.

[33]Institute of International Finance (2018), pp. 1–2.

[34]Institute of International Finance (2018), p. 2.

[35]Last consulted on March 5 2019.

[36]Still according to the same website, on October 21st 2016, the global world debt amounted to a sum of 62.066 trillion USD (with the USA accounting for 18.060 trillion USD). On again consulting the same website on November 14th 2018, the (estimated) debt of all the countries in the world together had increased to an amount of more than USD 73.8789 trillion. (See furthermore Byttebier (2017), p. 234 a.f.).

[37]Last consulted on March 5 2019.

[38]As mentioned before, in the meantime American public debt has passed the threshold of USD 22 trillion. (See http://www.usdebtclock.org/).

This at least demonstrates that these two sources are more or less in line (and, moreover, that the figures mentioned on the website https://www.nationaldebtclocks.org even appear to be a bit too modest (or not as "up-to-date"), which could furthermore indicate that the date made available by the Institute of International Finance are even more underestimating the amounts of government debt).

From this, we may at the very least deduct that, by implementing the doctrine of neoliberalism to an ever increasing extent (see above, Chap. 3 of this book), countries throughout the world are basically increasing their (public) debt at a very alarming rate and by doing this, are ever more impoverishing their societies.[39]

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[39]In its 2019-report "Public good or private wealth" (see Oxfam (2019)), Oxfam especially warns on the debt situation of developing countries:

> More and more governments are facing rapid increases in their levels of debt, especially in Africa. Faced with essential development needs and insufficient aid and domestic revenues, many developing country governments have borrowed to fund their development. Kenya, for example, is now spending almost 50% of its revenues on debt repayments. Over the past six years, sub-Saharan governments have issued $81bn in dollar bonds to investors looking for high yields.
>
> On top of this are more opaque loans from bilateral governments such as China and India, as well as OECD-based commercial lenders. The large amount of private and short-term debt makes these countries vulnerable to changing financial conditions. According to the IMF, 23 countries are either in debt distress or at high risk of suffering a debt crisis – most of them are in sub-Saharan Africa. In 2012, Zambia was borrowing at lower interest than Spain; it is now paying 16% interest.
>
> Many developing countries are now facing major problems servicing their debts and are having to make tough choices about revenues and spending, often under pressure from the IMF. In such cases, making decisions about which taxes to raise and what spending to cut, and the impact that this will have on rich and poor people and on men and women, is critical. The IMF has committed to supporting countries to tackle inequality, which is very positive, but Oxfam's research shows that so far there has been little evidence of this happening. There is also virtually no effort being made to reduce debt burdens through restructuring and cancellation, and thereby to cut the amount of funds that are being diverted away from social spending. A new wave of IMF bailouts will be an opportunity for the IMF to put its words into action and support countries to make the economic choices that reduce inequality. Too many countries are continuing to balance their books at the expense of poor women and men. This undermines countries' capacity to tackle inequality. History shows that without a new approach that centres on taxing those most able to pay, these economic programmes will hit the poorest women and men hardest.
>
> Government borrowing is of course not all bad, and if it is sustainable and invested well it can reduce inequality, not increase it. But often much of this lending is for projects of dubious value, the costs of which are often heavily inflated, fuelling corruption and capital flight. Much of this debt is linked to poorly conceived PPPs.
>
> Rapid global action is required to tackle this problem before it spirals out of control. A combination of financing, rescheduling and debt cancellation will have to be put in place so that reckless creditors take their share of the burden. Choices around fiscal austerity must focus on raising taxes from the richest individuals and corporations as well as cutting down on corruption and waste, not on raising taxes and cutting services to poor people. An independent debt restructuring and arbitration mechanism should be created to provide a safe and neutral negotiation space that protects debtor countries' poor citizens. This should

4.2.3 Conclusion

From the foregoing, it is clear that both public and private debt are ever more increasing, thus beyond any doubt illustrating how the capitalist money creating system (based upon banks granting credit) does not allow any rational planning whatsoever.

As has been explained throughout this book, these vast amounts of credit moreover also create an expectancy of ever more economic growth, as, within the logic of the capitalist system itself, all the created credit has to be paid back out of economic activities.

It is even the more astonishing that, throughout the history of capitalism, such an excessive money creation has happened on several occasions, usually resulting in a severe financial crisis when it appears that the real economy is unable to keep up with the figures of economic growth that are made up by the financial sector (through their credit activities).

This truth moreover applies to practically all financial crises that the capitalist economies have been witnessing so far, from the massive bankruptcies of the first modern-day banks in the seventeenth century to the last severe financial crisis of 2007–2008 (to the extent that Galbraith has rightly described the capitalist monetary system as determined by cycles of euphoria and panic[40]).

One may even doubt if the free market economy will ever be willing to draw lessons from the past, instead allowing greed to again and again create severe financial crises which cause a lot of harm for many people.[41]

As the figures quoted in this Sect. 4.2 illustrate, we can but observe that, once more in history, all monetary discipline seems to be lacking, leaving the question to what extent the banking sector is organizing its next severe financial crisis. . .

> be combined with a major increase in foreign aid so that countries are able to invest in fighting inequality without borrowing from future generations.
>
> (Oxfam (2019), pp. 70–71.)

[40]Galbraith (1990), p. 20.

[41]This insight is, moreover, hardly new and has clearly been known to many brilliant academics of the past, such as obviously Keynes and Galbraith.

After the second world war (and under the influence of Keynes), this insight even co-determined international monetary politics for a brief period of time, to be gradually abandoned under the influence of neoliberal monetary doctrines (especially as of the 1970s). Nevertheless, in Section I (ii) of the IMF-articles of agreement, one of the main purposes of the IMF is still defined as a "balanced growth of international growth". See also https://www.imf.org/en/About/Factsheets/Sheets/2016/07/27/15/31/IMF-World-Bank (last consulted on March 5 2019). Furthermore, the whole set-up of the original IMF-treaty was to make sure that money growth would be kept within reasonable boundaries in order to allow the real economy to follow its pace.

4.3 Unjust Taxation

4.3.1 The General Purposes of Taxation and Semi-Taxation Briefly Readdressed

As has already been addressed before in Sect. 2.3, in capitalist economies, the (central) governments of most countries are mainly financed out of two methods, namely on the one hand taxes and similar charges, and on the other hand debt financing.[42]

Economically speaking, the financing of government through both taxation and semi-taxation comes down to a periodical appropriation, through the central state authority, of a part of the economic tissue (generally: the proceeds of the national economy), in order to use this income for different forms of (government) spending (purportedly in order to serve the "public good").[43]

By nature, such a system obliges individuals, households and enterprises (but, somewhat paradoxically, sometimes also other public authorities, for example local governments) to hand over a part of their financial income (and, in some countries, also fixed amounts in function of certain asset values) to the (central) government which re-spends the money thus received within the economy.

It is self-evident that the income of (the government of) any given country, in such a system of government financing, to a large extent relies on the strength of its underlying economy.[44]

Hence, governments of countries with a strong economy will normally be able to access a higher level of underlying economic tissue for their fiscal (and "semi"--fiscal) "skimming", while countries with a weaker economy will have access to a much smaller underlying economic mass for their fiscal (and semi-fiscal) skimming activities.[45]

Through this, tax systems all over the world are by definition attributing to an unfair division of wealth between "rich" and "poor" countries (even regardless what the meaning of these notions still is).

Indeed, through such a system of financing governments based upon taxing the general population, the income that any government has at its disposal, becomes function of the strength of its economy, which is in itself often but the result of a combination of coincidental factors, such as historical factors (e.g. countries that in the past demonstrated an aggressive colonial behavior have been able to gather a

[42]Kruithof (2012), p. 76.

[43]See already Smith (1908), volume II, especially in "Chapter II. Of the Sources of the General or Public Revenue of the Society" of Book V, p. 461 a.f.

See also Baeck (1972), p. 82.

[44]Hallerberg and Bridwell (2008), p. 74.

[45]This fact already by itself demonstrates how inherently unjust such a system of government financing based upon taxation may become.

large wealth by robbing other countries' riches[46]) and the mere presence of natural resources, such as crude oil.

Within most economies, taxation (and "semi-taxation"[47]) is, furthermore, also determined by policy objectives which each country largely decides upon on a sovereign basis.

There are, hence, countries in which (subsequent) governments have chosen to fulfill many tasks, next to countries in which (subsequent) governments have chosen to only fulfill some elementary duties.

The so-called "welfare states" (see already Chap. 3 of this book) are obviously to be found among the former group of countries.

As has already been elaborated upon in the previous Chap. 3 of this book, in such welfare states, usually under the influence of more "left wing" oriented political ideologies (such as social- or christian-democratic ideologies, socialism or even communism), (subsequent) governments have normally opted for the installment of a broad variety of public services and/or social security systems, which from an economic viewpoint can be considered as state imposed systems of redistributing wealth.

In the latter group of countries, one usually will have more right wing-governments in power that are rather reluctant towards installing public services and/or social security systems, hence of redistributing wealth.[48]

Needless to say that neoliberalism, in light of its overall goals (see above, under Chap. 3 of this book), has in recent times inspired a wide variety of governments all over the world in reducing the welfare state model in those countries that had adopted it in the period after World War II.

Through all this, access to public or social (care) services is to a too large extent dependent on the mere coincidental factor where one is born, which is just another element of the extreme unjustness of the prevailing capitalist order. It may hence be clear that maintaining this prevailing capitalist socio-economic system, and especially the manner in which it allows states access to financial means based upon taxation (and semi-taxation), will most probably never lead to the fair and just socio-economic system referred to in Sect. 1.1 of this book.

In Chap. 5 of this book, we shall therefore explore how the issue of state financing could be dealt with in a different manner so that it would become possible to establish a global fair and just socio-economic order.

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[46]A clear example has been the UK which managed to acquire a huge wealth in the past by exploiting its former colonies.

[47]From a legal viewpoint, a variety of countries makes a distinction between true taxes (in the strict sense of the word) and a variety of other state-imposed contributions, such as social security contributions. Economically speaking, these all come down to forms of state imposed skimming of the wealth generated by the economy.

[48]In a most minimal way, such governments only allow public expenditure for safety, both internal (through justice and police) and external (through financing a strong army).

Before doing this, we shall hereafter first make the point how, by implementing neoliberal fiscal doctrine, the already on itself completely unjust capitalist fiscal system has in recent times even become more unjust.

4.3.2 Neoliberal Fiscal Policy: Taxing the Lower and Middle Classes While Leaving The Rich (Relatively) Unburdened

4.3.2.1 General

An intrinsic injustice of the prevailing capitalist system of government funding has been that the vulnerability to taxation (and semi-taxation) mainly affects the laboring (lower and middle) classes of society, as the rich and powerful have to remain unburdened by taxation as much as possible (in order to allow them to invest their riches in all kinds of enterprises for the general benefit of society).

Moreover, within capitalist economies, "labor" is not only the least appreciated production factor (see above, under Sect. 2.2.2.2), but it is also the least mobile factor.

In practice, this implies that income out of labor is the one most easily subject to taxation (and semi-taxation), and this is a further reason why, in most capitalist countries, it is mainly income from labor[49] that is subject to the most heavy fiscal (and "semi-fiscal") charges.

On the contrary, capital is inherently far more mobile than labor. As a consequence, the levying of taxes (and semi-taxes) on income deriving from (large) capital appears to be far more laborious than the taxation (and semi-taxation) of income from labor.[50]

Neoliberal doctrine has even further enhanced this intrinsic unjust characteristic of the capitalist taxation model by cost what cost sustaining the mythical belief system that the rich and their enterprises should remain unburdened by taxes as much as possible, in order to allow them to spend their riches on ensuring further economic progress (for instance through means of investments).

[49]It needs to be emphasized that, when mentioning "income from labor", this not only refers to labor performed as an employee, but for example also to labor performed as an independent worker (or in a small business). Indeed, in addition to working classes in a strict sense of the word, also small independent business owners, as well as small and medium enterprises, are clearly interesting sources of income through taxation for many (Western and Western inspired) governments.

[50]It even appears that the larger a capital investment, the easier it gets to organize isolating it from taxation, for instance due to the fact that transaction costs for a potential re-allocation of capital become relatively more insignificant when the capital to be moved is larger, but also because it is easier for large enterprises to resort to big consultancy firms which provide services of fiscal optimization and to apply "corporatocratic" mechanisms of (fiscal) policy influencing, such as lobbying and blackmail. (See already above, Sect. 2.2.2.5).

As a result, tax systems have during the past decades, on a global scale, to a growing extent become even more unfair, which leads to the conclusion that neoliberal states basically organize and sustain an unfair socio-economic system, rather than ensuring that people stand a fair chance of being treated in a fair manner on the socio-economic level.

Further reference can, in this regard, be made to renowned authors such as Sachs and Stiglitz who have, furthermore, indicated that fiscal legislation favoring big business in many countries (including the implied possibility to build escape routes to tax havens)[51] has often been the result of lobbying by big enterprises (according to Sachs, one of the most striking expressions of "corporatocracy", hence of the failure of democracy).[52]

4.3.2.2 Findings of Oxfam

Already in its 2014-study "*Even it up*", Oxfam summarized the problem of modern-day neoliberal taxation policies as follows[53]:

> The richest individuals are also able to take advantage of the same tax loopholes and secrecy. In 2013, Oxfam estimated that the world was losing \$156bn in tax revenue as a result of wealthy individuals hiding their assets in offshore tax havens. Warren Buffet has famously commented on the unfairness of a system that allowed him to pay less tax than his secretary.

During the past years, Oxfam has not hesitated to, over and over, bring the intrinsic injustices of neoliberal taxation policies that prevail all over the world to the attention of the general public, thus far, regretfully, without much impact on the way neoliberal governments all over the globe continue to behave.

It is in this regard worthwhile to have a closer look at the latest figures that Oxfam has made available, more specifically in its 2019-report "Public good or private wealth",[54] as there are moreover little or no other sources that have addressed the intrinsic injustices of modern-day neoliberal fiscal policies in a similar detailed manner.

In its 2019-report, Oxfam in general points out that while the richest people on earth continue to enjoy booming fortunes, they are also enjoying some of the lowest levels of tax in decades—as are the enterprises that they own—, some of the most striking facts quoted by Oxfam being that[55]:

- Wealth is on a global scale particularly undertaxed. On average, only 4 cents in every dollar of tax revenue comes from taxes on wealth.

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[51]Sachs (2011), p. 118 a.f.; J. Stiglitz (2003), p. 106 a.f.

[52]Sachs (2011), p. 118.

[53]Oxfam (2014), p. 16.

[54]Oxfam (2019).

[55]Oxfam (2019), p. 13.

- In rich countries, the average top rate of personal income tax fell from 62% in 1970 to 38% in 2013. In developing countries, the average top rate of personal income tax is 28%.
- In some countries like Brazil and the UK, the poorest 10% are paying a higher proportion of their incomes in tax than the richest 10%.
- Getting the richest to pay just 0.5% extra tax on their wealth could raise more money than it would cost to educate all 262 million children out of school and provide healthcare that would save the lives of 3.3 million people.
- The super-rich are hiding USD 7.6 trillion from tax authorities. Also big enterprises hide large amounts offshore. Together this deprives developing countries of USD 170bn a year.

According to Oxfam, it is clear that the richest people and the enterprises they own are undertaxed in today's world.

One of the main reasons is that, under influence of neoliberal doctrine, the top rates of income tax, and the rates of inheritance tax and corporate tax, have in recent times decreased in many rich countries, while at the same time having remained low in most developing countries.[56] Taxes on wealth, such as inheritance and capital gains tax, have during the past years systematically been reduced and eliminated in many rich countries and are often barely implemented in developing ones. Still according to Oxfam, taxes affecting the wealthy are, moreover, often the target of hostile commentators and politicians.[57]

In addition, governments have on a global scale been reducing both the top rate of personal income tax and the rate of corporate income tax over the long term. A clear example is US taxation policy. As recently as 1980, the top rate of personal income tax in the USA was still 70%. In the beginning of 2019, this percentage but amounted to 37%. Furthermore, numerous exemptions and loopholes have as a consequence that the true rates that rich people and corporations actually pay are lower still.[58]

As a result, in some countries the richest people are paying lower rates of tax than they have in a century. For instance in Latin America, the effective tax rate for the top 10% of earners is reported to be just 4.8%. In other countries, when tax paid on incomes and tax paid on consumption (value-added tax or VAT) are both considered, the richest 10% are paying a lower rate of tax than the poorest 10%.[59]

As has been argued by renowned economists for years already, this situation is compounded by industrial levels of tax dodging by the super-rich and enterprises. For instance for Africa alone, as much as 30% of private wealth is reported to be held offshore, denying African governments an estimated USD 15bn/year in tax revenues. With armies of tax advisers, multinationals exploit loopholes in tax codes to

[56] Oxfam (2019), p. 22.
[57] Oxfam (2019), p. 22.
[58] Oxfam (2019), p. 22.
[59] Oxfam (2019), p. 22.

shift profits to tax havens and to avoid taxes, costing developing countries an additional estimated USD 100bn of lost corporate income tax.[60]

Numerous other sources are in line with the information provided by Oxfam.

4.3.3 Conclusion

From the foregoing, it should be clear that the already intrinsic fiscal inequalities that are caused by the capitalist taxation model (see above Sect. 2.3), are within the current socio-economic order even further enhanced by implementing the doctrines of economic (neo-)liberalism.[61]

As a result, on a global scale, fiscal (and semi-fiscal) systems have in recent times evolved into systems which mainly impact the low and middle class, as well as the poor, while, at the same time, as a result of the earlier mentioned systems of credit financing, the amount of interests on government debt (which ultimately is carried by tax payers), entails a further source of substantial profits for the already (extremely) rich credit providers, mainly private banks (and their shareholders and managers).

It has in this regard also been pointed out that leaving the rich relatively unburdened on a fiscal level is not only, throughout the world, to an ever growing extent sucking the life out of welfare states, but is also denying poor countries the resources they need to tackle poverty, put children in school and prevent their citizens dying from easily curable diseases.[62]

It may, hence, be clear that the current mechanisms of government financing, based upon taxation (and similar charges) of especially the poor and lower classes, supplemented with systems of debt financing, are part of a system which is at the same time "ineffective" (as worldwide national governments are faced with huge deficits), as well as intrinsically "unjust" (as the system is mainly impacting the poor and (relatively) neglecting the rich, but, on the contrary, especially through banking interests on government loans, even helps the rich get ever more rich).[63]

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[60] Oxfam (2019), p. 23.

[61] All this being based upon the (old liberal) idea that the rich (entrepreneurs) are the (sole) driving force within society which implies that they should be burdened by taxation as little as possible, in order to allow them to pursuit their purportedly noble striving for ever more wealth, given the beneficial effects this has for the rest of society.

[62] Oxfam (2016), p. 5.

[63] From a historical point of view, this observation is hardly new, although the neoliberal reasoning behind it relatively is, given the fact that the intrinsic injustice of taxing (poor) people is probably as old as tax mechanisms themselves, and that, from a historical angle and on a global scale, it have usually been the lower classes of any given society that suffer the most from the pressure of taxes (and other charges) imposed on them by the richer elite. (See Bernstein (2004), p. 30, who also explicitly points out that in the post-modern world, the weakest and poorest are the ones who are most heavily taxed).

See also further in the report "Even it up" of Oxfam:

As a result, the fiscal policy of many countries has over the past years attributed to an increasing distance between the rich and poor classes.[64]

It should in this regard be clear that neoliberal fiscal policy aimed ad tax cuts for the wealthy, basically allows the wealthiest to earn more and to save more, at the detriment of the rest of society. Contrary to what neoliberalism holds, this wealth does not "trickle down" to the poorest people in society whose wages do not at all keep pace with the resources that the wealthy increasingly control. As a result, wealth to an increasing extent gets concentrated in the hands of the most privileged people in society.[65]

To put in other words, the prevailing neoliberal fiscal order reaches the complete opposite effect than the one established in Sect. 1.1 of creating a fair and just society (at least within the socio-economic context).

Aspiring for the installment of a socio-economic order which would be truly just and at the same inspired by a spirit of altruism and world solidarity, the time seems hence more than ever ripe to reflect upon a totally different approach towards the problem of government financing, which, as mentioned before, will be attempted in the Chaps. 5 and 6 of this book.

4.4 Capitalism and the Environment

4.4.1 Introduction

During a recent seminar, I had a hard time of convincing an (extremely biased) American colleague of the correlation between the prevailing monetary system (based upon leaving the power to create new money to private banks) and the present-day prevailing huge environmental problems the world is facing.

Convincing (American) conservatives that environmental issues relate to the economic system is in general not an easy task, as, in full accordance with the liberal/neoliberal "laissez-faire, laissez-passer" doctrine that basically holds that by

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For instance, today's lopsided tax policies, lax regulatory regimes and unrepresentative institutions in countries around the world are a result of this elite capture of politics. Elites in rich and poor countries alike use their heightened political influence to benefit from government decisions, including tax exemptions, sweetheart contracts, land concessions and subsidies, while pressuring administrations to block policies that may strengthen the hand of workers or smallholder food producers, or that increase taxation to make it more progressive. In many countries, access to justice is often for sale, legally or illegally, with access to the best lawyers or the ability to cover court costs only available to a privileged few."

(Oxfam (2014), p. 59).

[64]Shaxson (2011), p. 147 a.f., explaining the relationship between tax havens and poverty in the world.

See also Oxfam (2016), p. 5. See even Friedman (2002), p. 172.

[65]Field (2018), p. 93.

letting enterprises do as they please, regardless of the effects of their behavior on, for instance, the environment, everything will in the end just turn out fine, a lot of conservatively minded people are in complete denial that the environment may be affected by human (socio-economic) behavior.[66]

Taking the argument a step further by indicating how the private money creation system itself helped initiating (and is at present still continuing to do so) the whole environmental problem, is apparently a step too far for those among us who are completely brainwashed by the doctrines of economic (neo)liberalism.

By hereafter revisiting this issue from an elementary historical angle, I hope to make my point, once more, sufficiently clear.

4.4.2 How the Prevailing Capitalist Monetary System Entails Economic Growth

As explained before,[67] the present-day prevailing monetary system in which the power to create new money (mostly) rests in the hands of private banks, is basically a late Medieval invention. (See above, Sect. 2.1).

In this context, the term "invention" may even be too strong a term for referring to the birth of said private money creation system. Indeed, the power to create new money was not entrusted to private banks as the result of a well-considered or -planned governmental decision, nor as the result of a general societal debate among the members of the general public. On the contrary, this at present still prevailing monetary system just evolved out of practices that in the second half of the Middle Ages were developed by the members of certain medieval guilds, next to certain other societal institutions of that time, that together could be considered as the predecessors of modern-day private banks, such as "money exchangers", "goldsmiths", "custodians (of money)", "specialized branches of international trade firms" and even "monasteries".

As explained in more detail in Sect. 2.1, in the times before these "institutions" started behaving as "banks", or put otherwise as private money creating entities, money creation was in most parts of the Western world based upon the coinage of precious metals by, or under strict supervision of local or regional authorities,[68] the latter in most cases having a (local or regional) monopoly on such coinage activities, hence on the power to create money. Otherwise put, in such a monetary system, the power to create money was basically in the hands of (local or regional) public authority(ies), while the mentioned private institutions themselves only performed secondary tasks of "exchanging" or "taking into custody" this coin money.

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[66]To the extent that this even seems to be the official standpoint of American President Donald Trump.

[67]And also in my earlier quoted books; see especially Byttebier (2015a, 2017).

[68]These could even be of a spiritual nature, such as for instance bishops.

As also explained in Sect. 2.1, without any true planning, let alone preparatory economic research, in the second half of the Middle Ages, especially as part of their so-called deposit activities, these institutions started issuing paper documents that represented coin money, most probably without any knowledge that these paper documents would themselves eventually evolve into a new form of money.[69]

It is exactly as a result of these practices that money creation also started having its huge impact on the environment that, at present, has taken uncontrollable dimensions.

Indeed, as long as the only form of money was coin money made out of precious metals, the supply of new money into the economic system remained of a more or less modest nature, as such a (coin-based) monetary system basically implied that new money could only be created through accessing new amounts of precious metals, from which the new coin money could then be made, through either trade, mining or robbery.

As precious metals are of a relatively scarce nature, this also implied that the creation of new money, to a large extent, was based on (good or bad) fortune.

Clearly, in such a monetary system, economic growth was not easily accomplished.

As a result, at least until the second half of the Middle Ages, the medieval economic systems of the Western world remained in most cases of a rather moderate nature and were basically based upon the production and the trade of agricultural products, next to certain luxury goods produced in an artisanal manner. In such economies where money creation was based upon the coinage of precious metals, the incentive for economic progress (or what we might consider as "progress") was to a large extent lacking due to the absence of a flexible system of creating new money.

All this changed when the predecessors of the modern-day banks "discovered"—or, perhaps phrased in a better way: "stumbled upon the insight"—that they could create new money in a far more easy way than by coining precious metals, by simply issuing "paper" on which it was stated that, in a first phase, it "represented" (coin) money (in precious metals)[70] and, later on, it was itself money.[71]

To the extent that the general public, gradually,[72] started accepting such paper as money, the supply of new (paper) money into the economic system became far easier than under the previous monetary system(s) in which the creation of new (coin) money was dependent on "obtaining" (in the best cases through trade or through mining activities on one's own territory, and in far worse cases, through armed robbery or warfare) new supplies of precious metals.

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[69]As already explained before, the money creating activities of private banks would later in history swift from issuing paper money to issuing scriptural money.

[70]Hence, the qualification of such paper money as being of a "representative" nature.

[71]Hence, the qualification of such paper money as being of a "fiduciary" nature.

[72]This has moreover been a "bumpy ride" with a lot of reported cases of the general public losing its "trust" or "faith" in the new "paper money", which in as many cases resulted in monetary crises.

Hence, the development of this new monetary system based upon private banks starting to issue paper money paved the way for an economic revolution that would soon after take place.

Indeed, under this (at the time) new monetary system, problems with the supply of new money could no longer constrain economic development and growth. On the contrary, as credit activities based upon the issuing of private paper gradually started expanding, a much stronger "incentive"—or even: "coercion"—for economic development and growth occurred, as the collectivity of credit takers all had to become economically (far more) active in a manner and to a degree that ensured that all the credit that was taken up, got effectively repaid.

As a result, already at the end of the Middle Ages and certainly in the period thereafter, economic development and growth started taking dimensions unwitnessed before in history, ultimately culminating in what is usually referred to as the industrial revolution (with its highpoint in the nineteenth century).[73]

Moreover, where, as explained, in previous times the economic systems prevailing in the Western world had been based on agriculture, handicraft and some (elementary) trade, the economic development culminating in the industrial revolution got more and more based upon the mining of all kinds of natural resources, next to the industrial production of a far wider range of products and merchandise.

This was itself to a large extent due to the fact that, in order to keep the pace of the growing (easy) money supply as this was based upon bank credit that had to be paid back (and hence: also earned back) by the bank credit takers, people had to think up new sorts of economic activities, leading to an era of all kinds of new products and goods.

This gradually resulted in the prevailing capitalist economic system based on a production for (more) production's sake and on a consumption for (more) consumption's sake (in which people all over the world are basically bestowed with a magnitude of all kinds of—intrinsically useless—created wants).[74]

At present, one can safely hold that the creation of new money happens in a totally uncontrolled manner and for amounts that are unseen before in history.[75] This also implies that economic growth (which is in the first place needed in order to ensure that bank credits are effectively paid back) needs to take place at an ever increasing pace, which under the doctrines of economic liberalism and economic neoliberalism eventually led to a blind belief in the myth that economic growth is perpetually necessary.[76] (See already above, Sect. 2.2.2.3).

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[73]Clearly, there were many other factors that led to the industrial revolution such as for instance technological inventions.

[74]See especially Galbraith (1974).

[75]See already the figures mentioned in Sect. 4.2.

[76]Harari has in this regard compared such an economic system with a shark that needs to swim continuously to prevent it from suffocating. (See Harari (2014), p. 388).

4.4.3 How the Economic Model of Ever More Economic Growth Was Bound to Result in Environmental Problems

It need not come as a surprise that the new, capitalist forms of economic production referred to under the previous Sect. 4.4.2, also started affecting the environment to an ever growing extent.

As indeed the methods of production got more and more refined, and the variety of products needed for satisfying consumers' needs (among which a magnitude of "created wants") ever more increased, the effects of economic production on the environment even so got more and more devastating, which in present-day times has taken on dimensions beyond control.[77]

The result of this evolution has been the development of an economic system that is based on the premise that all the resources available on Earth (and, as soon as this will be feasible: even beyond Earth[78]) need to be discovered and extracted as efficiently as possible in order to make them part of the capitalist production processes. All forests, wherever in the world, must be grubbed-up, in order to produce wood which can serve economic production, and new woods should only be planted if, for the same reason, they can be grubbed-up as soon as possible. Any scientific discovery should, without delay, serve the same capitalist production processes and should consequently translate into the production of goods which are sufficiently "marketable".[79] Almost every living creature on Earth has to be studied in order to discover how it can be reduced to a method of entrepreneurial profit, be it as exhibition objects in a zoo (in essence one of the many "beneficent" findings of early capitalism), as pets (also in the case of exotic animals which do absolutely not fit that role), as a testing object, or as an ingredient for potential human consumption in the broadest sense of the word.[80]

[77]It is, hence, hardly a coincidence that the targets set out in the international climate agreements aim at keeping the rise of the average global temperature beneath a certain number of degrees (usually "2") above the average global temperature of the pre-industrial era.

[78]It is in this regard striking that the capitalist human being is even provisioning the exploitation of other planets (as witnessed by the contemporary intention to colonize the planet Mars, with the open question on what to do or to find there). (See furthermore Byttebier (2018), p. 86).

[79]As a result, in the contemporary purportedly "free" world, barely any independent scientific research is still taking place, but on the contrary, all scientific research is driven by, or undertaken in collaboration with, capitalist industry.

In the present-day academic world, this has led to a blind belief that all scientific research must be useful for industrial (or other forms of economic) development. (On this, see for instance, Debusschere (2015), p. 15).

[80]Not surprisingly, Field has mentioned climate change as the worst of the damage caused by capitalism. (See Field (2018), p. 98).

We shall here abstain ourselves from further making the case how the prevailing capitalist economic system has created all kinds of environmental problems (resulting in, amongst others, climate change). For this, we refer to the vast specialized research on this matter of the past years.

To the extent that economic neoliberalism has, furthermore, made sure that the Western economic model (of capitalism) has become the dominating one on Earth, this polluting effect of economic activities has in our times also entered a global dimension, with the so-called "new economies" even having made claims that they are as "entitled" to the Western world itself of polluting the environment (an argument that even has been used to counter the efforts to fight climate change).[81]

4.4.4 Conclusion

From the foregoing, it is clear the prevailing private money creation mechanism that basically has translated bankers' greed into an economic model of ever more economic growth, regardless of the effects of such growth on the general environment, has contributed and keeps on contributing to the pollution of this planet.

Regardless of what biased (American) conservatives may think, when reflecting on the outlook of a new monetary system, there is obviously a need to take the effects of the money creation model on the environment into consideration.

For more on this, I refer to the next Chap. 5 of this book.

4.5 The Increasing Gap Between Rich and Poor

4.5.1 General

The fourth (and final) ongoing socio-economic problem caused by capitalism that is addressed in the Chap. 4 of this book, concerns the increasing gap between rich and poor, next to, more in general, a prevailing poverty.

During recent years, it has indeed become crystal clear that poverty is (mainly) a political choice,[82] more specifically the policy choice characterizing the capitalist socio-economic order.

Indeed, one of the main effects of capitalism[83] is that it creates poverty and, moreover, a wide gap between a small class of rich or even extremely rich entrepreneurs, and the rest of mankind which, under the reign of capitalism—and this thus the more to the extent that capitalism is not corrected by state imposed regulation that provides society with public services and social security systems—, are condemned to remain poor or even extremely poor.

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[81]The latter is even referred to as "a right to pollute". (For a critical stand on this matter, see Kyeremeh (n.d.)).

[82]Alston (2018).

[83]Especially when made "unbridled" again; see especially Byttebier (2018), p. 90 a.f.

One may already illustrate this impact of capitalism by referring to the historical high days of unbridled capitalism, so especially the eighteenth, nineteenth and early twentieth century.

During this time period, the break-through of capitalism as the dominating economic system of (at the very least) the Western world (and its colonial territories), indeed, basically resulted into a societal model in which a small class of entrepreneurs got ever more rich, hereby gradually taking the place of former upper-classes of society (such as nobility and land owners), to the detriment of an ever larger class of poor laborers.[84]

In full accordance with the doctrines of liberalism and neoliberalism, especially the so-called "voluntary association-theory", the members of the working class had in such an economic system to "negotiate" their wages and further working conditions on a purportedly equal footing[85] with the members of the entrepreneurial class, resulting in situations where the members of the working class had to contractually agree upon the most appalling wages and other working conditions.

In combination with the capitalist mechanisms referred to in Chap. 2 of this book, this neoliberal approach of submitting "labor" (hence: real people of flesh and blood) to the interests of "capital" (hence, and at least in the end: a small elite of (extremely) rich people controlling the entrepreneurial world through shareholdings) resulted in a societal model in which a small elite of people got extremely rich and the rest of the people poor to extremely poor.

Already then, it should have been crystal clear that the (neo-)liberal, mythical idea of the "trickle-down-economics" did/does not match reality,[86] especially as long as public authority remained absent from influencing the socio-economic order by introducing "correction" systems to "unbridled" capitalism.

On the contrary, the blind application of the theories of economic liberalism gradually resulted in a society model in which the living conditions for the large masses were as bad (or even worse) than in previous societies that had been based upon systems of actual slavery (in the legal sense of the word).

However, as elaborated upon earlier in this book (see Sect. 3.1), the twentieth century brought some relief for the working classes, at least in some Western countries, first through granting some elementary political rights to the working classes (during the first half of the twentieth century) and, later on, through the instalment of the so-called welfare state model in some Western countries (especially in the period after World War II until the 1970s).[87]

The combined effect of these societal changes has been that, at least in some parts of the world, the living conditions for the working classes got somewhat better.

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[84]This has been one of the main concerns that is expressed in the writings of Karl Marx.

[85]Based upon the so-called voluntary association-model. (See for this Byttebier (2018), p. 56 a.f., Sect. 3.2).

[86]Compare Field (2018), p. 45.

[87]Deploying these wealth redistribution techniques did not come easy, but required decades of hard struggle (in some countries even revolutions) by the working classes.

However, as already explained in Chap. 3 of this book and due to the reasons there mentioned, especially as of the 1980s, the doctrine of neoliberalism basically declared war on the welfare state model, which resulted in a gradual dismantlement of the welfare state model in a variety of countries all over the world.

The results hereof have been that poverty is again increasing and this thus the more in the countries that have progressed the furthest in dismantling the welfare state model. A second result of this evolution has been that, on a global scale, the gap between (extremely) rich and poor is even so getting wider and this, again, thus the more in the countries where neoliberalism has been implemented the most.

In recent years, numerous empirical have confirmed these findings.[88]

All this is hardly a coincidence; but the direct result of the policy choices that were made as of the late Middle Ages of creating an economic environment in which the class of entrepreneurs has obtained a blank check[89] to do whatever they please to get more wealth for themselves to the detriment of the rest of society, and even of Earth itself.[90]

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[88]See also Byttebier (2018), p. 167 a.f., Sect. 4.7.

It hereby appears from these studies that countries that have been "neoliberalized" the most during the recent past are those in which one may witness the most dramatic increase of poverty, next to the fastest expansion of the gap between rich and poor.

Among these countries one may find, for instance, the USA and the UK, where even more in the aftermath of the severe financial crisis (and the subsequent economic recession) of 2007–2008 (which on its own accord may be considered as a scheme of redistributing wealth to the benefit of the rich and to the detriment of the poor), poverty is booming, while the rich classes at the same time see their huge fortunes even more expand and this literally by the second.

(See furthermore Field (2018), p. 45).

[89]See already in the previous Chaps. 2 and 3 of this book, from which it appears that, in order to accomplish such an ideal economic environment for the entrepreneurial class, the whole legal system has been submitted to its interests, with as notorious example of fields of the law that have been shaped in order to serve the interests of the rich and powerful:

- Monetary and financial law (by, above anything else, validating the societal scam of granting the power to create money to private market players);
- Contract law (by having created a system in which the more powerful contract party can basically do as he pleases with his weaker co-contracting parties);
- Company law (which is basically a system that aims at cost what cost protecting the interests of shareholders by ensuring that the largest part of the wealth created by the economic systems flows towards these shareholders);
- Fiscal law (which, especially under the impulse of neoliberal doctrine, has become a mechanism in which the majority of (poor) people are the ones mostly submitted to taxation and semi-taxation, while a small elite of rich people are the ones least submitted to taxation and semi-taxation);
- . . .

We can here further refer to the numerous lectures and articles of the French philosopher Foucault who already in the 1980s explained how economic neoliberalism was reshaping the whole legal system for serving the sole interests of the rich and powerful members of society.

[90]Field (2018), pp. 98–99.

Especially for those who still doubt this hash reality of implementing neoliberal doctrine, we shall hereafter present some of the findings of the empirical studies that back these insights.

4.5.2 Some Disturbing Data

4.5.2.1 Introduction

Several studies of the past years have been confirming the trend that, within capitalism as made "unbridled"[91] again under the doctrines of economic neoliberalism, an increasing polarization between rich and poor has been occurring on a global scale.

Given their huge importance in making the case against the capitalist economic system, the following Subsections will present the findings of these studies in some more detail.

This will partly be done on a year-by-year basis in order to illustrate to what extent neoliberal doctrines, by only looking out for the interests of the rich and powerful, are gradually shaping a fundamentally unjust society, rather than a fair and just society that would be in compliance with the parameters laid down in Sect. 1.1 of this book.[92]

4.5.2.2 Findings of 2014

4.5.2.2.1 Thomas Piketty

Already in 2014, economist Thomas Piketty surprised the general public with his book "Capital in the Twenty-First Century".[93]

Piketty's book records the findings of a systematic research of the problem of the growing world-wide unequal division of wealth and thus largely confirms what is here explained, namely how capitalism, especially by being made unbridled again, gives shape to a fundamentally unjust socio-economic order.[94]

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[91] See, in general, Byttebier (2018).

[92] Some of these findings have before been presented in Byttebier (2018), p. 167 a.f.

[93] Piketty (2014).

[94] Piketty's research, for instance, demonstrated that, during the past decades, an evolution has been taking place towards a structural (extremely) high level of inequality, where the majority of the world's wealth is increasingly ending up in the hands of a small group of people.

Piketty in this regard, for instance, mentioned that, in the USA, the 10% richest people own 72% of the country's wealth, and he warns that in Europe the situation is evolving in the same direction. The author describes the consequences of such an extreme inequality as disastrous, as societies

4.5.2.2.2 Oxfam

Also in 2014, a profound study conducted by Oxfam, named "Even it up – Time to end extreme inequality",[95] similarly demonstrated that the financial crisis of 2007–2008 and the way the many neoliberal governments all over the world have responded to it, have further strengthened the unequal distribution of (the world's) wealth.

According to this study, there were in 2014 twice as many billionaires than there had been in 2009.[96]

According to the same study, the number of billionaires had since 2009 grown to 1645 and their common possessions had increased by 124%, to 5.4 trillion USD. The study of Oxfam also showed that the 85 richest people in the world together then owned more money than the poor half of the world population, a wealth which in 2014 grew at a rate of 668 million USD per day.[97]

The study "Even it up" of 2014 warned that, as a result, the gap between rich and poor was (literally) expanding by the day, if not by the minute, which said study attributed to the fact that it is easier for capital to make new money than from labour efforts:

> Once accumulated, the wealth of the world's billionaires takes on a momentum of its own, growing much faster than the broader economy in many cases. If Bill Gates were to cash in all his wealth and spend $1m every single day, it would take him 218 years to spend all of his money. But in reality, the interest on his wealth, even in a modest savings account (with interest at 1.95 percent) would make him $4.2m each day. The average return on wealth for billionaires is approximately 5.3 percent, 156 and between March 2013 and March 2014, Bill Gates' wealth increased by 13 percent – from $67bn to $76bn. This is an increase of $24m a day, or $1m every hour.[98]

4.5.2.2.3 Crédit Suisse

In similar research of "Crédit Suisse", these findings were to a large extent confirmed.

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characterised by such an extreme inequality are unable to further progress. (See also Pauli (2014), pp. 32–35).

Since then, the inequality crisis has clearly been worsening. On a global scale, 82% of the wealth created in 2017 went to the richest 1% of the global population, while the 3.7 billion people who make up the poorest half of humanity got nothing. (See Oxfam (2018)).

[95] Oxfam (2014).

[96] Oxfam (2014), p. 8 and p. 32.

[97] Oxfam (2014), p. 8 and p. 32.

[98] Oxfam (2014), p. 32.

In this research, total world wealth in 2014 was estimated at 263 trillion USD. This (huge) wealth was, however, reported to be distributed in a very unequal way,[99] whereby:

- people with more than 1 million USD, represented only 0.7% of the world population, but owned 41% of all wealth in the world[100];
- 23% of the world population owned between 10,000 and 100,000 USD, together representing 14% of the world's wealth;
- 69% of the world population owned 10,000 USD, or less, and thus accounted for less than 3% of the world's wealth;
- An individual needed to own no more than 3650 USD (including the value of a house, if applicable) to be part of the richest half of the world's population.

4.5.2.3 Findings of 2015

4.5.2.3.1 Oxfam

In 2015, it appeared from a new study conducted by Oxfam that the moment in time where 1% of the world population would own more than 50% of the world's wealth, was then very nearby.[101]

This new study of Oxfam reported that since 2010, in the wake of the financial crisis of 2007–2008, the wealth of the richest 1% of the world population had been increasingly growing, implying that the richest 1% was appropriating an ever increasing part of the global wealth.

According to this 2015-study, in 2014, 1% of the richest people owned 48% of the world wealth, implying that the other 99% of the population only owned 52% of the total wealth. Moreover, the distribution of the remaining 52% of wealth was as worrying, as the largest part of this 52% of the remaining global wealth was still in hands of 20% of the world's richest people, implying that but 5.6% of the global wealth was available for the remaining 80% of the world population.[102]

The same Oxfam study of 2015, furthermore, demonstrated a tendency that the very rich saw their part of the global wealth growing to an ever increasing extent. It was hereby estimated that in 2010, the Forbes-top-80-billionaires together disposed

[99] McCarthy (2014).

[100] According to other research undertaken by Crédit Suisse (and made public in the "Crédit Suisse Global Wealth Report"), in 2014, 41% of the (USD-)millionaires of the world lived in the USA; Japan was ranked second with a "much lower" 8%. Seven percent of the world's millionaires were reported to live in France, and 6% in both Germany and the U.K. Also in 2014, 775 (USD-) billionaires were reported to live in Europe (9 more than in 2013); 609 in North-America; 650 in Asia and 40 in Africa. (See McCarthy (2014)).

[101] Oxfam (2015).

According to the findings of 2017 quoted below (see Sect. 4.5.2.5), this turning point has been reached at least in 2017.

[102] Oxfam (2015), p. 2.

of an estimated amount of 1.3 trillion USD. In 2014, this joint wealth amounted to 1.9 trillion USD, which meant an increase of more than half a trillion USD in 4 year time.

Not surprisingly, in the same period, a decrease occurred of the share of the poor in the world possessions. According to the 2015-study of Oxfam, in 2014, the share in the global wealth of the 80 richest people on the planet was as large as the share of the 50% poorest people on Earth. To the extent that the growth of the wealth of the people not belonging to the top 80 of very rich, had been much slower than the growth of the wealth of the 80 richest people, the gap between the very rich and the rest of the population was reported to be increasing at an alarming rate.[103]

4.5.2.3.2 Crédit Suisse

Also in 2015, figures by "Crédit Suisse" confirmed and even more underlined the foregoing trends.

In its "Global Wealth Databook 2015",[104] "Crédit Suisse" more precisely reported that, in the course of 2015, global inequality had been further growing, with, purportedly for the first time in history, half the world's wealth getting in the hands of just 1% of the global population.[105]

The findings of Crédit Suisse hereby underlined that middle classes had been more and more squeezed at the expense of the very rich, and that, also for the first time in history, there were in 2015 more individuals in the middle classes in China—109 million—than the 92 million in the US.[106]

The 2015 report of Crédit Suisse, furthermore, showed that, as regards the situation in 2015, a person needed only 3,210 USD (or £2,100) to be counted among the wealthiest 50% of world citizens. A personal wealth of about 68,800 USD was reported to secure a place in the top 10%, while the top 1% were reported to have a fortune of more than USD 759,900.[107] It was also reported that, as regards 2015, about 3.4 billion people—just over 70% of the global adult population—had a wealth of less than 10,000 USD, and that a further one billion—a fifth of the world's population—were within the 10,000–100,000 USD range.[108] Each of the remaining 383 million adults—8% of the global population—was reported to have a wealth of more than 100,000 USD, whereby this number included about 34 million US dollar millionaires. About 123,800 individuals of these were reported to have a wealth of more than 50 million USD, and nearly 45,000 of more than 100 million USD.

[103] Oxfam (2015), p. 3.

[104] Crédit Suisse Research Institute (2015).

[105] Treanor (2015).

[106] Treanor (2015).

[107] The report hereby defines "wealth" as the value of assets including property and stock market investments, but excluding debt (see Treanor 2015).

[108] Treanor (2015).

The CS 2015 report concluded:

> Wealth inequality has continued to increase since 2008, with the top percentile of wealth holders now owning 50.4% of all household wealth.[109]

4.5.2.4 Findings of 2016

In the beginning of 2016, Oxfam again published a new study called "An economy for the 1%. How privilege and power in the economy drive extreme inequality and how this can be stopped"[110] which largely confirmed the findings of the previous 2014- and 2015-studies.

Nevertheless, from the study of 2016, it appeared that the situation had even gotten worse,[111] which can hardly be surprising given the fact that, on a global scale, the theories of economic neoliberalism had been more and more successful in being implemented by neoliberal governments.

According to this 2016 Oxfam -study "An economy for the 1%":

- In 2015, just 62 individuals had the same wealth as 3.6 billion people—the bottom half of mankind.

  The study hereby mentioned that this figure was down from 388 individuals as recently as 2010, illustrating the striking tempo in which the implementation of hard core economic neoliberalism is to an ever growing extent widening the gap between the poor and the rich on Earth.
- Also in 2015, the wealth of the richest 62 people had risen by 44% in the 5 years since 2010, which implied an increase of more than half a trillion dollar (USD 542 billion), to an astounding USD 1.76 trillion.
- Meanwhile, the wealth of the bottom half of mankind had fallen by just over a trillion dollar in the same period, a drop of 41%.

[109]See also Treanor (2015).

A further surprising fact mentioned in the "Global Wealth Databook 2015" of Crédit Suisse was that, measured in personal wealth (and not: "income"), there were in 2015 more poor people in America than there were in China. This is mainly due to the Western banking system being more prevailing in the USA and in Europe than in the rest of the world. As a result of this, more Americans and Europeans are in debt than people elsewhere in the world (whereby such bank debt accounts for a negative factor in calculating one's personal wealth). It appeared that "America" (in this study this implies both the USA and Canada) had some 10% of the poorest people in the world and also some 30% of the richest; Europe had about 20% of the world's poorest people and 35% of the richest and China had none of the world's poorest people and about 7 or 8% of the world's richest people.

In recent times, it however seems that especially the Chinese entrepreneurial sector is resorting to ever more debt (see above in Sect. 4.2).

[110]Oxfam (2016).

[111]Bahree (2016).

- Since the turn of the century, the poorest half of the world's population had received just 1% of the total increase in global wealth, while half of that increase had gone to the top 1%.[112]
- The average annual income of the poorest 10% of people in the world had risen by less than USD 3 each year in almost a quarter of a century. Their daily income had risen by less than a single cent every year.

It should be noted that studies from the OECD from the same time period largely confirm these observations.[113]

4.5.2.5 Findings of 2017

4.5.2.5.1 Crédit Suisse

The aforementioned trends continued during 2016 and 2017.

According to the eighth edition of the Global Wealth Report of Credit Suisse Group AG, in the period until mid-2017, total global wealth had risen at a rate of 6.4%, the fastest pace since 2012 and, mid 2017, reached USD 280 trillion, a gain of USD 16.7 trillion. However, this "growth" mainly reflected widespread gains in equity markets, matched by similar rises in non-financial assets, which had moved above the pre-crisis year 2007's level for the first time. Wealth growth also outpaced population growth, so that global mean wealth per adult grew by 4.9% and reached a new record high of USD 56,540 per adult.[114]

However, the eight Global Wealth Report at the same time confirmed that income inequality kept on skyrocketing, "further polarizing society and stoking discontent". The value of financial assets, especially company securities, was hereby mentioned as one of the key factors for this inequality, because wealthier individuals hold a disproportionate share of their assets in this form.[115]

Otherwise put, the increase of the global wealth in the period 2016–2017 was reported to be mainly the result of the growth of financial assets, especially in the

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[112]This indicates that, to the extent that capitalist is ever more made "unbridled" again, the trickle-down-economics is but a blunt lie.

[113]OECD (2013).

See also https://www.oecd-ilibrary.org/social-issues-migration-health/trends-in-income-inequality-and-its-impact-on-economic-growth_5jxrjncwxv6j-en (last consulted on March 5 2019).

[114]https://www.credit-suisse.com/corporate/en/research/research-institute/global-wealth-report.html (last consulted on March 5 2019).

Global wealth grew at a faster pace to USD 280 trillion, the highest since Crédit Suisse began tracking it in 2000. The US accounted for more than half the increase. The growth was fueled not only by widespread gains in equity markets but also substantial increases in non-financial assets, the report said. Average global wealth grew 4.9 per cent to a record $56,540 per adult, with the richest 1 per cent owning about half of all household wealth (see Anonymous (2018)).

[115]Anonymous (2018).

USA, that only benefited the rich and the powerful. Much of the rise in financial wealth was, moreover, attributed to financial asset price inflation.[116]

Although the 2017 CS-report itself did not point this out in explicit terms, the foregoing obviously raises the question whether the ongoing increase in wealth (in the aftermath of the financial crisis of 2007–2008) is sustainable and whether or not it is mainly caused by financial bubbles.[117]

The eight Global Wealth Report, furthermore, kept on warning that, even as global wealth increased overall, there were as many disturbing disparities in the period 2016–2017.[118]

Of particular concern was the situation of young people, next to the continuing disparities between rich and poor countries. The eight Global Wealth Report, in this regard, pointed out that especially millennials are doing less well than their parents at the same age, mainly as a result of the financial crisis of 2007–2008. The report, amongst others, mentioned that (1) rising student debt in developed countries; (2) a high degree of unemployment that followed in many countries after the financial crisis of 2007–2008; (3) tighter mortgage rules after 2008; (4) higher house prices, and (5) less access to pensions were together creating a so-called “perfect storm” that is holding back wealth accumulation for the (entire) millennial generation.[119]

The eight Global Wealth Report concluded[120]:

> As a result, the Millennials are not only likely to experience greater challenges in building their wealth over time, but also greater wealth inequality than previous generations.

Overall, the gap between rich and poor was in 2016–2017 at comparable levels to the years before. The eight Global Wealth Report, for instance, mentioned that the top 1% of people owned 50.1% of all household wealth in the world.[121]

4.5.2.5.2 Oxfam

The data of the eight Global Wealth Report Global Wealth Report of Crédit Suisse were largely confirmed in a new report of Oxfam of 2017, called “An economy for the 99 percent”[122] which, however, presented an even more troublesome picture of the increasing polarization between rich and poor.

[116] Crédit Suisse Research Institute (2017), p. 4.

[117] If this were indeed the case, it appears that, once again, the egoistic, selfish and greedy behavior of the rich and powerful may be leading the world economy to yet another severe financial crisis.

[118] Anonymous (2018).

[119] Crédit Suisse Research Institute (2017), p. 27 a.f. See also Anonymous (2018).

[120] Crédit Suisse Research Institute (2017), p. 39.

[121] Crédit Suisse Research Institute (2017), p. 16.

[122] Oxfam (2017).

According to this new Oxfam report, in 2017, eight[123] men owned the same wealth as the 3.6 billion people who make up the poorest half of humanity.

Otherwise put, Oxfam's 2017 report demonstrated that the gap between rich and poor was even far bigger than had been feared in the past.

The report, for instance, pointed out how big business and the super-rich were fueling the inequality crisis by dodging taxes, driving down wages and using their power to influence politics. Especially new and better data on the distribution of global wealth—particularly in the countries with a rising economy, such as India and China—, furthermore, indicated that the poorest half of the world had less wealth than had been previously thought. Had this new data been available in 2016, it would have appeared that already then eight billionaires owned the same wealth as the poorest half of the planet, and not 62, as Oxfam had calculated at that time.[124]

The following figures as regards the global situation at the beginning of 2017 speak, furthermore, for themselves[125]:

- Since 2015, the richest 1% owned more wealth than the rest of the planet;
- Eight or nine men owned the same amount of wealth as the poorest half of the world[126];
- Over the next 20 years, 500 people will hand over USD 2.1 trillion to their heirs – a sum larger than the GDP of India, a country of 1.3 billion people;
- The incomes of the poorest 10% of people increased by less than USD 3 a year between 1988 and 2011, while the incomes of the richest 1% increased 182 times as much;
- A FTSE-100 CEO earned as much in a year as 10,000 people in working in garment factories in Bangladesh;
- In America alone, over the last 30 years, the growth in the incomes of the bottom 50% of the population had been zero, whereas the incomes of the top 1% had grown by 300%;
- In Vietnam, the country's richest man earned more in a day than the poorest person earned in 10 years.

Winnie Byanyima, (the then) Executive Director of Oxfam International, commented on these devastating figures as follows[127]:

> Across the world, people are being left behind. Their wages are stagnating yet corporate bosses take home million dollar bonuses; their health and education services are cut while corporations and the super-rich dodge their taxes; their voices are ignored as governments sing to the tune of big business and a wealthy elite.

[123]In the previously quoted Oxfam report of 2016, this number was 62.

[124]https://www.oxfam.org/en/pressroom/pressreleases/2017-01-16/just-8-men-own-same-wealth-half-world (last consulted on March 5 2019).

[125]Oxfam (2017), p. 2.

[126]Strangely, the report mentions both figures.

[127]https://www.oxfam.org/en/pressroom/pressreleases/2017-01-16/just-8-men-own-same-wealth-half-world (last consulted on March 5 2019).

Oxfam's 2017 report, furthermore, demonstrated how the global broken economies were continuously funneling wealth to a rich elite at the expense of the poorest in society. The richest were, more precisely, reported to be accumulating wealth at such an astonishing rate that the world could see its first trillionaire in just 25 years. Seven out of 10 people were reported to live in a country that has seen a rise in inequality in the last 30 years. Between 1988 and 2011, the incomes of the poorest 10% increased by just USD 65 per person, while the incomes of the richest 1% grew by USD 11,800 per person—182 times as much.[128]

The Oxfam 2017 report again confirmed how big business and the super-rich were fueling the inequality crisis. Oxfam's research clearly revealed that, over the last 25 years, the top 1% have gained more income than the bottom 50% put together. The report thus showed that, far from "trickling down", income and wealth are being "sucked upwards" at an alarming rate.[129] The Oxfam 2017 report hereby explicitly mentioned how, in order to maximize returns to their wealthy shareholders, big corporations are (1) dodging taxes,[130] (2) driving down wages for their workers and the prices paid to producers, and (3) investing less in their business[131] (thus largely confirming the theories worked out in the previous Chaps. 2 and 3 of this book).

The 2017-report also demonstrated that, contrary to popular belief, many of the super-rich are not at all "self-made". On the contrary, it appeared that over half the world's billionaires either inherited their wealth or accumulated it through industries which are prone to corruption and cronyism. The report also demonstrated to what extent big business and the super-rich use their money and connections to ensure that government policy (only) works for them.[132]

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[128] https://www.oxfam.org/en/pressroom/pressreleases/2017-01-16/just-8-men-own-same-wealth-half-world (last consulted on March 5 2019).

[129] Oxfam (2017), p. 3.

[130] Corporate tax dodging was reported to cost poor countries at least USD 100 billion every year. This is enough money to provide an education for the 124 million children who aren't in school and fund healthcare interventions that could prevent the deaths of at least six million children every year. (See https://www.oxfam.org/en/pressroom/pressreleases/2017-01-16/just-8-men-own-same-wealth-half-world (last consulted on March 5 2019)).

The Oxfam 2017 report even so outlines in detail how the super-rich use a network of tax havens to avoid paying their fair share of tax and an army of wealth managers to secure returns on their investments that would not be available to ordinary savers. (See https://www.oxfam.org/en/pressroom/pressreleases/2017-01-16/just-8-men-own-same-wealth-half-world (last consulted on March 5 2019)).

[131] Oxfam (2017), p. 3 a.f.; see also https://www.oxfam.org/en/pressroom/pressreleases/2017-01-16/just-8-men-own-same-wealth-half-world (last consulted on March 5 2019).

Oxfam for instance interviewed women working in a garment factory in Vietnam who work 12 h a day, 6 days a week and still struggle to get by on the USD 1 an hour they earn producing clothes for some of the world's biggest fashion brands. The CEOs of these companies are some of the highest paid people in the world.

[132] For example, billionaires in Brazil were reported to influence elections and to have successfully lobbied for a reduction in tax bills while oil corporations in Nigeria were reported to have managed

4.5.2.6 Findings of 2018

4.5.2.6.1 Oxfam

In 2018, Oxfam once again reported that the inequality crisis had been worsening even more. It appeared that 82% of the wealth created in 2017 went to the richest 1% of the global population, while the 3.7 billion people who make up the poorest half of humanity got nothing.[133]

Oxfam argued:

> Our broken economy is widening the gap between rich and poor. It enables a small elite to accumulate vast wealth at the expense of hundreds of millions of people, often women, who are scraping a living on poverty pay and denied basic rights.[134]

Oxfam's 2018 figures, furthermore, indicated that 2017 had seen the biggest increase in billionaires in history, namely one more every 2 days. Billionaires saw their wealth increase by USD 762bn in just 12 months (from March 2016 until March 2017). According to Oxfam, this huge increase could by itself have ended global extreme poverty seven times over. Furthermore, 82% of the new wealth created had gone to the top 1%, while 0% had gone to the world's poorest 50%.[135]

Oxfam also warned that unless humanity closes the gap between rich and poor, the goal of eliminating extreme poverty will be missed, and that almost half a billion people will still be living on less than USD 1.90 a day in 2030.[136]

4.5.2.6.2 Crédit Suisse

The ninth edition of the "Global Wealth Report" of "Crédit Suisse" (= Credit Suisse Research Institute) rather focused on the positive aspects of global wealth, this time not as much entering in detail into the problem of the increasing gap between rich and poor.

From this ninth "Global Wealth Report", it appeared that during the 12 months to mid-2018, aggregate global wealth had risen by USD 14.0 trillion (or 4.6%) to a combined total of USD 317 trillion. However, the USA contributed most to global wealth adding USD 6.3 trillion to the US wealth and taking its total to $98 trillion. China established a second place in the world wealth hierarchy.[137]

Interestingly, the ninth Global Wealth Report also contained a global wealth figure per adult of USD 63,100, albeit at the same time indicating that there existed

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to secure generous tax breaks. (See https://www.oxfam.org/en/pressroom/pressreleases/2017-01-16/just-8-men-own-same-wealth-half-world (last consulted on March 5 2019)).

[133] Oxfam (2018).

[134] Oxfam (2018).

[135] Oxfam (2018).

[136] Oxfam (2018).

[137] See in general Crédit Suisse Research Institute (2018), p. 2.

considerable variation across countries and regions. Nations with a (huge) wealth per adult above USD 100,000 were reported to be located in North America, Western Europe, and among the rich Asia-Pacific and Middle Eastern countries. Switzerland (USD 530,240), Australia (USD 411,060) and the United States (USD 403,970) were more specifically reported to head the league table of average wealth per adult, followed by Belgium (313,050), Norway (291,100), and New Zealand (USD 289,800). Canada (288,260), Denmark (286,710), Singapore (283,260) and France (280,580) were reported to occupy the remaining places in the top ten.[138]

A second group of countries with an "intermediate wealth" in the range of USD 25,000–100,000 per adult was reported to consist of core member China, next to the more recent entrants to the European Union (EU) and the most important emerging-market economies in Latin America and the Middle East.[139]

One step below, a third group of countries with a "frontier wealth" range from USD 5000–25,000 per adult, was reported to cover the largest land surface and most of the heavily populated countries including India, Russia, Brazil, Indonesia, the Philippines, and Turkey. The latter band also contained most of Latin America, many countries bordering the Mediterranean, and many transition countries outside the EU. The remaining members of this category included South Africa and other leading sub-Saharan nations, along with several fast-developing Asian countries like Malaysia, Thailand and Vietnam.[140]

The report fourthly and lastly mentioned a final group of countries with a wealth per adult below USD 5000, which are heavily concentrated in central Africa and central and south Asia.[141]

The ninth edition of the "Global Wealth Report" thus showed that the division of the global wealth is still very unequal on a regional level. North America and Europe together were reported to account for 60% of total household wealth, while containing only 17% of the world adult population. The report also pointed out that the total wealth of the two regions was similar at one time, with Europe's greater population compensating for higher average wealth in North America. However, North America was in 2018 reported to have pulled ahead after 2013, and to account for 34% of global wealth compared to 27% for Europe.[142]

Elsewhere, the share of wealth was reported to be below the population share. The discrepancy was reported to be modest in China and in the Asia-Pacific region (excluding China and India), where the population share was reported to be about 30% higher than the wealth share. However, the population share was reported to be

[138]Crédit Suisse Research Institute (2018), p. 7.

[139]Crédit Suisse Research Institute (2018), p. 7.

[140]Crédit Suisse Research Institute (2018), p. 7.

[141]Crédit Suisse Research Institute (2018), p. 7.

[142]Compare Field (2018), p. 98, pointing out that inequality between rich and poor nations is on the increase and roughly tripled from 1960 to 2016.

more than three times the wealth share in Latin America, nine times the wealth share in India, and 15 times the wealth share in Africa.[143]

As was the case with the previous editions of the Global Wealth Report, the ninth report also reported on the increasing wealth inequality. The ninth Global Wealth Report mentioned in this regard that while the bottom half of adults collectively owned less than 1% of total wealth, the richest decile (top 10% of adults) owned 85% of global wealth, and the top percentile alone accounted for almost half of all household wealth (47%).[144]

Interestingly, the ninth Global Wealth report also contained a wealth pyramid. This wealth pyramid showed that a large base of low wealth holders supported higher tiers occupied by progressively fewer adults. It was hereby estimated that 3.2 billion individuals—64% of all adults in the world—had wealth below USD 10,000 in 2018. Africa was reported to fall within this range: in some low-income countries in Africa, the percentage of the population in this wealth group was even reported to be close to 100%.[145] A further 1.3 billion adults (27% of the global total) was reported to fall in the USD10,000–100,000 range. China was reported to dominate this segment, accounting for 48% of its members.[146] The top tier of the wealth pyramid—covering individuals with net worth above USD 100,000—was reported to comprise 9.5% of all adults in the year 2018. Europe, North America and the Asia-Pacific region (omitting China and India) were reported to contribute the largest number of members and to account for 79% of the group.[147]

4.5.2.6.3 The World Economic Forum

The problem of the increasing polarization between the rich and the poor in 2018, surprisingly, also drew the attention of the 2018 World Economic Forum in Davos (which had as its theme "Creating a Shared Future in a Fractured World"),[148] reaching some similar conclusions as those of the earlier quoted CSG and the Oxfam reports.

[143] Crédit Suisse Research Institute (2018), p. 8.

[144] Crédit Suisse Research Institute (2018), p. 9.

[145] Crédit Suisse Research Institute (2018), pp. 20–21.

[146] Crédit Suisse Research Institute (2018), pp. 20–21.

[147] Crédit Suisse Research Institute (2018), pp. 20–21.

[148] Gilmore (2018). See also Knight Frank Research (2018).

4.5.2.7 Findings of 2019

4.5.2.7.1 Oxfam

In January 2019, Oxfam published a new report, with as title "Public good or private wealth"[149] which largely confirms Oxfam's earlier findings.

In its 2019-report, Oxfam warns that the rate of poverty reduction has halved since 2013 and that especially in sub-Saharan Africa, extreme poverty is again increasing. From Oxfam's 2019-report, it appeared that much of humanity has hardly escaped poverty, with just under half the world's population—3.4 billion people—subsisting on less than USD 5.50 a day (= the World Bank's new poverty line for extreme poverty in upper-middle-income countries).[150]

According to Oxfam, these findings are a direct result of inequality and of prosperity accruing disproportionately to those at the top for decades. While between 1980 and 2016, the poorest 50% of humanity only captured 12 cents in every dollar of global income growth, by contrast, the top 1% captured 27 cents of every dollar. For Oxfam, the lesson is clear: to beat poverty, one must fight inequality, the latter itself to a large extent being caused by neoliberal doctrine.[151]

For Oxfam, the human cost of inequality is devastating. Early 2019[152]:

- 262 million children were not allowed to go to school;
- Almost 10,000 people died because they could not access health care;
- 16.4 billion hours of unpaid care work was done, the majority by women living in poverty.

At the same time, in the 10 years since the financial crisis of 2017–2018, the fortunes of the richest have risen dramatically.[153] According to the Oxfam 2019-report[154]:

- In the 10 years since the financial crisis, the number of billionaires had nearly doubled. Between 2017 and 2018, a new billionaire was created every 2 days;
- The wealth of the world's billionaires increased by USD 900bn in 2018 alone, or by USD 2.5bn a day. Meanwhile the wealth of the poorest half of humanity, 3.8 billion people, fell by 11%;
- Billionaires at the beginning of 2019 had more wealth than ever before;
- Wealth is becoming even more concentrated: in 2018, 26 people owned the same as the 3.8 billion people who make up the poorest half of humanity, down from 43 people the year before;

[149]Oxfam (2019).
[150]Oxfam (2019), p. 11.
[151]Oxfam (2019), p. 11.
[152]Oxfam (2019), p. 11.
[153]Oxfam (2019), p. 12.
[154]Oxfam (2019), p. 12.

- The world's (purported[155]) richest man of 2018, Jeff Bezos, owner of Amazon, saw his fortune increase to USD 112bn. Just 1% of his fortune was reported to be the equivalent to the whole health budget for Ethiopia, a country of 105 million people.

The Oxfam 2019-report also pointed out that in many countries, the super-rich live behind security guards and electric fences in their own world. The report similarly mentions that they use helicopters to avoid traffic jams and poorly maintained roads; that their children go to the most expensive schools, often abroad; that they have access to world-class health services. The report also mentions that while millions of refugees are refused a safe haven, the richest can buy citizenship in any one of a number of countries offering minimal taxes and scrutiny of their wealth.[156]

4.5.2.7.2 Bloomberg and Forbes

The website of Bloomberg contains an updated list of the world's billionaires.[157]

At the beginning of 2019, Bloomberg presented some further figures on wealth inequality in the world.

According to Bloomberg, there were in 2017 more than 2100 billionaires collectively were worth USD 8.9 trillion—a jump of $1.4 trillion in just 1 year. Still according to Bloomberg, the US had the most—about 585—while another 17.3 million Americans were millionaires.[158] By contrast, nearly two billion people worldwide lived on less than $3.20 a day as of 2015. About 736 million—close to one in 10 humans—lived on less than $1.90 a day. In the US in 2017, nearly 40 million people lived in poverty, defined by the Census Bureau as income of less than USD 12,488 a year, or USD 34.21 a day.[159]

Similarly, at the beginning of 2019, Forbes pinned down a record 2,208 billionaires from 72 countries and territories including the first ever from Hungary and Zimbabwe. According to Forbes, this elite group was worth USD 9.1 trillion, up 18% since the previous year. Americans were reported to lead the way with a record 585 billionaires, followed by mainland China with 373. Centi-billionaire Jeff Bezos

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[155] One could wonder if Jef Bezos is truly the richest man on Earth. To the extent that rich bankers' families have already for centuries now been sucking huge wealth out of the economy, one could expect that they are the true richest people on Earth. However, they clearly go at great length to keep their vast fortunes hidden from the general public. (See also above, in Chap. 2, footnote 38). Interestingly, Jeff Bozos himself got divorced in 2019 thus making his ex-wife Mackenzie one of the richest women with (approximately) USD 35.6 billion of Amazon Stock.

[156] Oxfam (2019), p. 29.

[157] See https://www.bloomberg.com/billionaires/ (last consulted on March 5 2019). See similarly https://www.forbes.com/billionaires/ (last consulted on March 5 2019).

[158] Gordon (2019).

[159] Gordon (2019).

was reported to secure the list's top spot for the first time, having become the only person to appear in the Forbes ranks with a 12-figure fortune. Bezos's fortune was reported to leap more than USD 39 billion, the list's biggest 1-year gain ever. Bernard Arnault, with a fortune of USD 72 billion, was reported to reclaim the title of richest European for the first time since 2012.[160]

4.6 Some Further Troublesome Consequences of Dismantling the Welfare State Model in the UK and the USA

4.6.1 General

Already from the foregoing (see especially Chap. 3 of this book), it should be clear that the USA and the UK are among the Western countries in which capitalism has been applied in the purest way, while at the same time having been among the first countries that answered the invitation of neoliberal doctrine to eliminate any forms of socially correcting their capitalist economies.

When evaluating more or less three decades of implementing neoliberal doctrine in both these countries—both, at least in the past, characterized by what Galbraith referred to as an "affluent society"[161]—, one can but reach the conclusion to what extent poverty has increased in both countries and to what likewise extent the polarization between poor and rich in both these countries is among the highest in the group of richest countries on Earth.

4.6.2 Some Data on Poverty and Wealth Inequality in the UK

4.6.2.1 General

The increasing impoverishment and the increasing polarization between rich and poor in the United Kingdom are of particular relevance for illustrating how the doctrines of (economic) neoliberalism, aimed at making capitalism as "unbridled" (or even: "relentless") as possible again,[162] have in a period of some mere decades, succeeded in turning a former Western welfare state, into a state where poverty is yet again one of the main political and economic challenges of the present day.[163]

[160] https://www.forbes.com/billionaires/.

[161] Galbraith (1974).

[162] See, in general, Byttebier (2018).

[163] On the crisis of the British welfare state in general, see Taylor-Gooby (2013).

This at the same time illustrates the true legacy of the subsequent neoliberal governments of the late Margaret Thatcher and her successors, which has been aimed at the systematic dismantlement of social safety nets.[164]

Indeed, where the neoliberal attack on the welfare state model of the 1980s had, as explained before (see above, Sect. 3.2.2), already been experienced with special severity in the UK,[165] this did not prevent this country to counteract the impact of the financial crisis of 2007–2008 by addressing to even more severe neoliberal measures.

Not surprisingly, this added even more to poverty.

As Taylor-Gooby has phrased it[166]:

> The response to the 2007-8 banking crisis, repeated recessions and economic stagnation in this country has been to balance budgets by cutting government spending rather than increasing taxes. The harshest cuts are in social provision, with the poorest groups bearing the brunt.

As a result, poverty in the UK has been reported to be increasing substantially during the past years, which helps explaining why, in a statement of November 2018, professor Philip Alston, United Nations Special Rapporteur on extreme poverty and human rights, strongly warned against poverty in the UK.[167]

4.6.2.2 Data Made Available by the Joseph Rowntree Foundations

At the end of 2017, the "Joseph Rowntree Foundation", an independent social change organization working to solve UK poverty,[168] published a special report on poverty in the UK.[169]

This report showed that, at the end of 2017, a total of 14 million people in the UK were living in poverty, accounting for more than one in five of the population. Nearly 400,000 more children and 300,000 more pensioners were reported to be more living in poverty than 5 years before. Poverty rates were reported to be consistently highest among families with children, reaching a worrisome 30% in 2015/16. Poverty among families with three or more children even reached 39% by 2015/16.[170]

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[164] Alston (2018).

[165] Taylor-Gooby (2013), p. 2.

[166] Taylor-Gooby (2013), p. 2.

[167] See Alston (2018).

According to Alston, in 2018, 14 million people, a fifth of the UK population, lived in poverty. Four million of these were more than 50% below the poverty line, and 1.5 million were destitute, unable to afford basic essentials.

[168] See at https://www.jrf.org.uk/ (last consulted on March 5 2019).

[169] Joseph Rowntree Foundation (2017).

[170] Joseph Rowntree Foundation (2017), p. 3.

As further worrisome elements, the Joseph Rowntree Foundation-report also pointed out that people on low incomes were increasingly struggling to afford a home, with almost half on the lowest incomes—3.2 million working-age people—spending more than a third of their income on housing. The report also demonstrated that falling homeownership implied that more elderly people were likely to rent and were facing higher housing costs in retirement. Another threat to poor households mentioned in the report was the rising cost of essential goods and services. People on low incomes were hereby reported to spend proportionally more of their income on food and fuel, while during the investigated period of time, especially fuel prices had drastically increased (faster than overall inflation).[171]

As a result people on low incomes have since 2003 experienced consistently higher inflation than those with higher incomes, despite having far less scope to reduce spending. Because of this, many poor people were reported to be falling behind with bills and unable to put away for a secure retirement. Still according to the Joseph Rowntree Foundation-report, by the end of 2017, more than two million of the poorest households had "problem debt" and 70% of people in work in the poorest fifth of the population were not contributing to a pension—amounting to around 2.3 million people.[172]

4.6.2.3 Data Made Available by the Social Metrics Commission

The troublesome findings referred to under Sect. 4.6.2.2 were to a large extent even further confirmed in a report from the Social Metrics Commission of September 2018.[173]

Based upon newly developed measurement techniques, the Social Metrics Commission-report of 2018 highlighted that, by 2018, 7.7 million people were in the UK living in persistent poverty. These people were, moreover, reported to have spent all or most of the preceding 4 years (and more) in poverty. The same report also highlighted a range of groups that had previously been under-represented in official measures of poverty. For example, the Social Metrics Commission's approach

[171] Apparently, this is similarly the case in many other (European) countries, as can, for instance, be deducted from the 2018-"yellow jackets" protests against the rising prices of fuel in France and Belgium. (See Raphael (2018)).

As Raphael reported:

> The (. . .) wave of demonstrations began with a Facebook grouping to protest a 7.6 euro cents per liter ($0.09) tax increase on diesel fuel, to help pay for President Emmanuel Macron's environmental agenda. Opposition to the tax tapped into widening discontent over living standards and with a president who often appears arrogant and detached.
>
> (Raphael (2018).)

[172] Joseph Rowntree Foundation (2017), pp. 3–4; Bulman (2017).

[173] Social Metrics Commission (2018).

suggested that nearly half of the 14.2 million people in poverty lived in families with a disabled person.[174]

The Social Metrics Commission report of 2018, furthermore, reached the following troublesome conclusions[175]:

- 14.2 million people in the UK population were living in poverty: 8.4 million working-age adults; 4.5 million children; and 1.4 million pension age adults;
- 12.1% of the total UK population (7.7 million people) lived in "persistent poverty", meaning that more than one in ten of the UK population lived in persistent poverty;
- Of the 14.2 million people in poverty, nearly half, 6.9 million (48.3%) were living in families with a disabled person;
- The majority (68%) of people living in workless families were in poverty. This compared to just 9% for people living in families where all adults work full time;
- There were 2.5 million people in the UK who were less than 10% above the poverty line (implying that relatively small changes in their circumstances could mean they fall below it);
- There was a "resilience gap" between those in poverty and those not in poverty.

4.6.2.4 Oxfam

On consulting the website of Oxfam in May 2018, one could similarly learn that the UK was, at that moment, one of the territories most struck by inequality throughout the developed world, which has resulted in strong dividing lines within UK society, between young and old, between people living in the different parts of the UK and between different income groups.[176]

Economic inequality has even been indicated as one of the main UK problems and to have grown tremendously under the successive (neoliberal) governments as of the 1980s: through implementing neoliberal doctrine, the poorest families have increasingly lost out on the benefits of economic growth, while the very wealthiest have seen their incomes spiral upwards.[177]

Oxfam's research on the UK has, moreover, pointed out that the five richest families in the UK were wealthier than the bottom 20% of the entire population. In other words: just five households owned more money than 12.6 million people—almost the same as the number of people living below the poverty line in the

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[174] Social Metrics Commission (2018), p. 5.

Compared to previous measures, the report also showed that those families struggling to make ends meet because of childcare and housing costs and those who lack a financial buffer to fall back on were much more likely to be in poverty.

[175] Social Metrics Commission (2018), p. 7.

[176] Whitham (2016).

[177] https://www.oxfam.org.uk/what-we-do/issues-we-work-on/poverty-in-the-uk/challenging-extreme-economic-inequality (last consulted on March 5 2019).

UK. This gap was, furthermore, reported to be widening: in the last 20 years, incomes for the bottom 90% of the country increased by a quarter. In the same time period, the richest 0.1% saw their income doubled four times the increase of the bottom 90% of the population. According to the Oxfam website, the concentration of wealth and power at the top level of society has, moreover, definitively a real impact on people's lives and is a sign of economic sickness: it is reported to slow down growth, indicating that there is less money to go into essential services for the people who need them most.[178]

The Oxfam website, furthermore, pointed out that indeed a focus on big business is particularly relevant: while many ordinary workers are finding it difficult to make ends meet, Oxfam research conducted in 2016 revealed that, especially through company shareholdings, a quarter of all new wealth generated in the UK is going straight into the pockets of people who are already millionaires.[179]

The Oxfam website also reported that more than three decades of high levels of inequality have had a profound impact on politics and society, leading many people to believe that they have little stake in society and feeling locked out of both politics and economic opportunity.[180]

4.6.2.5 Conclusion

Probably, no one has summarized the recent years' poverty problem in the UK in a better way than Alston[181]:

> The UK is the world's fifth largest economy, it contains many areas of immense wealth, its capital is a leading centre of global finance, its entrepreneurs are innovative and agile, and despite the current political turmoil, it has a system of government that rightly remains the envy of much of the world. It thus seems patently unjust and contrary to British values that so many people are living in poverty. This is obvious to anyone who opens their eyes to see the immense growth in foodbanks and the queues waiting outside them, the people sleeping rough in the streets, the growth of homelessness, the sense of deep despair that leads even the Government to appoint a Minister for suicide prevention and civil society to report in depth on unheard of levels of loneliness and isolation. And local authorities, especially in England, which perform vital roles in providing a real social safety net have been gutted by a series of government policies. Libraries have closed in record numbers, community and youth centers have been shrunk and underfunded, public spaces and buildings including parks and recreation centers have been sold off.

[178]https://www.oxfam.org.uk/what-we-do/issues-we-work-on/poverty-in-the-uk/challenging-extreme-economic-inequality (last consulted on March 5 2019).

[179]Whitham (2016).

[180]Whitham (2016).

[181]Alston (2018).

4.6.3 Some Data on Poverty and Wealth Inequality in the USA

Also in the USA, poverty and inequality have been reported to have grown considerably over the past two decades, while the role of the government in arresting that trend has been limited compared to other rich countries.[182]

According to the website "Poverty USA", in 2016, 40.6 million people lived in poverty (implying a poverty rate of 12.7%). In the same year, 21.2% of all children (15.3 million kids) were reported to live in poverty, (± 1 in every 5 children). 2.5 million children were reported to have experienced homelessness in 2014. 6.7% of the population—or 21.3 million people—was reported to live in "deep poverty", with incomes below 50% of their poverty thresholds.[183]

Similarly to the situation in the UK, poor Americans are more likely to be highly indebted. As Corine Gatti has phrased it[184]:

> More Americans owe more than what they own.

Hence, in order to pay bills, (poor) Americans are reported to get car title loans at the rates of 300% of annualized interest by shark-loan firms.[185]

In December 2017, Professor Philip Alston, United Nations Special Rapporteur on extreme poverty and human rights, published a statement dealing with poverty in the US.[186] In this statement, Alston expressed his deep concern that while the United States were one of the world's richest, most powerful and technologically innovative countries, neither its wealth nor its power nor its technology was being harnessed to address the situation in which 40 million people continue to live in poverty.[187]

Alston similarly expressed his concern that a shockingly high number of children in the US lived in poverty. According to Alston's figures, in 2016, 18% of children—some 13.3 million—were living in poverty, with children comprising 32.6% of all people in poverty. Still according to Alston, child poverty rates were highest in the southern states, with Mississippi, New Mexico at 30% and Louisiana at 29%.[188]

Interestingly, Alston also shared his views on the causes of poverty in the US, such as the fact that many of the wealthiest citizens do not pay taxes at the rates that others do, hoard much of their wealth off-shore, and often make their profits purely from speculation rather than contributing to the overall wealth of the American community[189] (all forms of behavior stimulated under neoliberal doctrine).

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[182] CK (2018).

[183] https://povertyusa.org/facts (last consulted on March 5 2019).

[184] Gatti (n.d.).

[185] Gatti (n.d.).

[186] Alston (2017).

[187] Alston (2017), n° 3.

[188] Alston (2017), n° 25.

[189] Alston (2017), n° 11.

4.6.4 The Increasing Need for Food Banks in Both the UK and in the USA

The devastating impact of implementing economic neoliberalism has even caused both the United Kingdom and the United States to be increasingly faced with hunger.

As regards the year 2014, it was for instance reported by the British press that no less than 913,138 persons regularly called upon the food bank "Trussell Trust". The main cause hereof was explained to be the failure of the British social security system, which, as has already been mentioned before, had suffered severely under the dismantling efforts of the (neoliberal) governments of Margaret Thatcher and, later on, David Cameron (2010–2016) and Theresa May (as of 2016).[190] (See above, under Sect. 3.2).

By the end of April 2018, the situation had even got worse. It was then reported that food bank use in the UK had reached its highest rate on record with 1,332,952 3-day emergency food supplies delivered to people in crisis in the course of 2017, a number that was 13% higher than in 2016.[191]

As regards the situation in 2018, the Trussell Trust, the UK's national food bank provider, reported that people going hungry were often in work, in low-paid jobs, skipping meals. Low income was mentioned as the biggest single—and fastest-growing—reason for referral to food banks. Being in debt was mentioned as one of the other main causes.[192]

Also in the USA, (traditionally) one of the richest countries in the world, the need for food banks has been growing at an alarming rate, especially in the aftermath of the financial crisis of 2007–2008, indicating that also in the USA, hunger is becoming an increasing problem. The high degree of food bank dependency in the USA is, according to some, mainly the result of an exceptionally high income inequality.[193]

According to the website of the food bank "Feeding America",[194] in 2012, a troubling number of one out of six American inhabitants were reported to be more or less dependent on food help. According to this same website, in 2012, 46.5 million Americans (15% of the American population) were living in poverty (amongst

[190] See http://www.independent.co.uk/news/uk/politics/food-banks-archbishop-of-canterbury-urges-politicians-to-face-up-to-britains-hunger-9909324.html (last consulted on March 5 2019); See also http://www.independent.co.uk/voices/editorials/hunger-has-not-vanished-from-our-affluent-even-overweight-society%2D%2Das-archbishop-welby-has-pointed-out-9909189.html (last consulted on March 5 2019).

[191] Moore (2018) and Bulman (2018).

[192] Moore (2018). See also Bulman (2018); https://www.oxfam.org.uk/what-we-do/issues-we-work-on/poverty-in-the-uk (last consulted on March 5 2019).

[193] Roser and Ortiz-Ospina (2017).

[194] http://www.feedingamerica.org/ (last consulted on March 5 2019).

which 16.1 million (or 22%) children below the age of eighteen).[195] In that same year, about 49 million American inhabitants were living in so-called "food insecure families" (amongst which about sixteen million children).[196]

According to the findings of a similar study of 2014, 72% of American families that had been calling upon the services of the food bank "Feeding America" lived below the so-called "federal poverty line",[197] at a moment where the median of their income was reported to be 9175 USD per year. According to the same study, the food bank "Feeding America" was then supplying food help to 46.5 million people, amongst which twelve million children and seven million elderly (through a network of 58,000 food centres).[198] In a similar study of 2014 by "Feeding America", it was stated that the vast recession of 2008 (itself created by the financial crisis of 2007–2008) was one of the main causes of the increasing poverty and hunger in present-day USA.[199]

As regards the situation in 2016, a report called "Household Food Security in the United States in 2016"[200] of the United States Department of Agriculture similarly mentioned that:

> an estimated 87.7 percent of American households were food secure throughout the entire year, implying they had access at all times to enough food for an active, healthy life for all household members. The remaining households (12.3 percent) were food insecure at least some time during the year, including 4.9 percent with very low food security, meaning that at times the food intake of one or more household members was reduced and their eating patterns were disrupted because the household lacked money and other resources for

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[195]This was moreover reported to be the highest number in over 50 years. (See Feeding America (2014), p. 3).

[196]http://www.feedingamerica.org/hunger-in-america/impact-of-hunger/hunger-and-poverty/ (last consulted on March 5 2019).

[197]See http://aspe.hhs.gov/poverty/14poverty.cfm (last consulted on March 5 2019).

[198]See Feeding America (2014).

See also http://help.feedingamerica.org/site/PageServer/?pagename=HIA_hunger_in_america&s_src=W14CDIRCT&s_subsrc=http%3A%2F%2Fwww.feedingamerica.org%2F&_ga=1.31822968.715348318.1418886761 (last accessed on June 16 2018).

[199]See Feeding America (2014), p. 1:

> Unemployment and poverty rates have remained high since the Great Recession of 2008, and the number of households receiving nutrition assistance from the federal government's Supplemental Nutrition Assistance Program has increased by approximately 50 percent between 2009 and 2013. Demand for charitable food assistance has also expanded. HIA 2014 finds an increased number of individuals relying on charitable assistance to access nutritious foods for themselves and their families.

See also Feeding America (2014), p. 3:

> The economy has experienced an unusually slow recovery since the deep recession in 2008 and 2009. The nation's poverty rate reached 15.1 percent in 2010, the highest rate since 1993. The poverty rate remained at 15 percent in 2012 with 46.5 million people living in poverty. This is the largest number living in poverty since statistics were first published more than 50 years ago.

[200]Coleman-Jensen et al. (2017).

> obtaining food. Changes from 2015 to 2016 in food insecurity overall (from 12.7 to 12.3 percent) and in very low food security (from 5.0 to 4.9 percent) were not statistically significant, but they continued a downward trend in food insecurity from a high of 14.9 percent in 2011. Among children, changes from 2015 in food insecurity and very low food security were also not statistically significant. Children and adults were food insecure in 8.0 percent of households with children in 2016, essentially unchanged from 7.8 percent in 2015. Very low food security among children was 0.8 percent in 2016, essentially unchanged from 0.7 percent in 2015. In 2016, the typical food-secure household spent 29 percent more on food than the typical food-insecure household of the same size and household composition. About 59 percent of food-insecure households participated in one or more of the three largest Federal food and nutrition assistance programs during the month prior to the 2016 survey (food stamps (SNAP); Special Supplemental Nutrition Program for Women, Infants, and Children (WIC); and the National School Lunch Program).[201]

When consulting the homepage of the website of Feeding America[202] on 2 May 2018, one may still learn that:

> 41 million people face hunger in the U.S. today — including nearly 13 million children and more than five million seniors. Hunger knows no boundaries — it touches every community in the U.S., including your own.

It is hardly a coincidence that both the United Kingdom (under "Thatcherism") and the United States of America (under "Reaganomics") have been among the first Western countries that adopted the theories of economic neoliberalism in order to purify capitalism from the effects of the welfare state model that under these theories were considered devastating.

4.7 General Conclusion

From the foregoing, it may be clear the after two to three centuries of relying on the capitalist socio-economic model, the Earth and humanity are facing a variety of ever increasing problems that remain unaddressed by capitalism itself but, on the contrary, are getting worse by the minute.

Already the problem of climate change has, on itself, reached proportions that, according to some, may very well be leading Earth and humanity to disaster.

For instance, on speaking at the opening ceremony of United Nations-sponsored climate talks in Katowice, Poland, considered to be the most critical meeting on climate change since the one of Paris 2015 Paris, naturalist Sir David Attenborough held that climate change is humanity's greatest threat in thousands of years.[203]

Sir Attenborough said[204]:

[201] Coleman-Jensen et al. (2017).

[202] See http://www.feedingamerica.org/ (last consulted on March 5 2019). See also Feeding America (2017).

[203] McGrath (2018).

[204] McGrath (2018).

> Right now, we are facing a man-made disaster of global scale. Our greatest threat in thousands of years. Climate change.
>
> If we don't take action, the collapse of our civilisations and the extinction of much of the natural world is on the horizon.

During the same opening ceremony, UN Secretary-General Antonio Guterres, similarly held that climate change is already at present "a matter of life and death" for many countries.[205]

Of no lesser concern are the threats to human civilization by some of the other problems caused by capitalism, such as the immense and continuously unaddressed global debt problem that is undermining the stability of the entire monetary and financial system[206] and, through this, the safety of the economy itself, next to the increasing gap between rich and poor on a global level.

Needless to say that is more than time to seriously start looking for alternative approaches of organizing the global socio-economic order.

Working further on the insights of some of my earlier quoted previous books, the next Chaps. 5–7 of this book will present some further ideas on how such an alternative for the prevailing capitalist system could look like.

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[205] McGrath (2018).

[206] Recently, this even seems to have been acknowledged by the American press. (See Watson (2019)).

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Chapter 5
Some Thoughts on a Monetary Way Out

5.1 General

As explained in some more detail in Chap. 3 of this book,[1] neoliberalism basically holds that the free market system forms the only approach perceivable of establishing a democratic socio-economic order, implying that, at least on a socio-economic level, there are no alternatives for the free market.

In this approach, mankind is basically doomed forever to undergo capitalism in all of its detrimental consequences (some of which having been elaborated upon in some more detail in the previous Chap. 4 of this book).

However, to the extent that none of the societal systems of the past have lasted forever, one may nevertheless wonder why (unbridled) capitalism itself should be the one exception to this fact, especially in light of its many detriment characteristics for both the wellbeing of humanity and the Earth it inhabits.

One may even further add to this that, to the extent that it is man's moral duty to continuously reflect how to make society better, hence more fair and just, and to strive for solutions in order to reach this goal[2] (see above, Sect. 1.1), it is in this regard, moreover, both incomprehensible and unacceptable that adherents of (neo) liberalism always fulminate to anyone proposing alternatives for their terrible ideology, which should however not stop any sensible human being from still attempting to do so.

In light of these considerations, the Chap. 5 of this book will readdress a possible alternative approach for the private money creating system that lies at the basis of capitalism.[3]

[1]See furthermore Byttebier (2018). Also Byttebier (2015b).

[2]Compare Vivekananda (1989), p. 30 a.f.

[3]As mentioned before, this theme has already been explored in some of my earlier books; see especially Byttebier (2015a, 2017).

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5.2 The Rational for a New, International Monetary Order

5.2.1 On the Invalidity of the Argument That There Is No Alternative for the Prevailing Monetary System(s) Perceivable

Probably the most important—and perhaps least understood—problem of the prevailing socio-economic order concerns the way money is made.

As has been explained before (see especially in Chap. 2 of this book), as a result of some historical evolutions, in capitalist economies, the money creating power has, throughout the ages, to a large extent been handed over where it does not belong, namely in the hands of private commercial banks.

Through this, private commercial banks have been vested with one of the most important societal powers, namely not only to literally make money "out-of-nothing" but, moreover, through this, also to decide upon the questions (1) how human beings are supposed to spend their time on Earth and (2) what should be the outlook of one of the main systems for (re-)distributing the wealth that is brought forward by the economic system as a whole.

It should, however, at the same time be pointed out that the money creation power of private commercial banks is not entirely of an exclusive nature, as next to the private banks, also central banks are entrusted with at least a part of the power to create new money.[4]

If not much else, this demonstrates that it is at least conceivable that the money creation power would be vested in the hands of public authority.

Indeed, as has also been readdressed in more detail in Sect. 2.1 of this book, capitalism basically emerged out of medieval bank practices that still lie at the roots of the present-day monetary system, and, through this, of the present-day prevailing socio-economic order. Consequently, if humanity ever wants a way out of capitalism, it will have to start by reinventing its core foundation or, put otherwise, it will have to replace the capitalistic monetary system that is based upon the power to create new money left in the hands of private banks by an alternative approach.

[4]Where in the prevailing economic systems on Earth, the power of private commercial banks to create money concerns so-called "scriptural money" (hence money that only virtually exists through bookings on financial accounts), the power of central banks to create money concerns so-called "bank notes" (and/or coin money), hence money that still knows a certain physical existence, as it is printed on paper (or made of metal).

These central banks may, furthermore, have a "public", "mixed" or even entirely "private" nature, implying that there exist central banks who completely resort under public authority, next to central banks that are partly in private hands, and partly resorting under public authority, albeit that there are also central banks that have a full private nature themselves. It is in this regards noteworthy that the US Federal Reserve is privately owned (which implies that the USD is entirely privately created money). Purportedly established to serve the public interest (see Board of Governors of the Federal Reserve System (2016), p. 2), the Federal Reserve is, more precisely, to a large extent controlled by private commercial banks (see furthermore Board of Governors of the Federal Reserve System (2016), p. 6 a.f.).

There have, throughout time, moreover been numerous periods in history during which the power to newly create money completely resorted under public authority, rather than in the hands of private market players.

One could even wonder if the fact that money creation power ended up in the hands of private market players is nothing more than a historical mistake that stands corrected, as moreover up till this very date, there has not been the slightest debate on the question whether this system in which the power to create new money has been left in private hands, is the system that the majority of humanity really wants.

This more in particular raises the question to what extent the prevailing monetary order, based upon the power to create new money being handed over to private banks and where central banks play but a (limited) monitoring role in this regard, especially through their so called lender-of-last-resort role, may or may not be democratically legitimate, as this system has mainly come into play through "trial and error" without much interference from legislative powers or other entities vested with public authority.

In light of the further fact that leaving the power to create money in the hands of private banks basically provides the latter with a blank check to suck a huge part of the wealth that the economic system creates only to enrich, beyond one's wildest imagination, a few happy people (namely especially those holding shares of banks and/or other financial instruments issued by financial institutions), and, given the many problems which, almost in a cyclist way,[5] the prevailing monetary order causes, one cannot help reaching the conclusion that the prevailing monetary order does not at all contribute to a(n) (more) ideal society (referred to in Sect. 1.1) in which all people stand a fair, just and equal chance to have their basic life needs fulfilled, but rather the contrary.

This immediately raises the question if one could not think up alternatives for the prevailing monetary system. Attempting to answer this question will form the subject of the present Chap. 5 of this book.

5.2.2 *Basic Outline for of an Alternative Monetary System*

In the books "Towards a New International Monetary Order"[6] and "Nu het gouden kalf verdronken is. Van hebzucht naar altruïsme als hoeksteen voor een Nieuwe Monetaire Wereldorde",[7] the viewpoint has already been defended that an alternative for the prevailing monetary order, and hence for the economic system that is built upon this monetary order, namely capitalism, is still conceivable.

Such an alternative monetary order could be based upon an approach in which not private initiative, but rather public authority would be vested with the power to create

[5] See especially Galbraith (1990).

[6] Byttebier (2017).

[7] Byttebier (2015a).

new money, and hence to decide upon how the wealth brought forward by the economic system should be (re)distributed among the members of society.

Such a newly perceived monetary system should, moreover, as has been put forward above in Sect. 1.1, have as a final goal to ensure that all people, regardless where they are born, would stand a fair, just and equal chance of having access to the means brought forward by the combined efforts of nature and man (or, put otherwise: by economic activities) in order to fulfill their life's (basic) needs and, in general, be able to lead a happy and dignified life.

As this may sound "utopian", which should not come as a surprise in as far as this book's main aim is to look for (theoretical) socio-economic models that would be better suited for making sure that all people, from birth, are presented with a fair chance of getting access to the means for fulfilling their needs in a fair, just and equal manner (see Sect. 1.1), it shall hereafter be explored what the further outlook of such a new monetary order could be.[8]

5.3 International Character of the Here Proposed New Monetary Order

The introduction of a new monetary order that would be based upon leaving the power to create new money with public authority, rather than in the hands of private market players, should obviously be of an international nature.

Clearly, at present, the power to create new money is, to a (too) large extent, embedded within national law systems, implying that practically any country in the world has its own monetary system based upon a division of tasks between a central monetary institution that issues bank notes (and possibly also coin money), and private banks that hand out new scriptural money through their credit activities.

In most cases, countries hereby have defined their money in terms of a given chosen currency, the value of which is, furthermore, determined through a complex set of parameters, both as regards the purchasing power of this money within the national economy, as its external value towards the currency of other countries (= the so-called "exchange rate").

This basically national nature of money, moreover, permits a country to conduct a sovereign monetary policy, basically allowing it to put its own national interests above these of other countries.

[8] Similarly Dare (2016):

> Nations like Greece are forced into austerity and unnecessary hardship by private banks, it is becoming ever more clear to the people of the world that debt-based currency is being used to conquer nations and enslave free people. The fiat money scheme is so absurd, so detrimental to human progress, that any sane person has to wonder why the global debt cannot just be written off with a few key strokes, allowing the world's economy to again thrive.

Notwithstanding the foregoing, some countries have in the more or less recent past already joined treaties in which they have handed over a part, or even the total, of their monetary sovereignty to an international or supranational organ.

An example of such a monetary treaty having the most member-states is, obviously, the treaty that established the International Monetary Fund, be it that its member-states have only submitted a limited part of their monetary sovereignty to this IMF.[9]

Another well-known monetary treaty is, obviously, the treaty that established the European Monetary Union (EMU), which on one side is of a mere regional nature (as it has only European states among its members), but which on the other side has been based on the principle that its member states all have transferred the totality of their monetary sovereignty to the thus established EMU itself.[10]

The in the Chap. 5 of this book[11] proposed, newly to be established monetary order should, obviously, be of a similar international nature and should, hence, be based upon a far-reaching co-operation between all (or at least as much as possible) countries of the world that would, moreover, hand over the totality of their monetary sovereignty to a to-be-established international organization that would be vested with the power to create new money.

The here proposed system would, otherwise put, imply that the idea of national currencies would be completely abandoned and that, instead, a new international currency would prevail that would function as money in all of the countries participating to this new international monetary order.

Given the aspiration to establish a new monetary order that aims at providing all people in the world a fair, just and equal chance of sharing in the wealth generated by the combined efforts of nature and man (hence: of economic activities), there is indeed no reason to maintain the national sovereignty principle that should on the contrary make place for a system in which only one currency will still prevail that will be the same in any country in the world and for all of its inhabitants.

Under this new international monetary order, the power to create new money could entirely be entrusted to a new international entity—which could, obviously, be a "transformed" IMF—that would have as its main mission the distribution of newly created money among the different layers of society, going from individuals, to private organizations (such as enterprises), to even the participating countries themselves.

The parameters in accordance with which the distribution of money in this new, international monetary system would occur, should best be laid down in an international treaty (or a set of international treaties) establishing the new, international monetary system.

This will, obviously, also require a thorough reflection on how the international community will want the global economy to evolve in the future, with as basic

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[9]See at https://www.imf.org/external/ (last consulted on March 5 2019).

[10]See Bollen (2004).

[11]As in my previous books Byttebier (2015a, 2017).

underlying principle that this new socio-economic order should be of a fair and just nature.[12] We shall address this issue in some more detail in the next Sect. 5.4.

5.4 The Underlying Values of the Here Proposed New, International Monetary Order

5.4.1 General

The choice humanity will face provided it would ever be sufficiently willing to reflect on the outlook of a new monetary system, basically comes down to the choice between either perpetuating the prevailing neoliberal socio-economic order that is based upon the values of selfishness, egoism and greed, or establishing a new socio-economic order based upon the opposite values of altruism, solidarity and a willingness to care for one another.

Choosing for the first of these possibilities would, obviously, imply not much change to the extent that, in such a case, one could as well simply abandon the idea of a new, international monetary order that aims at establishing more just, fair and equally accessible means of (re-)distributing economic wealth, as creating a new international monetary system without at the same times abandoning the dictates of selfishness, egoism and greed on which neoliberal economics have been based, would bring not much change to the presently prevailing (monetary and economic) system.

It is, hence, further in the Chap. 5 of this book assumed that, when establishing a new international monetary order, humanity would at the same time choose for the second of the mentioned options and aim at creating a new monetary and economic order that will be based upon the values of altruism, solidarity and a willingness to care for one another, as only in such a case, there will be a sufficient chance of working out a money creation model that would ensure a fair, just and equally accessible system of (re-)distributing the wealth brought forward by the combined economic efforts of mankind.

Next to the aim of creating a socio-economic order that would be based on the values of altruism, solidarity and a willingness to care for one another, the new international monetary system should, furthermore, preferably also be based upon a second underlying main principle, namely a willingness to use the natural resources of Earth in a far more prudent and rational manner than the free market, operating under the dictates of the ideologies of (economic) liberalism and neoliberalism, has

[12]It is in this regard, obviously, possible to draw important lessons from the experiences with the prevailing capitalist monetary system, such as the fact that it inherently leads to a too great concentration of riches and power in the hands of a select group of people (especially bank shareholders), next to the fact that it condemns humanity to an ongoing model of economic growth (with all its detrimental consequences). (See furthermore Sect. 5.4.3).

ever been willing to do (amongst others, having resulted in the present devastating state of the global environment).

Indeed, under the reign of the latter economic doctrines, there is basically no room for any true planning with regard to the use of Earth's natural resources in the broadest sense of the word, which basically implies that, whoever has—or has purchased—enough money, gets a free pass of stripping Earth of any of its (natural) resources in order to acquire ever more wealth, regardless of the effects thereof on nature itself, but also without paying any attention to the question whether or not said resources, given the rate in accordance with which their exploitation has been taken place during the past three to four centuries, will suffice for the generations to come.

Given the basic premises of selfishness, egoism and greed characterizing the neoliberal economic order, there is, simply put, no room for such considerations.

As a result, and as has already been addressed in more detail in the previous Chap. 4 of this book, during the past two to three centuries, the use of the Earth's natural resources has under the rule of capitalism been taking place at an alarming speed and without any elementary planning, with all of its detrimental consequences present generations of men are more and more experiencing in their practical life, such as pollution, climate change, the emergence/growth of deserts, floods. . .[13]

This is all still occurring under the optimist belief system that neoliberalism at the same time keeps ordaining that, by leaving all societal (and other) problems to the play of the free market, everything in the end will turn out just fine.

It should by now nevertheless be obvious that this blind belief that the powers of the free market will be able to solve the problem of preserving Earth and its natural resources in a manner that will ensure that it will still last for the generations to come without becoming all too unlivable, can hardly be considered a rational way of dealing with the issue.

Hence, under the new, international monetary order proposed in the present Chap. 5 of this book, there should be ample room for a new kind of economic policy that would not only be of a just and fair nature, but also would bear an elementary respect to the limitations of Earth and its natural resources.

5.4.2 Possible Outline for Creating a More Just Socio-Economic System

As has been argued before, the here proposed New Monetary World Order (hereafter referred to under the abbreviation "NMWO") should advocate a globally leveled system of true "socio-economic care" ensuring that every human being, wherever in the world he is born or residing, would henceforth stand a fair chance of leading a dignified life.

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[13] A further, more economical question is how long the reserves of certain crudities (such as oil, gas. . .) will still last at their present rate of consumption.

Otherwise put, on a socio-economic level, the NMWO should be of an "altruistic" nature whereby money should be made accessible in order to meet the needs of everyone, especially the poor and deprived within society.

Hence, under the regime of the NMWO, especially the implementation of a globally equalized social care system should be put high on the agenda.

In Chap. 6 of this book, it will be explored in some more detail what the outlook of such a new "care state model" could be, while in the present Chap. 5 of this book, it will be first examined how it could become possible to finance such a new care state model in accordance with the logic of the here proposed NMWO.

5.4.3 Escaping the Dictates of the Doctrine of (Neo)liberalism

The new monetary (and financial) system proposed in the present Chap. 5 of this book should obviously no longer be based upon the globally dominating ideas and mechanisms of (neo-)liberalism, with all of their negative characteristics and consequences, amongst which:

1. the domination of private money creation which, already since the late Middle Ages, has caused the supply of money within the economy to be at the mercy of the goals and strategies of a limited number of private commercial banks (and especially of the unbridled pursuit of profits driving both these and their respective shareholders), and which, during the past centuries, has repeatedly resulted in financial and economic crises mainly caused by greed, at the same time turning (the rest of) the economy—and by extension society as a whole—into its permanent hostage;
2. subsequently: the magnitude of the credit economy which has resulted from this private money creation system and which, on a global scale, has resulted in immense amounts of credit of which it has become doubtful that it will be ever feasible to gain these back from economic activities (as a further result of which global economy has been turned into a system driven by both "short-termism" and "utter nervousness");
3. even so subsequently: the mechanism of "pricing" newly created money, i.e. the mechanism of charging interests which private banks impose when they grant (any new) credit, which inter alia has led to the fact that (1) the poor within society have to pay a (high) price for the access to new money, an effect which is (ultimately) to the benefit of a limited financial elite (namely the capital providers of the money creating private banks), which moreover—as appears from centuries of experience—has contributed to the fact that a limited number of people is continuously getting richer to the detriment of the rest of humanity,[14] and (2) government budgets of many countries have completely been depleted after

[14]See especially under Point IV.H.2. of the Chapter II of Byttebier (2015a), and under Section 3.4.8 of Byttebier (2017).

decades, or even ages, of suffering from having to pay interests to private bankers;

4. the globally prevailing fiscal (and "semi-fiscal" or "para-fiscal"[15]) systems, which mainly skim the income of the poor and the middle classes, and leave the rich practically untouched, resulting in a system of (fiscal) domination of the low and moderate income citizenry, as a result of which mainly the poor and the middle classes are forced to finance government spending (a characteristic of capitalist state financing which, obviously, has contributed to the ever-growing gaps between the rich and the poor)[16];
5. the mechanism of debt financing of governments, which has further underlined the aforementioned negative characteristics of global capitalism.[17]

Under the here proposed New International Monetary Order, all these negative characteristics of the prevailing capitalist monetary order should, obviously, be avoided.

5.4.4 Taking into Account the True Nature of Money

The attempt undertaken in the present Chap. 5 of this book of reflecting on the outlook of a new global monetary system which should, moreover, relinquish the ideas and mechanisms of (neo)liberalism and which would, on the contrary, aim at establishing a more just (and more altruistic) monetary order, will inherently have to be based upon one of the crucial characteristics of money (and the globally prevailing monetary systems), namely that money is (but) a "conventional" system that is inherently "variable".

Indeed, as has already been dealt with in the previous Chap. 2 of this book, money and the prevailing systems of money creation are, simply speaking, based on the fact that an economy (or several interactive "economies") accept "something" as money, and is (are) moreover willing to fully—and by all conceivable means, such as the law system itself—support the use of money in all conceivable economic and financial transactions.[18]

[15]Reference is made to all types of government imposed contributions to systems of public care other than taxes in the strict sense of the word, with as a typical example (mandatory) social security contributions.

[16]See especially Oxfam (2014).

[17]See especially under Point IV.F. of the Chapter II of Byttebier (2015a), and under Point 3.4.6 of Byttebier (2017).

[18]It could hereby even be held that the monetary system is based on, or embedded in, a so-called "social contract" through means of several types of mechanisms and procedures, such as (international) law, including treaties establishing a monetary order and/or the free movement of money and capital; state organization itself; all types of conventional systems between financial institutions and other market players … (See Byttebier (2015a), p. 31, no 29 and pp. 33–34, no 39–42; see also under Point 2.2.3 of Byttebier (2017), pp. 20–21).

This "conventional" (and through this, also inherently "variable") nature of money, furthermore, implies that the mechanisms of money creation and distribution themselves may, even so, be subject to changes, provided that the powers which are shaping society (and its underlying "social contract" of which money and its creation forms a part) would find themselves sufficiently in favor of such a change.[19]

The in the present Chap. 5 of this book undertaken attempt of describing how a new, more just monetary system which would be based on "altruism" rather than on "egoism", could look like, is furthermore based on the realization that the continuation of the prevailing monetary system, given its starting premises,[20] will very probably on itself never be able to lead to a more just socio-economic order (but, on the contrary, threatens to bring closer the ruin of mankind and the Earth it inhabits).

Said attempt of conceiving a new monetary system is, finally, also the result of an exercise in deliberate "out of the box – thinking", in light of the fact that, up till now, many (sometimes very) critical reflections have been made as regards both the capitalist economic system and the prevailing monetary and financial system (which itself forms one of the building stones of capitalism), but that barely any true alternatives have been offered for this currently prevailing monetary and banking system as based upon the above-explained capitalist starting premises.[21]

The major characteristics of these mechanisms and procedures have been dealt with in detail (and also illustrated) in the Chapter I of my book "Nu het gouden kalf verdronken is" and in the Chapter 2 of my book "Towards a New International Monetary Order", whereby it has also been indicated that the inherently "conventional" nature of money also implies that it is intrinsically subject to changes. Indeed, the history (of the financial and monetary system) has effectively witnessed several such changes, even to the extent that money, as we know it today, could be basically considered as the result of a continuous (fine)tuning during a long evolutionary process. (See Byttebier (2015a), p. 31, n° 32; Byttebier (2017), pp. 16–18).

[19]This obviously also implies that the need for a more just and more altruistic global monetary system at the same time implies the construction a more democratic system of money creation and distribution than the prevailing capitalist monetary and financial system, which itself may be indicated as being of a highly undemocratic nature.

Ann Pettifor has phrased this as the necessity for a willingness:

> [to] move on beyond Adam Smith towards a fuller understanding of the public good that is credit.
>
> (Pettifor (2014).)

[20]As also described in detail in Chapter II of Byttebier (2015a), and in Chapter 3 of Byttebier (2017).

[21]Compare Van Steelandt (2014), p. 20.

5.5 Institutional Aspects of the New, International Monetary Order

5.5.1 A Two Tiered Institutional Framework

Once the underlying goals of the newly to be established monetary order would have been worked out in one or more basic treaties, the international community will also have to consider what the further institutional outlook of this new, international monetary order should be.

The idea here could be to agree upon the installment of a central, supra-national organization of a similar nature as the presently prevailing IMF, albeit with some corrections that would come down to abandoning the idea that the more rich and powerful countries would have a bigger say in its working, and to replacing this idea with more democratic governing rules.

In the quoted book "Towards a New International Monetary Order", this new supra-national institution has provisionary been indicated with the name "New Monetary World Institute", ("NMWI") a denomination which will also be used hereafter.[22]

A further idea could be that this NMWI would be vested with the basic power to organize the creation of new money on behalf of all the participating countries and their inhabitants.

As this task and the accompanying responsibility will, obviously, be immense, ample consideration should be given to the further organization of this central, supra-national, monetary institution.

This will not only imply considering issues such as staff and working means, but also the embedding of the new, supra-national, monetary institution within the participating countries.

Here, the way the EMU is at present organized could form an important inspirational source for giving shape to the NMWI. One could, for instance, think of an organizational model according to which, next to creating a central monetary institution on a supra-national level, in each of the participating countries, a local "department" of the new, supra-national monetary institution would be installed in order to give shape to its monetary policy on a local level.

Otherwise put, the idea would be that there would be two institutional and operational levels of the newly to be established international monetary order.

On the one side, there would be the NMWI itself that would be vested with the central money creation power(s). On the other side, this NMWI would be surrounded by a network of central banks operating within the territories of the participating countries.

Again in the quoted book "Towards a New International Monetary Order", reference has been made to this network of central banks in combination with the

[22]Byttebier (2017), p. 443.

NMWI itself, as to the "New Global System of Central Banks" (hereafter referred to as "NGSCB").[23]

There will, obviously, furthermore be a need for a clear task division between these two operational levels of the NGSCB. Such a task division could, for instance, imply that the NMWI would be mainly responsible for the (periodical) attribution of "allocations" of new money to the member states themselves, as well as for the general policy of money creation on behalf of private enterprises and institutions, next to private citizens. (See furthermore, in Sect. 5.6.2.5).

Each of the central banks of the participating countries would, in its turn, become responsible for the implementation of said general policy of money creation on behalf of the private sector within each of the participating countries and for the actual handing out of newly created money to this private sector, for instance through credit agreements with private persons. (See furthermore, in Sect. 5.6.2.5).

5.5.2 Governance Aspects

One of the main problems of establishing a new international monetary order will, of course, be that it will have to function in a sufficient democratic order, in order to prevent that the here proposed new international monetary system would end up being worse than the prevailing system in which the monetary order is dominated by the private banking sector that basically runs it for its own (selfish) interests (and those of its shareholders).

As regards the level of the NMWI itself, one could, for instance, aim for a system in which all of the participating countries will have an equal say, regardless of their respective economic strength.

In case there would nevertheless be a need for a more "pondered" voting system, the most relevant criterion for attributing different voting rights to each of the participating countries could be their population number, this approach being justified by the fact that each human life should be considered of equal importance, implying that a given, fixed number of people should have a same representation within the NMWI.[24]

For the rest, the further organizational logic of the NMWI could, for instance, be mirrored to the one of the present IMF.

[23] Byttebier (2017), p. 444.

[24] The latter could even imply that state borders would become of less importance when attributing representative seats within the organs of the NMWI. On the contrary, one could, for instance, also work with a more "regional" or "community" approach, which could imply that, as regards representation within the organs of the NMWI, bigger countries would end up being divided into several regions each obtaining the right to send a given number of representatives to the NMWI, while smaller countries could end up being grouped in order to ensure that they will also be sufficiently represented.

One could hereby consider establishing a general meeting of participating countries, regions and/or communities, in which each relevant country, region or community of people (whereby, as said, territorial borders would not necessarily be of a decisive nature for ensuring representation rights) would have one representative in this general meeting.

In other words: once it will be decided upon what countries or groups of countries, respectively what regions or communities being part of big countries, would each have such a representation within said general meeting, there will not be any further need for "pondered" voting rights, each such representative having an equal and single vote within this general meeting.

Such a general meeting could, furthermore, be granted the power to make amendments to the basic treaty (or treaties) of the NMWO, next to setting out the general policy of the NMWI.

Next to the general meeting, the NMWI could also have one or more organs responsible for its governance and daily management.

For instance, a board of "directors" or "governors" could be made responsible for the main practical decisions, such as the actual approval of the money allocations to the participating countries, and deciding upon the general parameters of money creation on behalf of the private sector. This organ of daily management could, in its turn, be made responsible for more daily management matters, such as steering the staff of the NMWI, next to dealing with its general administration.

As regards the people appointed for manning said organs of the NMWI, one can but express the hope that these appointments would not solely be based upon membership of the traditional political parties of the participating countries (given the several forms of injustice stemming from such a governance model), but that one would also consider more direct appointments of ordinary people.

An idea could even be that for each relevant country, group of (small) countries, community or region, any representative mandate would be fulfilled by two representatives acting together, one appointed by the national government or parliament (or other representative governing organ), and a second one that would be selected among the general public through a system of lottery.

Moreover, all such representation mandates should be made for a both "single" and "limited" period of time only, for instance for 4 years, without accepting any exceptions to such a rule, this in order to avoid that representatives would become too used to fulfilling this function (and the power that goes along with it).

The further organization of each of the central banks of the participating countries could be mirrored to the organization of the NMWI itself. Here also, there could be worked with a general meeting of representatives, a governance organ and an organ of daily management. Also on the level of the national, central banks one could, furthermore, think of "double mandates" where each representative function would at the same time be fulfilled by one person appointed by the government or legislative power, and a second one that would be appointed among the members of the general public through a system of lottery.

5.6 Towards a New Five Pillared System of Money Creation

5.6.1 General Scope of Section 5.6: A "Five Pillar"-Approach

In light of the basic principles mentioned in the previous Sects. 5.3–5.5, the new global monetary system that is defended in the Chap. 5 of this book, could be based upon "five main pillars".[25]

These five "pillars" are:

- Pillar I: a global monetary system;
- Pillar II: a monetary system aimed at fulfilling altruistic policy aims;
- Pillar III: a monetary system which no longer relies on private money creation, but considers money as a "public good";
- Pillar IV: a monetary system which is based upon a differentiated price setting for newly created money;
- Pillar V: a monetary system in which a central global institute (the to-be-created NMWI) would become responsible for all levels of new money creation.

The outlook of each of these five "pillars" will hereafter be dealt with (in a general manner).[26]

5.6.2 The Five Pillars Explained in More Detail

5.6.2.1 Pillar I. A Global Monetary System

The here proposed new monetary system would, as argued before (see Sect. 5.3), no longer adhere to the essentially "national" nature of money.

At present, (cash) money has still indeed, at least to a high extent, a "national character", which is a consequence of the fact that money creation is deemed to be

[25]This "five pillars based" new monetary system has already been dealt with in some more detail in the earlier quoted books "Nu het gouden kalf verdronken is" (see Byttebier (2015a)) and "Towards a New International Monetary Order" (see Byttebier (2017)).

More precisely, the Chapters III and IV of said book "Nu het gouden kalf verdronken is" (Byttebier (2015a)) and the Chapters 4 and 5 of said book "Towards a New International Monetary Order" (Byttebier (2017)) contain a detailed attempt of describing how an "altruistic" monetary (and financial) system could look like, as opposed to the global monetary system presently prevailing in accordance with the doctrine(s) of (neo)liberalism.

[26]In case mankind would ever be willing to consider implementing the ideas brought forward in the present Chap. 5 of this book (as to some extent based on the Chapters III and IV of Byttebier (2015a), and on the Chapters 4 and 5 of Byttebier (2017)), it will obviously be necessary to work out said ideas in more detail, for instance in the treaty (ies) and other rules and regulations dealing with the to-be-established NMWO.

part of the so-called "sovereign state authority "of national states,[27] also described as the so-called "ius cudendae monetae".[28]

This implies that, up till today,[29] in principle, any sovereign state may itself determine what it considers to be money within its own national frontiers.

It goes without much further saying that in the (extremely) "globalized" world as evidenced from current societies, no country still operates as an isolated entity, but rather (almost) all countries have more or less become part of a globalized "ensemble" which, in economic terms, is characterized by an almost continuous stream of transnational transactions, including transactions of payments and capital, but also of people.[30]

As a result, the need for international agreements on monetary issues has, especially in the course of the twentieth century, already led to a number of extensive convention-based monetary systems, amongst which obviously the IMF and the EMU.[31]

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[27]See Byttebier (2015a), p. 74; Byttebier (2017), p. 61.

[28]The "ius cudendae monetae" is considered as one of the fundamental attributes of state sovereignty which enables a State to issue money in defined units of accounts and to regulate its use as currency within its (own) territory, and in particular the conditions, including (exchange) rates, of its exchange for foreign currencies (see for instance Shuster (1973), pp. 1–3).

Furthermore, the monetary sovereignty principle also applies to money as a (generally accepted) payment instrument, as a value indicator, and as a savings and credit instrument (see also further, in Chapter II of Byttebier (2015a) and in Chapter 3 of Byttebier (2017)). Each state can in this regard freely set and apply rules (including, if so desired, restrictions), in order to regulate these (classical) functions of money.

In most of the countries, a chosen "national" currency fulfills the aforementioned traditional functions of money, although there are countries that have chosen another system (such as, for instance, the countries participating in the so-called "Eurozone" where the euro is used as one common currency).

[29]For some further critical reflections on the "national character" of money, see Pdoa-Schioppa (2011), pp. 51–73.

[30]On the interaction between the national state model and (social and economic) globalization, see especially Stiglitz (2006), p. 19.

In the recent past, this insight has even led to the questioning of the national state model itself (for instance in the works of John Breuilly of the "London School of Economics").

[31]Probably the most extensive convention-based mechanism in the field of monetary law and economics, is the so-called "monetary union", which (in general terms) could be described as the convention-based agreed upon system whereby, within a certain geographical area—in general a group of countries—, one common currency is (at least) functioning as a generally accepted means of payment (in addition to fulfilling the other classical functions of money). Countries constituting such a monetary union are hereby setting aside their own national currency and join a (monetary) system in which one single currency is used instead. (See Umbach and Wessels (2008), pp. 54–68).

A similar result as reached by means of a monetary union may be obtained when a country starts using the currency of another country.

The IMF qualifies both systems as so-called "exchange arrangements with no separate legal tender". (See International Monetary Fund (1999), p. 164. See furthermore Healey and Levine (1993), p. 372).

As has been explained in Sect. 5.3 above, the here proposed new monetary system which would aim to be of a more just and altruistic nature should be of a similar essentially "international", or even: "supranational" nature whereby, on a global scale—or at least among the countries taking part in this NMWO—there should exist a consensus to create one "global monetary union".[32]

In such a global monetary system which would aim at omitting the starting premises of neoliberal doctrine currently determining the monetary and financial world, the assumed advantages of national monetary systems can indeed no longer prevail.[33]

For instance, by re-directing the monetary (and hence economic) order towards a system based upon altruism, the economic and political aspiration of accumulating as much of another country's currency as monetary reserves as possible (which is, presently, the result of the fierce competitive battle between economic agents of different countries that is dictated by the economic neoliberal system),[34] will no longer make sense. Nor will it be longer of any importance for large financial institutions[35] and (other) transnational enterprises (with high cash reserves in different currencies) to have a continued access to exchange trade as a method to make quick profits (or losses).[36]

In such a new monetary (and hence economic) system based on altruism, neither will there be much further need for a central interest rate policy allowing countries to put their own national interests above these of other countries, let alone to constitute mechanisms by which a few privileged entities (especially the shareholders and top-executives of private banks), through all types of financial techniques, can go on accumulating wealth to the detriment of the rest of society.

Hence, the new monetary system which is proposed in this book under the already earlier proposed practical working name "New Monetary World Order" (abbreviated as: "NMWO")[37] will inherently need to be based on a convention (-based system) whereby all participating member states would adopt one new

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The most remarkable example of such a monetary union is, without any doubt, the already mentioned EMU. (See Bertaut and Iyigun (1999), pp. 655–666; Louis (1993), pp. 285–299; Bonneau (1996), p. 16, n° 26).

[32]Compare Galbraith (1996), p. 128; see also Mateos y Lago et al. (2011), pp. 91–116.

[33]Compare Stiglitz (2006), p. 21, and this author's further arguments about the problematic nature of acquiring monetary reserves (at pp. 148–149 of the quoted book).

[34]On the disastrous effects of an economy which is too much based on competition, see also Oxfam (2016), p. 16.

[35]Financial institutions are among the most important players on the (international) exchange markets often practicing so-called "proprietary trading" (for their own account) (see Loizou (2012), p. 165).

[36]Loizou (2012), p. 161 a.f., pointing out that at the time when he wrote his book, the daily trade of currencies, on average, amounted to 4 trillion USD.

[37]Albeit, of course, any other similar denomination could be thought off.

(international) currency and would hereby also, in a definitive way, agree to give up their own national monetary sovereignty (including their national currency).[38]

For (textual) clarity sake, the new type of money to be issued in the context of the NMWO, which, henceforth, would be the sole type of currency for and in all participating member states, will be referred to as "New World Currency" (in short: "NWC") (but, again, any other similar term could be thought off).

5.6.2.2 Pillar II. A Monetary System Based on "Altruistic" Objectives

As has already been explained before, when setting out the objectives of the NMWO, one of the essential points will be to determine what will become the decisive (underlying and structural) objective of this new monetary system[39]: either

[38]For the sake of completeness, it needs to be remarked that, in the more or less recent past, similar voices advocating the introduction of a new world-wide monetary system have already been heard.

One of the advocates of such a new global monetary order has, for instance, been economics professor Robert Mundell (Columbia) who, in a speech dating from 2005 entitled "The case for a world currency", has pleaded for a similar world-wide monetary system (referred to by Newman (2010)):

> My approach is rather to start out with arrangements for stabilizing exchange rates, and move from there to a global currency. It would start off from the situation as it is at present and gradually move it toward the desired solution. We could start off with the three big currencies in the world, the dollar, euro, and yen, and with specified weights, make a basket of them into a unit that could be called the DEY, (. . .) The DEY could then become the platform on which to build a global currency, which I shall call the INTOR.
>
> ["DEY" hereby stands for "dollar-euro-yen"; the term "INTOR" is formed by a contraction of the words "international" and "or", the latter itself being the French word for "gold".]

See also Mundell (1996), pp. 74–81; Mundell (2000), pp. 57–84; Pdoa-Schioppa (2011), p. 61.

In his research of the 1990s, Mundell himself mentioned as further advantages of a global monetary union mainly the favorable effect such a monetary system would have on price setting and price transparency, which would furthermore smoothen international trade (and thus would, ultimately, contribute to higher economic growth and prosperity).

In the past, some central bankers have defended similar statements. (See Newman (2010); see also Stevenson (2009)).

Similarly, (also) within the IMF, the position has been taken that SDRs should be developed into a fully-fledged world currency (see Byttebier (2015a), pp. 280–281, no 512; Byttebier (2017), p. 393, no 62–63).

[39]See also Pettifor (2014).

the one defended by the doctrine of neoliberalism, namely egoism, selfishness and greed, or rather, as throughout the ages defended by a vast set of (other) philosophical and religious doctrines,[40] that of a radical altruism.[41]

It should hereby be taken into account that "money"—in the case of the NMWO: the "New World Currency"—basically constitutes a receivable towards the streams of goods and services produced by the economy (in case of the NMWO: the entire world economy,[42] or put differently: the combined economies of all participating member states of this NMWO).

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[40]For a detailed overview, see Byttebier (2015a), under Chapter II and Byttebier (2017), under Chapter 3.

To, for instance, use one of the basic metaphors of "Christianity", the question becomes if mankind wants the preservation of the globally ever more prevailing neoliberal society where the selfish behavior of the Levite and the priest from the parable of the "Good Samaritan" (see Luke 10: pp. 25–37) who, driven by self-interest, both chose to leave a seriously injured fellow man to his fate, is seen as "normal", and even as "virtuous" (see, for instance, explicitly the approach defended by Ayn Rand), or rather to grow towards a society in which the expectation will increasingly prevail that people will behave as the "Good Samaritan" from the same biblical story who, while neglecting any personal interest, above all recognizes the suffering of his fellow man and wants to try to help him in his hour of need. Even so in terms derived from the Gospels, said policy choice is basically the one between serving the "Kingdom of God", namely at the very least establishing a society in which love for one's neighbor prevails above anything else (see Mark, 12:31) and certainly above one's own selfish needs, or serving the "mammon" (namely the "money devil") as is the expectancy under the capitalist or free market driven economic system.

In terms of "Buddhism", the question similarly becomes if mankind wants the preservation of a neoliberal world (monetary order) where everyone increasingly continues to surrender to the so-called "armies of Mara" in other words, chooses for a life that is solely aimed at pursuing, at any cost, the immediate satisfaction (in the modern world: often pre-financed with consumer credits which mainly help to get the rich of the planet ever more richer) of any thinkable physical or other need, i.e. a life serving "evil" (= "samsara").

Compare furthermore these insights of Christianity and Buddhism to the findings of Tim Kasser, in his book "The high price of materialism". (See Kasser (2002)).

[41]Through this approach, the choice for the guiding principle within society in general and within economics more specifically (among which its monetary system) indeed could be reduced to the classical choice between "altruism" (as historically defended by philosophical and religious leading figures such as Plato, Buddha, Aristotle, Jesus Christ,...) or "selfishness" (as has, especially within economic thinking, already early in history been defended by thinkers still calling themselves "Christian", such as Luther and Calvin, and later by economists such as Adam Smith and his successors, currently mainly the neoliberal economists).

In this classical metaphysical approach, the choice whether or not to aspire for a New Monetary Order based upon altruism, ultimately becomes a choice between what is basically "good" ("altruism" and "solidarity") and what is (basically) "evil" ("egoism", "selfishness and "greed"), whereby these concepts are to be comprehended in accordance with the mentioned classic philosophical and religious doctrines, and whereby it needs to be noted that (the new religion of) economic (neo-) liberalism itself has clearly attempted to turn around this most classical value scale by—in some cases even literally (see for instance in the works of Ayn Rand) – arguing that "evil" (selfishness) is good and "good" (altruism) is evil. (See especially Rand (1992)).

[42]Such a global New Monetary Order will, obviously, also imply free trade and free capital and free payment traffic.

In this—and contrary to one of the basic working premises of capitalism itself—, it will have to be accepted that the economic streams of goods and services cannot be infinitely subject to growth.[43]

Indeed, by definition, the supply of Earth's resources is limited[44] and the operational techniques to obtain them entail many types of (severe) problems (environment related and other), many of which are not (at least not in the short term) in a simple way solvable.[45]

Hence, in addition to the aim of developing a more just and altruistic monetary system, the consideration to deal with the resources of Earth with more care and consideration than capitalism (inherently based upon one of its starting premises according to which all other values are subordinated to the unbridled pursuit of profits[46]) has done for the past three centuries, should obviously be a further motivation for the development of the NMWO.[47]

Otherwise put, in an altruistic view towards human society in general and towards its economy more specifically which should lie at the basis of the here proposed NMWO, it should no longer matter to any individual to, at any cost and without any significant attention to the impact of one's own behavior on others, accumulate as much riches as possible,[48] under the false assumption that a similarly selfish and unbridled pursuit of money and wealth would allegedly best serve the general interest,[49] but on the contrary, it will be expected from everyone to contribute to a world where all human beings, and not only the top 1% of the planet, can build up a humane existence and where, moreover, enough attention is given to values other than the selfish satisfaction of one's own (unbridled) needs, such as the conservation of Earth and its eco-system(s) itself.

The proposed second pillar of the NMWO, namely the aim of pursuing altruism translated into concrete (monetary) objectives, could moreover be considered as an extension of the first pillar, namely its essentially international character (and vice versa).

The choice for a decisive altruism as a starting premise for the NMWO (which, consequently, will also have to constitute its underlying policy guideline)[50] is,

[43]Johnson (2014), pp. 79–103.

[44]Johnson (2014), p. 87.

[45]Johnson (2014), p. 87.

[46]See in more detail Byttebier (2015a), at Point IV.C.1. of Chapter II; Byttebier (2017), under Point 3.4 of Chapter 3.

[47]Harari (2014), pp. 372–373. See also above, Sects. 2.2.2.3 and 4.3.

[48]Per definition: to accumulate the largest possible receivable position towards the flow of goods and services produced by the world economy.

[49]See the statement of, for instance, Ayn Rand that there exists no such thing as "the general good" (see Rand (2008), p. 12); compare Friedman (1993)). See similarly, the statement of the late Margaret Thatcher that there exists no such thing as society. (See Moore (2010)).

[50]One should also take into consideration the possible impact of a complete economic and financial failure in case mankind would continue to adhere to the opposite choice as has especially been made since the seventeenth century, namely the choice for an unbridled selfishness as the guiding

indeed, by definition, not compatible with maintaining nationalist reflexes whereby the economic well-being of the population of a certain country, of a certain race or races, or of a given economic household would be put above the general well-being of the whole of mankind.

Assuming that all people are born in order to develop themselves, and that every person should have the same rights and life chances as others, or at least this should become the case in a near future,[51] the here proposed NMWO will have to create a climate that will support these objectives.

Regardless the economic and financial interest's national frontiers, which in the past have often been drawn in an artificial way, may serve in the context of the current economic and monetary order, such frontiers can no longer be allowed to support a socio-economic system characterized by layers upon layers of injustice and inequality,[52] as this prevails today.

5.6.2.3 Pillar III. Money As a "Public Good": Towards a Monetary System Excluding Private Money Creation

5.6.2.3.1 Why the Prevailing Private Money Creation System Can No Longer Be Maintained

The implementation of the here proposed NMWO should put a resolute end to the presently prevailing system of private money creation, namely the scriptural money creation which occurs each time a private (deposit) bank provides credit to its customers (for total amounts higher than its cash reserves).

As has already been explained in more detail in Sect. 2.1, in the prevailing (global) monetary order, private (deposit) banks indeed play a key role in the process(es) of money creation each time they provide credit to other economic agents (be it individuals, families, enterprises, but also public entities), above the

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principle of economy, which has also increasingly determined the operation of the current IMF over the past decades (albeit egoism, selfishness and greed had already earlier on in history determined economic choices, a fact against which prominent philosophers and religious leaders like Plato, Aristotle and Jesus Christ, had strongly protested).

See furthermore Krugman (2004), p. 454; Stiglitz (2003), p. 196; Harvey (2010), p. 55.

Stiglitz has described the policy choices of the IMF as follows:

> We have an obvious problem: a public institution created to address certain failures in the market but currently run by economists who have both a high level of confidence in markets and little confidence in public institutions.
>
> (Stiglitz (2003), p. 196).

[51] This is an insight that may be derived from various philosophical and religious doctrines, as referred to in more detail under Point VI.B. of Chapter II of Byttebier (2015a) and under Point 3.6.2 of Chapter 3 of Byttebier (2017).

[52] Especially also in terms of life chances; see for this the so-called "condemned to stay poor"--syndrome. (See Oxfam (2014, 2016). See also Oxfam (2019), p. 16).

amounts of their cash reserves (usually consisting of banknotes and/or coin money issued by central monetary institutions).

As also addressed before in said Sect. 2.1, within such a system, the global amount of money which is circulating in a certain economy at a given time, basically (especially when considered from a legal point of view) consists of two components, namely, on one hand, the amount of "chartal" or "cash" money (i.e. the number of banknotes and coins issued by a central monetary authority, in many countries, at least for an important part, the central bank),[53] and, on the other hand, the amount of "scriptural" money consisting of the claims towards the banking sector.[54]

As has also been made clear in Sect. 2.1, in most jurisdictions, a central monetary institution is hereby, ultimately, responsible for controlling the global amount of money within its economy (both by guarding the amounts of "chartal" or cash money it issues itself, as by guarding, especially through its "lender of last resort"--policy, the amount of scriptural money brought into circulation by the private banking sector).

The amount of "chartal" or cash money is hereby, in most cases, managed in a direct manner by said central monetary institutions as the latter can determine themselves how many bank notes[55] they bring into circulation within their respective economies. Guarding the amount of scriptural money usually takes place in an "indirect" manner through the so-called "lender of last resort-task" of said central monetary institutions.[56]

[53]Whereby the cash reserves retained by the market players that are authorized to create private money, mainly private banks, normally are not taken into account when calculating the total amount of "chartal" or "cash" money that circulates within a given economy.

[54]Referring to the total of claims on private banks, regardless of the fact that such claims are generated either as a counterclaim for an original cash deposit or for a scriptural payment transaction, or as the result of a commitment from a private bank to grant a credit.

[55]In some countries: also coins, albeit in other countries/monetary systems, coinage is still performed by other public authorities.

[56]In very general terms, this "lender of last resort"-task implies that, as private banks are obliged to pay out their scriptural obligations when the holder of a banking account (and hence of a claim towards the bank such an account represents, which, from a contract law point of view, forms the counterpart of the scriptural obligation of the bank itself) requires so, they need to have a sufficient amount of "chartal" or "cash" money at their disposal in order to fulfill such payment requests of the account holders, for which they are ultimately dependent on the intervention of the central bank (which in theory has access to an unlimited supply of "chartal" or cash money, as it may legally and literally "produce" it). This process is in practice controlled by the central monetary institution through different monetary mechanisms, such as several methods of credit lending (against interest charging) by the central bank to the private (deposit) banks which are using its services. (See e.g. De Grauwe (2014), p. 190).

It should be pointed out that in classical economic writings, money forms have been further classified dependent on their long or short term convertibility into cash ("chartal") money. However, in a more legal approach, the basic distinction remains the one between "chartal" money (i.e. the cash money created by a central bank or similar (governmental) institution) and "scriptural" money (i.e. money created by a private bank or similar financial institution when it grants a private credit).

Throughout history, it has been demonstrated that the processes of (scriptural) money creation by the private banking sector have usually been conducted in an extremely undisciplined way[57] (with as a recent and most dramatic example the financial crisis of 2008), which in turn has led to a seemingly unbridled growth in the total money supply,[58] with in many cases disruptive effects on the real economy as a result.[59]

From this, it can be concluded that the unbridled pursuit of profits which dominates the behavior of private market players in general, amongst which private bankers and other private money creating institutions more specifically, has proven to be incompatible with the aim of a disciplined and reliable growth of the amounts of money put available to a given economy.[60]

Furthermore, the system of private money creation by the private banking sector has proven a poor mechanism for steering economic growth in a manner respecting the capacity of Earth and the general well-being of humanity.

On the contrary, the prevailing private money creation system (based upon private banks granting credit to other economic players) has basically evolved into a mechanism mainly serving the interests of a limited elite of (very) rich people on Earth who, in general, show little consideration for anything else than their own private interests, and have reiterated and proven to be willing to sacrifice all other values to their own greed.[61]

5.6.2.3.2 The Further Case for Making Money Creating of a Public Nature Again

It could be expected from any (modern) civilization that it will ever start to draw, in a more resolute way than it has been willing to do so far, lessons from past (detrimental) experiences, especially so in the monetary and financial domain.

Indeed, if anything can be learned from the more or less past four to five centuries of (Western) monetary history, it is definitely the fact that the methods of private money creation (by private bankers), reiterated throughout history, have turned out to be the perfect recipe for all types of distortions and financial crises, which moreover have above all allowed a (financial) elite to accumulate ever more

[57]For instance Galbraith has referred to the processes of scriptural money creation by the private banking sector as to "cycles of euphoria and panic" (Galbraith (1975), p. 21).

[58]See also the figures of debt mentioned in Sect. 4.2.

[59]Galbraith (1990).

[60]See one of the main objectives of the IMF laid down in article I. (ii) of the Articles of Agreement: "to facilitate the expansion and balanced growth of international trade, and to contribute thereby to the promotion and maintenance of high levels of employment and real income and to the development of the productive resources of all members as primary objectives of economic policy", (https://www.imf.org/external/pubs/ft/aa/#art1; last consulted on March 5 2019).

[61]Whomever still would doubt this is recommended to read Luyendijk (2015).

(extreme) wealth at the expense of much suffering and distress for a large part of the rest of humanity.[62]

A second subsequent lesson which can be drawn from (recent) monetary and financial history entails the fact that as long as profits continue to pour in, the financial sector is happy to monopolize these without much hesitation and for the exclusive benefit of a small elite group of bank shareholders and (some) bank "employees" (a broad sense of the word, such as the members of the banks' board of directors and the banks' top management) (a practice which has been referred to as a so-called "privatization of gains"), but as soon as the risks which are generated by capitalist banking mechanisms become apparent in the form of losses, the same banks, without much shame,[63] pass these losses on to the rest of society (such as the consumers of financial products and services, or even to states which find themselves confronted with the necessity of helping ailing banks, mostly through bail outs[64] funded out of tax money) (referred to as a so-called "socialization of losses").

Given the central role played by private banking in the creation and circulation of money, the currently prevailing capitalist economic system in such cases often leaves society no other choice than to bear the consequences of such a shift (in light of the risk, as the example of Lehman Brothers in recent history has shown,[65] that when the losses are left to the bank in question, this can have a disrupting and even destabilizing effect on the financial and monetary system, and hence on the entire economy, a paradigm which has also been referred to as the "too big to fail"-paradigm).[66]

It speaks for itself that such an inherently fundamental imbalance in dividing profits and losses created by the private banking system can no longer be tolerated in the context of the here proposed new, altruistically inspired monetary system.

For these reasons, it is here proposed that within the NMWO, by way of its "third pillar", private market players would, henceforth, no longer be allowed to participate in the processes of money creation at all, a task which, on the contrary, would in the future completely be assigned to the monetary authority (ies) themselves, in other words, to the newly (to be) established NMWI (and to the national banks of the countries participating in the NMWO, together with the NMWI itself forming the NGSCB).[67]

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[62]See esp. Galbraith (1990).

[63]And moreover based upon an ideology (namely "economic neoliberalism") which opposes any kind of support to the benefit of the poor and the deprived, under the argument that such support would stimulate laziness.

[64]Amongst others by buying bank shares or by (simultaneously) buying, guaranteeing or insuring toxic banks assets; see Skidelsky (2010), p. 17.

[65]See McDonald and Robinson (2009), p. 308; see also Smithers (2013), p. 87; Krugman (2012), p. 114.

[66]Engelen (2011), pp. 28–29.

See also Geysels (2014), pp. 20–21.

[67]The proposal that is made here, however radical, is nevertheless, at least partially, in line with positions which earlier on in history were taken by prominent policy makers, in addition to certain

It goes without saying that in the here put forward proposal for a NMWO, the processes of money creation should, henceforth, reflect the (correct) viewpoint that money is to be considered as a "public good", the creation of which cannot be left in the hands of the private sector, but needs to come under the direct and exclusive authority of a supra-national public organization (referred to as the NMWI) to be formed and governed by democratic principles and mechanisms.

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renowned economists, as well as with certain, more recent concerns expressed by certain (central) bankers themselves.

We can suffice here to refer to the quotes in Byttebier (2017), pp. 371–373, to the sayings of some leading thinkers and statesmen like Karl Marx, Thomas Jefferson (1743–1826), James Madison (1751–1836), Abraham Lincoln (1809–1865), Theodore Roosevelt (1858–1919) and Woodrow Wilson (1856–1924), all having taken stand against a monetary system in which the power to create money is left in the hands of private commercial banks. (See furthermore Byttebier (2018), p. 372 a.f.)

It is somehow bewildering to observe that all these prominent thinkers and statesmen, in some cases already centuries ago, reached the (correct) conclusion that money (and money creation) need (s) to be a public good and that it should not be controlled by a private sector (namely the private banking sector), but that, nevertheless, up till today (and, under the impulse of "economic neoliberalism", at present even more than ever), the processes of money creation continue to be left in the hands of the private banking sector, and hence delivered to its unbridled pursuit of ever more profits (the detrimental consequences of which the world has been suffering from for a long time already, as once more in history has been demonstrated by the events of and since the huge financial crisis of 2008). This is undoubtedly one of the most clear illustrations of the inability of democracies to resist the powers of capitalism (referred to, inter alia, by Stiglitz as an expression of the failure of democracy).

Furthermore, also renowned twentieth century economists, such as John Maynard Keynes and John Kenneth Galbraith, have kept on indicating that, because of the special nature of (bank) credit lending leading to (private) money creation, the (cost) price hereof mainly consisting of (bank) interests, is totally different from the cost price of any other product, or any other service within the economy. (Compare Pettifor (2014)). The price setting for newly created money should, hence, not be left to the (invisible hand of the) law of supply and demand (as is currently to a too large extent the case under the prevailing capitalist money creation systems). On the contrary, in accordance with these viewpoints, money creation and its price setting mechanisms should be dealt with as a "social construct". (See also Gore (2013), p. 37).

In this approach (relating to Keynes himself), the thought clearly arises that money is "a public good", or at least needs to be become such a public good again. It should, in this regard, be further noted that Keynes himself, in his role as one of the notorious architects of the IMF-treaty, has effectively advocated the introduction of a global system of public money creation (as an alternative for the systems of monetary aids between IMF countries), which however was eventually not adopted in the IMF treaty of 1944–1945 itself, but which, in 1969, would lead to the introduction of the so-called "SDRs" (as a less extreme variant for a system of effective international money creation by a supra-national organization itself).

The fact that, up till this present day, nevertheless, no serious attempts have been made to introduce a global monetary system which would completely be based on public money creation (and that even no true dialogue on the subject has been attempted) is, furthermore, a striking illustration of the power of big enterprises in general (the so-called "corporatocracy"), and of private banks more specifically (one could even speak of a "bankocracy").

5.6.2.3.3 Interconnection Between Pillars II and III

The above proposed "second" and "third" pillars of the NMWO will, obviously, have to go hand in hand.

It is clear from past experiences that the current private banking system, as driven by the unbridled pursuit of profits, not to say utter greed, of both its managers and its underlying shareholders, has proven not to be fit for the purpose of keeping the global amounts of money (an hence the pressure it creates on the world economy and the worlds resources) within reasonable boundaries, and neither for the purpose of establishing an elementary fairness as regards the distribution of wealth within societies.

Also for this reason, in a (more) altruistic and just monetary system, the control on money growth (and therefore of the burden which money imposes on the Earth and its resources) can no longer be left to private financial institutions.[68]

In the context of the NMWO, money creation through credit lending could, as such, still be kept in place as a mechanism of creating new money, especially as regards the creation of new money on behalf of (other) private market players,[69] albeit that this money creation power should completely be left over to a central monetary institution, the NMWI, in addition to a set of national central banks (working closely together under the auspices of said NMWI and which has been referred to as the "New Global System of Central Banks" (abbreviated: "NGSCB")) that, working together, would have as one of their main tasks to provide credit (leading to newly created money) to the general public.[70]

Through this newly proposed system, it will also be possible to disconnect (at least to a large degree) money creation (which thus will become "a public good") from the impact of speculative behavior, and the latter will entirely be brought into the private domain (without being able to cause any interferences with the money creation function itself).[71]

The many risks which are related to the investment behavior of private banks (as has, throughout the ages, been proven again and again), would henceforth no

[68]The elimination of private banks as participants in the money creation process will, obviously, imply a re-orientation of their role within the economy. (For further ideas on this, see Byttebier (2017), p. 479 a.f).

Indeed, a monetary model where there will no longer be room for private money creation by private banks will also need to be based on the principle that some forms of credit lending can no longer be left to the private banking sector.

[69]See furthermore Byttebier (2015a), especially under Point V.C. of Chapter III and Byttebier (2017), under Point 4.7 of Chapter 4.

[70]As has been elaborated upon further in detail in said books "Nu het gouden kalf verdronken is" and "Towards a New International Monetary Order" (see Byttebier (2015a), under Point V.C. of Chapter III; also Byttebier (2017), under Point 4.7 of Chapter 4), some of these credits should, in the future, moreover be provided in light of policy considerations of general well-being (instead of, as is the case under the prevailing banking system, for the sake of the individual pursuit of profits by banks and other credit lenders, mainly to the benefit of their rich shareholders).

[71]Compare Boccara et al. (2011), p. 218.

longer be able to hold the entire economy (and, by extension, the whole society) hostage (as has been repeatedly the case during the past decades).

5.6.2.4 Pillar IV.: A Differentiated Price Setting for Newly Created Money

Within the NMWO, a completely new logic could be worked out as regards the price setting for newly created money.[72]

The here proposed NMWO could, for instance, be based upon the following differentiation within the domain of money creation:

- *Money creation on behalf of the national authorities of the countries participating in the NMWO, in addition to the NGSCB itself and, if applicable, to certain other public, supra-national entities serving the general interest.*

  This "first" level of money creation would technically be based on "allocations" of newly created money (which, per definition, would not be refundable). Otherwise put, this level of money creation on behalf of "institutions" serving the "public good" (or the "general interest") would be "entirely free" (to the extent of not being based on refundable credit).
- *Money creation on behalf of the private sector.*

  This "second" level of money creation would continue to be based upon the technique of credit lending, albeit provided by a network of central banks of the countries participating in the NMWO (functioning under the leadership of the NMWI).[73]

As regards the price to be set for such newly created money, the following further distinction could come into play[74]:

[72]One of the (many) great merits of the renowned economist John Kenneth Galbraith has been that he has pointed out the important difference between credit which is taken up for personal needs (essentially aimed at living, or surviving, in a humane way), and credit which implies a production cost for enterprises (which, in essence, is aimed at ensuring that the profits generated by an enterprise as much as possible flow to the company shareholders). (See Galbraith (1987), p. 12).

[73]As will be elaborated upon further in this text, this second level of money creation would itself consist of the following sub-levels:

- Credit lending to/money creation for the benefit of private individuals and households for basic needs of life;
- Credit lending to/money creation for the benefit of private individuals to enter into professional life;
- Credit lending to/money creation for the benefit of the nonprofit-sector (as long as this sector will still be in place);
- (Other) Credit lending to/money creation for the benefit of established businesses (and similar private entities).

[74]See also the schematic representation of these "three levels" of money creation in Byttebier (2015a), p. 275 and in Byttebier (2017), p. 486 (table 4.1).

1. *Money creation for the benefit of "governments" of the countries participating in the NMWO, in addition to the NGSCB itself and to certain other "public entities" serving the public good, such as international or supranational institutions that are in need of public funds for their operation.*

   Within the NMWO, such governments and other public entities will (mainly) work for the "public" or "common good".

   It is, therefore, here proposed that these public entities would, henceforth, receive their operational funding entirely in the form of non-repayable "allocations" handed out by the NMWI (and in this way will be able to withdraw from the devastating supremacy of the financial markets, as well as from the arbitrary and intrinsically unjust methods of deriving income from taxation and similar systems to the detriment of the poor and middle classes).
2. *Money creation for the benefit of "the average person" in order to meet certain basic life needs, as well as money creation for (temporarily) continuing (true) "nonprofit-organizations".*

   As regards this "second" level of money creation, it could be suggested that this would be based on "free credit"(or even, in some cases on credit bearing "negative interests") to be handed out by the NGSCB (under the leadership of the NMWI).

   Otherwise put, such credits would no longer rely on mechanisms of interest charging[75] (as these have, throughout the ages, proven to be but a method conceived to make the rich richer to the detriment of the poor[76]).

   and,
3. *Money creation for the benefit of (established) businesses, including private banks themselves, for which taken up credit may be considered as a production cost in their striving for ever more profits, and for which, therefore, the charging of interest remains fully justified.*

   On this third level of money creation, interest charging could continue to be an instrument of monetary policy, which could enable the monetary authorities to encourage the business sector to act in a more ethical manner (respecting the boundaries of Earth and the wellbeing of humanity), whereby a relevant differentiated price setting system (of interests) could be worked out in order to encourage businesses to display a greater ethical attitude (amongst others characterized by a sense of more altruism).

[75] As said, one could even think of credits against negative interests (i.e. basically credits which would not be reimbursable in full). This could, for instance, be the case for student loans, credits to the (very) poor, etc.

[76] See Galbraith (1992), p. 93, who has pointed that (high) interest charging has been devastating for the modal man.

5.6.2.5 Pillar V. Full Control of the Monetary Authority (ies)

5.6.2.5.1 Introduction

In as far as the four aforementioned proposed pillars of the here proposed NMWO—namely*:* (1) a global monetary system with no further room for state sovereignty; (2) the acceptance of basic underlying altruistic objectives; (3) the effective elimination of private money creation and (4) a differentiated price setting for newly created money—may sound revolutionary, this will most probably be even more the case for the hereafter proposed "fifth pillar", namely a multiplication of the processes of money creation, through and under the auspices of the NMWI (and, by extension, the "NGSCB"), at different, already above proposed levels, namely:

- A level of money creation on behalf of the operation of the NMWI/the NGSCB itself;
- A level of money creation for the benefit of the (central) national authorities (governments) of the countries participating in the NMWO (next to certain other international or supra-national public entities);
- A level of money creation for purposes of "general wellbeing" of the private sector, which could be split up as follows:
  - A sublevel of money creation for the benefit of private individuals in order to allow them to fulfill "basic needs" (in a sufficiently wide-ranging interpretation[77]);
  - A sublevel of money creation for the benefit of "starters" in professional life;
  - A sublevel of money creation for the benefit of the "nonprofit-sector" (as long as this will continue to exist);
- A level of money creation for the benefit of (the further needs of) (private) business enterprises.

5.6.2.5.2 Money Creation on Behalf of Countries and Certain Other Public Entities

5.6.2.5.2.1 A Model of Money Allocation

It has already been indicated above (see Sects. 2.3 and 4.3) that, under the prevailing (global) monetary and financial system, the (central) authorities or governments of most of the countries in the world are mainly financed by systems of taxes and similar charges, but, especially during the last decades, a growing group of countries

[77]See Byttebier (2015a), especially at p. 317, n° 596; Byttebier (2017), pp. 431–432.

has also become dependent on several methods of debt financing (especially on the private financial markets).[78]

In order to reach a more just system of financing the governments of the countries that would participate to the NMWO, it is here proposed to abandon both classical

[78] As has been explained in the earlier quoted books Byttebier (2015a), p. 194 a.f., under its marg. 342 a.f., and Byttebier (2017), under Point 4.7.2.1 of Chapter 4, next to in Sects. 2.3 and 4.3 of the present book itself, this (these) prevailing system(s) of government financing has (have) many disadvantages including, amongst others:

1. the prevailing method of government financing through taxes and similar charges is not "efficient" (anymore); on the contrary, it has in many countries mainly become an obstacle for a solid operation of the economy which has attributed to the fact that many countries, over the past decades, had to resort to an unbridled debt financing to overcome shortcomings, with all known problematic consequences;
2. the prevailing method is inherently "unjust" due to the fact that taxation mainly affects the poor and middle classes and leaves the rich classes (and their big enterprises) largely unhindered; because of this, the prevailing methods of government financing do not contribute to the general well-being of the global world population, let alone to a more just distribution of the world's riches;
3. the prevailing method does not encourage a practice of healthy "budgetary discipline", as governments that are confronted with budgetary shortages tend to either impose more taxes, or to borrow more money on the financial markets, rather than cutting into unnecessary expenses;
4. the prevailing method has contributed to an inherent "unhealthy competition" between countries (of which the business sector eagerly takes advantage by enforcing upon national governments all types of fiscal systems serving their interests through all sorts of lobby mechanisms and even through blackmail, but, for instance, also by enforcing subsidies financed with public money, while (implicitly) threatening to relocate elsewhere in case similar demands are not met, which on a global scale has been detrimental for an optimal allocation of production resources).

   In this way, economic policy bears witness of a remarkable "paradox": governments that accumulate their financial means mainly through taxing the lower and middle classes, decide to use these means to reward the rich classes by subsidizing big enterprises (owned by these rich classes). As a result, it is made possible for such big enterprises to make even more profits (which are hardly taxed themselves), while, at the same time, the big enterprises threaten the subsidizing governments that in case the latter would not be willing to grant or maintain such subsidies, they will re-allocate to another country, thus harming the local economy of the country they thus would abandon even more.

   Stiglitz has in this regard pointed out that the future of Europe and the euro depends on whether the Eurozone's political leaders will be able combine a modicum of economic understanding with a visionary sense of, and concern for, European solidarity (based upon, amongst others, a "unitarized" tax model) (see Stiglitz (2015));
5. the problem of the increasing debt burden of many countries has created a real problem of "intergenerational" injustice, even endangering the general prosperity of next generations (who, in a system of debt financing by governments to be paid back through income out of taxation, have to increasingly pay the bills for debts which have been accumulated in the past to pay for the luxuries of previous generations).

methods of government financing and to replace them by a unitary "allocation based model".[79]

As has already been indicated before, the proposal made here would imply that the (central) authorities of the countries participating in the NMWO would, henceforth, receive, on an exclusive and sufficient basis, their income directly from non-refundable "allocations" which would periodically be provided to them by the NMWI.[80]

The same principle could apply to certain other (international or supranational) public entities that are dependent on public funding, among which the NGSCB itself, next to other, similar international or supranational public institutions (which will, of course, need to be defined in a more precise way in the treaty (ies) organizing the NMWO).

Otherwise put, the NMWO would, as regards government financing (in addition to the financing of other public entities, such as international and supranational organizations), come down to a system of direct money creation by the monetary authority (ies) on behalf of the public sector in a broad sense of the word.

This "new" model of public financing[81] whereby money would directly be created by the monetary authority (ies) for the benefit of the (national) authorities of the countries participating in the NMWO (and, by extension: certain other public

[79] As regards the countries that would be willing to participate to the NMWO, said (radical) proposal would, for instance, imply a definitive abolition of most systems of taxes and similar charges in the broad sense of the word, on both income which is generated through labor – hence not only actual income taxes, but also, for instance, succession taxes, and regardless of the fact whether such labor is performed as an employee or on an independent basis—, as on income derived from other sources, such as capital, in as far as such income would fall under certain (to be determined) parameters. (Compare Galbraith (1979), p. 93). Income from labor (as well as other "low" incomes, regardless of their source) would in this way be exempted from all kinds of government skimming and would consequently, for the first time in (recent) history, remain entirely for the benefit of the person who has provided the labor. (In Byttebier (2015a), it has been mentioned in more detail how such a new tax system could concretely look like; see under Point V.B.3.ii. of the Chapter III. of said book; see also Byttebier (2017), under Point 4.7.2.3.2 of Chapter 4).

In the same sense, all types of (common) consumer taxes (including taxes charged in the context of transactions of goods and services which are meant to enable the average person to lead a humane life, such as the purchase of food and other daily consumables, in addition to the purchase or decoration of a living house, of a vehicle, etc.) should be even so abandoned. Indeed, it appears from research undertaken by Oxfam that such types of indirect (consumer) taxes (including, for instance, the notorious VAT-systems) are to a great extent contributing to the increasing economic inequality which is currently world-wide prevailing (see Oxfam (2014), p. 83).

To illustrate this, reference can be made to the situation in Japan, where in 2014 a persistent recession was caused by Japan's VAT-system which was reported to undermine too much the purchasing power of the general population (and because of this: the demand within economy). (See Ujikane and Fujioka (2014)).

We shall come back to the issue of how the NMWO could go hand in hand with a new taxation in the next Chap. 6 of this book (see especially Sect. 6.3).

[80] For further reasons why this system is here proposed, see Kousari (2006), pp. 35–46.

[81] For the sake of completeness, it needs to be mentioned that in the past, within the IMF itself, the introduction of a global monetary system in which the current SDRs would be converted into a

entities), would moreover fall under the responsibility of the world community itself (through its representation in the NMWI).

Such a system would, furthermore, not only allow that the processes of government financing be run in a much more transparent, just and democratic way than is the case under the prevailing (basically capitalist) systems of money creation (mainly by private banks), but it would also encourage the maintenance of a much higher level of budgetary discipline.[82]

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fully-fledged world currency, has even so been advocated (albeit to a less far reaching extent than is proposed here).

In a paper by the "Strategy, Policy, and Review Department" of the IMF, entitled "Enhancing International Monetary Stability—A Role for the SDR?" and dating from January 7th 2011, several proposals have been brought forward to significantly expand the current (limited) role of the SDR's, including the proposal to use them in the private sector. (See also Hu (2011), pp. 143–158).

Through a declaration of (at the time) Governor Zhou, the People's Bank of China has in this regard even worked out a "road map" of how the reform of the SDR-system could look like. (See Camdessus (2011), pp. 39–40).

Elements of this proposed "road map" consist of:

- broadening the present basket of currencies which determine the value of the SDR, at the time the USD, the euro, the yen and the pound) to some further major currencies, such as the yuan, but also the Indian and Brazilian currencies (in addition to others);
- working towards an expanded use of the SDR (beyond the present official holders);
- transforming the SDR into a real currency that can also be used as a payment instrument for current (international) transactions;
- working towards the use of the SDR as a payment instrument on the private markets;
- encouraging the renewed creation of financial assets denominated in SDR's;
- facilitating the determination of the value of the SDR.

[82] A possible risk of such a system could be that public authorities would be inclined to create too much money on their own behalf (which could result in a depreciation of the New World Currency, and even undermine its acceptance by the general public). Although one may wonder whether the risk of excess money creation is not even higher under the prevailing capitalist money creation systems, this aforementioned risk will probably be easily avoided given the fact that the proposed allocations of new money for the benefit of participating governments would obviously not be decided upon by the national authorities themselves for their own individual behalf, but rather will be carried out by a newly established monetary institution (referred to before as the NMWI) which, under the auspices of its (ultimate) "organizing authority", namely the world community, will be able to (and will need to) advocate a fair global balance among the participating countries. Moreover, the decision making processes in this regard could be enhanced by organizationally ensured "checks and balances" (which have been dealt with in more detail in the said books "Nu het gouden kalf verdronken is" and "Towards a New International Monetary Order). (See Byttebier (2015a), p. 293, n° 541; Byttebier (2017), p. 396, no 76).

Although the proposals mentioned before may indeed appear to be revolutionary, they nevertheless are not completely original. On the contrary, a similar system of enhancing public money creation already forms an embryonic part of the current IMF, whereby, obviously, the possibility of the IMF to grant to its Member States so-called "Special Drawing Rights" comes to mind. (For further reading, see Skidelsky (2003), pp. 125–151. See also Tew (1977), p. 101 a.f.; James (1996)).

5.6.2.5.2.2 Parameters

Obviously, the introduction of the here proposed system of money creation for the benefit of national authorities (and certain other—international or supranational—public entities) would imply a world-wide consensus about the parameters on which such periodic allocations of New World Currency would need to be based.

It will hereby become equally imperative to translate these parameters into clearly defined and convention-based rules and regulations governing the NMWO.

Needless to say that all of this will, at the very least, require a universal understanding on what, world-wide (or at least: among the countries participating in the NMWO), should be the role of national governments, especially as regards conceiving a sufficient level of welfare for their population.

This will obviously also require a global consensus about what the tasks of such national authorities (and if applicable, other "public entities") will be, for instance regarding the question to what extent any (participating) national government, or other public entity, will need to ensure certain basic needs of its citizens.[83]

Shifting the supply of money on behalf of the national governments (and other public entities) from the private banking sector to the newly to be created NMWI could, in this regard, also result in the setting up of a just level playing field between the participating countries. For instance, so-called "rich" countries which currently enjoy very large budgets (and hence are able to finance a magnitude of activities, among which often luxurious projects) will under this system most probably be required to do with less and, on the contrary, so-called "poor" countries hardly having any operational funds at their disposal, will henceforth obtain more financial means.[84]

As a result, a more just redistribution of the world's wealth in North-South relations could be established, which at the end should enable any human being, regardless from which country in the world he originates, to be offered an equal opportunity to build up a reasonable prosperous, or at least dignified life.

[83] See already the works of Galbraith advocating a sufficiently large understanding of the notion "public interest". (See e.g. Galbraith (1964)).

[84] In recent times, it has become unclear what countries may still be considered "rich" and what countries "poor". For instance, it appears that especially some of the traditional "rich" countries have in recent times become extremely burdened with debt, which economically speaking may be considered as a factor that decreases the countries' wealth status. One should also consider how either prosperous or poor the general population of any given country is, where it appears that some of the countries with huge public debt (which hence could be considered as countries that are getting poorer) still have (very) prosperous inhabitants, although one may wonder for what time still.

It is somewhat surprising how little economic research is available on these topics (a notorious exception being Piketty (2014)), which forms yet again an indication that the adherents of the doctrines of neoliberalism prefer to remain silent on this topic and simply leave the whole thing to the workings of the free market. The fact that nobody still sees (or: wants to see (?)) clear in this puzzle may also be a further indication of how fundamentally unjust the whole organization of the socio-economic order has become, raising the further suspicion that the powers that be deem it in their own interest to leave the whole thing as untouched as possible.

We shall readdress this matter in more detail in the next Chap. 6 of this book, when dealing with the extent to which the NMWO would allow the creation of "care states".

5.6.2.5.3 Money Creation on Behalf of the Private Sector

5.6.2.5.3.1 General

As regards money creation for the benefit of the private sector(s), the here proposed NMWO would, as mentioned before, be based upon a distinction between:

- A level of money creation serving the "general wellbeing" of private persons, which itself would be further split up as follows:
  - A sublevel of money creation for the benefit of private individuals in order to allow them to fulfill certain "basic needs" (in a sufficiently wide-ranging interpretation[85]);
  - A sublevel of money creation for the benefit of "starters" in professional life;
  - A sublevel of money creation for the benefit of the "nonprofit-sector" (as long as this will continue to exist);
- A level of money creation serving the further needs of (private) business enterprises striving for profits.

5.6.2.5.3.2 Private Individuals and Households

The first sub-level of money creation for the benefit of the private sector would concern money creation for the benefit of private individuals (and/or households) meant to cover their basic life needs (and this on a global scale).[86]

As mentioned before, this first sub-level of money creation for the private sector could take place through "free credits" (or even through credits bearing negative interest) provided by the NGSCB to the general public.[87]

The notion "basic needs" will hereby have to be interpreted in a sufficiently broad sense. It could, for instance, imply all needs of an individual (or a household

[85]See Byttebier (2015a), p. 317; Byttebier (2017), p. 427.

[86]As mentioned before, in each of the countries partaking to the NMWO, systems of providing public services, among which social care, will also have to be established (see furthermore Chap. 6 of this book) and be funded through the allocations periodically handed out to each of these countries. Needless to say that these public service mechanisms will have to be narrowly coordinated with the mechanism of private credits to meet basic needs of life. A central question hereby will, obviously, be what fundamental needs will have to be met through the systems of public services (including social care), and what (other) needs will be left over to the system of reimbursable credits in order to cover for one's basic life needs.

[87]This system has been dealt with in more detail in Byttebier (2015a), p. 341 a.f. and in Byttebier (2017), p. 459 a.f.

consisting of an individual and the family members dependent on him) which aim at allowing people to lead a truly dignified life (and, therefore, not just at surviving on, or even under the edge of poverty which is how "basic life needs" are presently defined in most capitalist countries).

The NMWO should hereby aim at establishing a global level playing field, implying that the notion of a "truly dignified life" should for every human being, wherever born or wherever residing, obtain the same (minimal) meaning.[88]

Hence, the notion "basic needs" should certainly not be limited to absolutely vital elements, such as access to food, fresh water,[89] medical care and (decent) housing,[90] but should be seen in a wider context, namely, on one hand in the area of a sufficient level of material comfort for all people,[91] and, on the other hand, also in the area of certain intangible elements which are needed for a basic dignified life, such as (obviously) education and (professional) training, the ability to participate in social, religious and cultural life. . .

Moreover, a right equilibrium should be found on the matter what basic needs will have to be addressed by the under the NMWO to be established "care states" (providing a general access to public services and social care that are entirely free for everyone),[92] and what other needs individuals and households will still have to address themselves (possibly through credits obtained from their national, central bank under the here proposed system).

We shall come back to this matter in Chap. 6 of this book, where it will be looked into what public services could be provided by the care states that could be organized by implementing the here proposed new monetary system.

5.6.2.5.3.3 Equal Access to Professional Opportunities

The second sub-level of money creation for the benefit of the private sector in the framework of the here presented proposal for a NMWO would aim at offering any individual a fair chance to establish a (basic) professional activity.[93]

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[88] Albeit that, obviously, objective local factors, such as factors of a cultural nature, could be taken into account.

[89] See esp. Kruithof (2000), p. 60.

[90] For further reflections on the topic of publicly subsidized shelter becoming necessary due to the fact that in no economically advanced country the market systems builds houses that the poor(est) can afford; see already Galbraith (1992), p. 44; Galbraith (1996), p. 65.

[91] Thus: not only access to the abovementioned absolutely vital elements, but, inter alia, also access to elements of basic comfort, such as transportation, communication, recreation . . .

[92] This topic will be readdressed in some more detail in the next Chap. 6 of this book.

[93] See also Ferguson (2009), p. 15, arguing that poverty is mainly the result of a lack of access to newly created money:

> Only when borrowers have access to efficient credit networks can they escape from the clutches of loan sharks, and only when savers can deposit their money in reliable banks can it be channeled from the idle to the industrious or from the rich to the poor.

Capitalism (or the free market-system) is itself characterized by the fact that a majority of people provides labor to another market player (for instance a company acting as “an employer”) in return for a financial compensation which is often—albeit with huge differences from country to country—, derisory, certainly in comparison with the massive company profits that in most cases flow towards the capital providers and managers of said companies-employers. (See already above, Sect. 2.2).

While, furthermore, a small elite of people (mainly residing in “richer countries”), through no effort of their own whatsoever, are fortunate enough to obtain the ownership of or the control over such an existing company, which was started by others, thrown at them by mere chance (for instance through an inheritance of a parent),[94] the majority of mankind is often much less fortunate.[95]

The capitalist system itself hereby undertakes no attempt whatsoever to recognize this basic reality and the intrinsic societal inequalities resulting from it.[96]

As a result, as has for instance been argued by Galbraith, within the capitalist system, far too much income and wealth comes with slight or no social justification and with little or no economic service on the part of the recipient:

> Inheritance is an obvious case. So also the endowments, accidents and perversions of the financial world. And the rewards that, from its personal empowerment, modern corporate management bestows on itself.[97]

One of the main consequences of this societal capitalist model is, hence, that more fortunate people having rich(er) parents, in most cases, are able to make a head-start in (professional) life in comparison to less fortunate people. As a result, a global societal model prevails whereby practically all levels of social and economic life are characterized by a fundamentally unjust nepotism, not only in the business sector, but in numerous other sectors of societal life.[98]

The here proposed NMWO should be willing to finally start acknowledging the intrinsic injustice of the current society model in the field of career possibilities and opportunities and to search for solutions to improve them.[99]

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[94] Pauli (2014), p. 35. See also Geysels (2014), p. 25; Raspoet (2014), pp. 51–55.

[95] Galbraith (1996), p. 61.

[96] On the contrary, it is often said and even written (mainly by fervent supporters of neoliberal thinking) that one should not question such inequalities as everyone in the world does get equal chances in life, a statement which cannot be taken seriously at all as it is obviously completely contradicted by all objective observations.

[97] Galbraith (1996), p. 61.

[98] For further elaborations on this subject, see Byttebier (2015a), p. 319, no 601; Byttebier (2017), p. 432 a.f.

[99] In the more recent past, one can, for instance (and again), refer to John Kenneth Galbraith who in his book “The Good Society—The Humane Agenda” has pointed out that:

> the good society, however, achievement may not be limited by factors that are remediable. There must be economic opportunity for all (. . .). And in preparation for life, the young must have the physical care, the discipline, let no one doubt, and especially the education that will allow them to seize and exploit that opportunity. No one, from accident of birth or economic

At the very least, a socio-economic climate will need to be created where everyone will receive a basic fair chance of a worthy professional development.

For this reason, the aspiration of this objective has been mentioned here as a "second" sub-level of money creation on behalf of the private sector, namely the (sub-)level of money creation aiming at ensuring a "basic access to professional life".

Also this "second" sub-level of money creation on behalf of the private sector will have to take place through "free credits" (or even through credits bearing negative interest) provided by the NGSCB to the general public.[100]

As is the case for the notion "basic life needs", also the notion "ensuring (a) basic access to professional life" will hereby need to be interpreted in a sufficiently broad sense and could, inter alia, include: the financing of specialized (professional) training, the financing of the costs related to the start-up of a new activity (for instance a new business). . .

5.6.2.5.3.4 The Non-profit Sector

The here thirdly proposed sub-level of money creation for the benefit of the private sector within the NMWO concerns the so-called "nonprofit-sector".

Indeed, in many Western and Western-inspired countries, an (often very extensive) nonprofit sector[101] is in place).[102]

In order to finance their operations, the various types of (private) non-profit foundations, associations and other organizations belonging to this sector, presently often rely on different types of government subsidies, next to contributions and gifts from their members and other types of donations from third parties, which does, however, not exclude that these foundations, associations and other organizations sometimes find themselves in need of credit.[103]

In a lot of countries, these non-profit foundations, associations and other organizations, furthermore, perform tasks and duties which closely align with the "general interest" and which, at least in theory, are not aimed at establishing a personal advantage for the stakeholders within these associations and organizations themselves.

Opposed to this, "poorer" countries do in many cases not enjoy the luxury of such an extensive "nonprofit-sector", often because the governments of these poorer countries do not have the means to subsidize it and, moreover, the local population

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circumstance, may be denied these things; if they are not available from parent or family, society must provide effective forms of care and guidance.

(See Galbraith (1996), p. 65.)

[100]This has also been dealt with in more detail in Byttebier (2015a), p. 318 a.f. and in Byttebier (2017), p. 461. See also Byttebier (2015b), pp. 206–211; Byttebier (2018), pp. 261–263.

[101]Including so-called "NGO's" or "Non-governmental organizations".

[102]See e.g. Mouton (2014), pp. 22–24; Murray and Bonneville (2010), p. 257.

[103]De Ekstermolengroep (2000), p. 32. a.f.

itself often has much more elementary needs than participating in such nonprofit foundations, associations and/or organizations (albeit that in such “poor(er)” countries, often “nonprofit”-organizations originating in “rich(er)” countries are active).

It is here proposed that, within the NMWO, public policy regarding the “nonprofit”-sector would be such that the (public good) tasks that are presently performed by the abovementioned nonprofit foundations, associations and other organizations would, henceforth, gradually be taken over by the public sector itself (based on means made available through the above explained periodical allocations to the countries participating in this NMWO). As explained above, the organization of the NMWO should hereby lead to a new type of “care states” which, world-wide, should primarily advocate the general well-being of their entire population (while respecting the limits of the capacity of Earth itself) (see furthermore in Chap. 6 of this book).

In other words, under the here proposed NMWO, a large part of the tasks and duties currently performed by private persons active in the nonprofit-sector, should, henceforth (and at least gradually) be shifted to the public sector itself.

In this approach, the global (monetary) community should itself start to play a leading role by determining to what extent national authorities will still be able (or not) to (albeit temporarily) call upon the private “nonprofit”-sector for tasks the former cannot fulfill themselves.[104]

However, to the extent that, in addition to (national) authorities which should, henceforth, perform all tasks deemed of general interest themselves (and which should get the necessary financial means thereto through the allocations received from the NMWI), there would still be a further (temporary) need for non-profit private organizations which will continue to fulfill certain given tasks of general interest (or other tasks that aspire to the general well-being of the global population), the question will remain how to finance this type of (remaining) “nonprofit”-organizations.

If applicable, the financing of these “nonprofit”-organizations, will probably continue to be of a mixed nature, consisting of, in addition to (1) government financing (which will then be considered as a compensation for outsourcing tasks which have in fact become governmental tasks[105]), also (2) financial means obtained from private individuals (such as membership contributions and donations) and, occasionally, (3) credit.

To the extent that these (future) nonprofit organizations functioning in the NMWO would in this way (temporarily) continue to participate in carrying out governmental tasks of general interest and/or aimed at the general well-being, it could also be held that, when applicable, their need for additional credit could be covered by the monetary authorities themselves.

[104]Needless to say that the answer to this question will need a thorough study of the most cost-efficient solution (also in relation to the capacity of the planet).

[105]For this reason, there will also be a need for a unified policy on such outsourcing of tasks of general interest to the private non-profit sector in all countries participating in the NMWO.

Otherwise put, such “nonprofit” organizations would obtain access to credit lending from the national central bank operating within its country (as part of the network of central banks operating under the auspices of the NMWI). Hence, also this sub-level of money creation could take place through “free credits” (or even through credits bearing negative interest) provided by the NGSCB to the nonprofit entities concerned (and provided that these effectively fulfill tasks serving the general good).[106]

5.6.2.5.3.5 The Business Sector

The fourth sub-level of money creation for the benefit of the private sector within the NMWO would still concern the established business sector.

Under the NMWO, the goal of pursuing profits should no longer be the overpowering value driving the socio-economic order.

On the contrary, the (global) business world should be re-oriented in such a way that other values also (such as: care for the environment; respect for the Earth and its resources; a humane treatment of people employed; a true consideration for the interests and the well-being of customers...) would get the same, if not higher degree of attention as making profits.

Obviously, a new legal framework should clearly set out a solid legal basis for this new approach towards “business ethics”.

Within such a “new economy” based on altruism rather than on the cost-what-cost selfish pursuit of (company) profits, it should, for instance, no longer be the intention that capital investments will continue to remain a mechanism solely aimed at getting the rich and powerful of the planet even richer. On the contrary, the NMWO should create a climate that would mainly assure that efforts from labor are valued in such a way that every person can build a dignified life for himself (and his family), or put otherwise, that will put the interests of people performing labor above the interests of capital.[107]

Needless to say that, in this context, it will be necessary to (at least gradually) abandon the idea that running a business (and the therefore needed capital investments) should mainly and at any cost be aimed at making enormous (business) profits[108] which, through the operation of company law mechanisms (see above,

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[106]This has also been dealt with in more detail in Byttebier (2015a), p. 321 a.f. and in Byttebier (2017), pp. 434–435.

[107]See earlier in the history of Christianity the ideas of Saint Paul on the importance of “socio-economic self-reliance” which under the NMWO should become a possibility for every human being (see in Byttebier (2017), under Point 3.3.2.2.2 of Chapter 3).

[108]As Galbraith has phrased it:

> The market has only one message for the business firm. That is the promise of more money. (. . .) It must try to make money and, as a practical matter, it must try to make as much as possible. Others do. To fail to conform is to invite loss, failure and extrusion. Certainly a decision to subordinate interest in earnings to an interest in a more contented life for workers, cows or customers would, in the absence of exceptional supplementary income, mean

Sect. 2.2), are themselves mainly intended to enrich a select elite of shareholders (who, afterward, park their thus created wealth in tax havens in order not to have to participate in the financing of public life).[109]

A further underlying idea of the here proposed new business ethics could be that established businesses would, much more than happens under the current capitalist mechanisms, be encouraged to re-invest their profits in either their own operation (rather than paying out huge dividends to the shareholders and extreme huge salaries to their CEO's), or in the well-being of society in general. Also in order to reach this objective, there will obviously be a global need for rethinking the legal framework of, for instance, company and company tax law.[110]

In such a new legal business environment, it is furthermore to be expected that the need for (huge) credit to enterprises should decrease (as, for instance, the pursuit of leverage effects introduced with the purpose of maximizing profits for the benefit of shareholders dividends, will also no longer be a purpose on its own and as, moreover, company profits will rather be re-invested than be handed out to shareholders and CEO's).

In as far (established) enterprises would, notwithstanding the foregoing, continue to show a need for credit financing, it is here furthermore proposed here that they would primarily depend on the private markets for such credits.

This could, for instance, imply that companies with a "profit surplus" (for which it would not be sensible to re-invest it in the growth of the own company itself and which, furthermore, given a to be established fiscal discouragement policy of too large dividend payments to shareholders, could neither any longer be paid out to shareholders) could use this surplus to provide credit to other companies, possibly through the intermediate role of the (also re-oriented) private banking system.

Notwithstanding the foregoing, also in such a newly proposed system, it could still occur that the financial means which are at a given moment in time available on

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financial disaster. Given this need to maximize revenue, the firm is thus fully subject to the authority of the market.

(See Galbraith (1967), p. 109.)

See furthermore Galbraith (1992), p. 55; Bakan (2005), p. 256; Simonet (1970), p. 47.

[109]The in the Sect. 6.3 proposed new fiscal logic which should characterize the functioning of the NMWO, should play an important role in contributing to these new business ethics. For instance, a fiscal skimming policy could come into play which would help to keep the level of business profits within reasonable boundaries in order to serve several other policy goals, such as preventing a market player from becoming too strong or from abusing his economic power, encouraging a reasonable price setting for products and services offered (as a surplus of profits made would be taxed away anyhow), paying a truly fair compensation to staff and (smaller) suppliers, etc. Furthermore, a policy of fiscal skimming of dividends paid to shareholders could prevent that their income would exceed certain thresholds.

[110]This will, henceforth, even need to be based on almost opposite principles to those of the now prevailing company law systems in as far as these, in most Western (and Western inspired) countries, are mainly aimed at maximizing shareholders profits. (See Galbraith (1992), p. 54; see also Byttebier and François (2015), pp. 221–250).

the private money and capital market(s), would not suffice to cover the credit needs of established business.

For such cases, the NMWO could leave room for a system (earlier referred to as "sub-level") of money creation/credit lending for the benefit of established business enterprises.

Such credits to be provided by the NGSCB to the established business sector should moreover be credits:

- in which detailed reimbursement obligations are agreed upon;
- at a price (*ergo* against payment of interest);
- which are subject to a sound monitoring by the central national bank;
- which, if appropriate, will be revocable in case of a breach of contract.

The new monetary authorities could hereby even pursue a "differentiation" policy laid down in (sufficiently specific) guidelines, directives and regulations of the NGSCB, with as possible criteria:

- the size of the enterprise applying (in terms of turnover, number of staff, and other);
- its profitability;
- its market share (and the extent to which it faces competition);
- its pricing policy;
- the type of products or services it provides (and their impact on society in general);
- the extent to which the enterprise is or is not adopting certain ethical codes of conduct (for instance aimed at the correct handling of values other than the pursuit of profit on account of CEO's and shareholders);
- the actual behavior of the enterprise in practice;
- . . .

5.7 Concluding Remarks Regarding the Proposed New Monetary System

The here in the Chap. 5 of this book[111] proposed creation of a new monetary and financial order based on altruistic principles rather than on the (neo)liberal ideal of a world dominated by egoism, selfishness and greed should, obviously, be considered as but a first step in the direction towards a new, global economy based on altruistic principles.

Indeed, if the global community were ever found willing to put into effect the here proposed monetary (and financial) system based on altruistic principles (or a

[111]Next to, as said, in Byttebier (2015a) and in Byttebier (2017), especially its Chaps. 4 and 5.

sufficiently similar one), this should not necessarily represent the final phase in promoting an economy based on altruism.

Hence, in a later phase of re-orientation of the global economy towards a more altruistic system, one could, for instance, advocate a fairer organization of the business world, whereby the development of mechanisms rewarding labor above capital should be one of the central themes, in addition to the development of fairer and more transparent pricing methods regarding all transactions of goods and services.

Nevertheless, as the monetary and financial system, through the mechanisms of both creating new money and distributing existing money, forms the metaphorical motor of the capitalist economy and is, moreover, one of the main methods of distributing wealth, the time seems more than ripe to seriously consider alternatives for the nowadays prevailing system(s).

The aforementioned proposal but aims at providing a possible blueprint for for such a new monetary system, thus at the same time illustrating that alternatives for the present-day monetary (and financial) system are indeed, at least, "conceivable".

The question is whether humanity will ever truly "want" the prevailing capitalist monetary system replaced by such a new monetary and financial system.

Anyhow, for those who would not yet be fully convinced of the many advantages of the in this Chap. 5 of this book proposed new monetary system, the next Chap. 6 of this book will give a general idea of the outlook of the new care state model that this monetary system could make possible.

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Chapter 6
Introducing a Universal "Care State" Model

6.1 Introduction

In the period after World War II until somewhere in the 1970s, probably one of the most important experiments in the course of history of creating a more and just societal order (especially in the socio-economic field) was undertaken, namely the attempts to install so-called "welfare states" in the Western World.[1]

As explained above (see Sect. 3.1), the notion "welfare state" is in essence a collective term, referring to states implementing a variety of mechanisms of socio-economic planning which aim at offering an elementary type of protection to the working classes and, by extension, to the weak and poor within society, against the exploitation mechanisms resulting from (unbridled) capitalism.

It is in this regard often assumed that the creation of the welfare state model has—at least in part—been possible thanks to the economic revival of the Western world in the period after World War II, mainly also due to the fact that, at least in Europe, this revival was accomplished through state planning, and not by leaving everything over to the invisible hands of the free market.

Probably another factor that made the Western entrepreneurial world willing to co-operate with public authorities in setting up said mechanisms of correcting unbridled capitalism has been the in the 1940s and 1950s prevailing fear that communist parties would become too successful and take control of the Western world.

The efforts referred to in the previous paragraphs resulted, at least throughout the Western world, be it with a lot of variety from state to state, in the setting up of several state-financed public services and social security systems, characterized by the fact that they were financed out of financial means collected by the state through means of either taxes, or special purpose contributions or duties.

[1]Obviously, the name "welfare state" was thought up afterwards.

K. Byttebier, *The Tools of Law that Shape Capitalism*, Economic and Financial Law & Policy – Shifting Insights & Values 3,
https://doi.org/10.1007/978-3-030-24182-7_6

However, it appeared already from the start that a part of both the entrepreneurial and the academic world was reluctant towards these systems as, in accordance with the views of certain classical economic theories, such as (economic) liberalism, welfare is only created out of economic efforts of the few gifted people who succeed as entrepreneurs, implying that the profits of these efforts should entirely flow to the entrepreneurial world itself, and certainly not be shared with others (and in no way to be handed over to state authorities for purposes of setting up mechanisms of redistributing wealth and creating societal justice).

As has already been explained in Chap. 2 of this book,[2] in accordance with these classical economic theories, anyone entering into a contractual relationship with such an enterprise should mainly look after his own interests by negotiating good contractual conditions, a viewpoint which also should apply to relations between employers and employees and which, amongst others, translates into the so-called "Iron Law of the Wages", one of the central economic theories of capitalism which keeps on determining to this very date the lives of billions of people employed (not to say: exploited) by capitalist enterprises (see already before, in Sect. 2.2.2.2).

In this (classical) view on economics, there is no room for any state interference in private relationships, let alone for any form of state planning, and most certainly not for state authority imposing taxes on or other types of contributions to enterprises in order to finance such public services and/or social security systems.[3]

Nevertheless, as long as the economies of the Western world remained strong enough (amongst others, due to shamelessly exploiting their (former) overseas colonies), the experiment of installing the welfare state model remained somehow tolerated, even by the class of rich entrepreneurs, although one has to admit that this only happened at the expense of other parts of the world, such as the colonial and former colonial territories of the Western countries which, even in the post-colonial era, continued to be systematically robbed of their natural riches in order to make the Western world thrive.

However, as of the end of the 1960s, the world economic equilibrium would undergo some fundamental changes due to a variety of factors, such as continuous (and extremely expensive) wars fought by the USA in overseas territories (causing huge deficits in American government spending), next to the formation of a price and production cartel between some of the most important oil producing countries (OPEC), which made the price of crude oil, which then was (and probably still is) the both literal and metaphorical fuel of the (Western) industrial world, skyrocket.

As a result of the latter of these factors, the Western entrepreneurial world saw its profit margins substantially decrease, while the first of the abovementioned factors

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[2] See also Byttebier (2015b, 2018).

[3] In as far such protective systems that were installed in the past are still tolerated under the dictates of the at present prevailing doctrines of neoliberalism, they should, in accordance with the latter theories, at the highest be financed through taxing the lower and middle classes, and not by taxing the entrepreneurial world and the rich classes of entrepreneurs. (See for more details Oxfam (2014, 2015, 2016, 2017)).

ultimately attributed to the collapse of the international currency exchange mechanism that had been part of the Bretton Woods monetary order established in 1944.

Said factors also helped creating the climate for the breakthrough of several economic schools that started propagating an idea good that, since then, has become known under the collective term "(economic) neoliberalism".

These (economic) schools of thought had as a common factor that they held the welfare state model responsible for the detrimental financial state Western countries found themselves into.

It hereby soon got assumed that the welfare state model was financially unaffordable, and that the huge debts some Western states were already then accumulating, were mainly created as a result of their expenses for public services and social security that were deemed not to add any value to the economy, but to be only a method by which a lazy part of the population systematically robbed the more prosperous part of the population of their well-deserved earnings.

This viewpoint of (economic) neoliberalism which, since that time period, has in essence remained the same, was for instance in a clear and brief manner explained by Milton Friedman in his famous essay "Why Government is the Problem".[4] In this essay, Friedman presented one of the blueprints[5] for adapting public policy theories on how the state should interact with the socio-economic system, mainly by having as little such interaction as possible, except for providing a climate in which the markets can function as freely as possible, next to subsidizing big enterprises and establishing police and army forces to protect private property on both a national and international level.

As has already been addressed in some more detail in the Chap. 3 of this book, based upon these neoliberal theories, as of the 1980s, several neoliberal governments throughout the Western world, started their severe attack on the welfare state model, resulting in the gradual and systematic dismantling of a wide variety of collective protection systems that had been installed only shortly before (namely in the aftermath of World War II), among which systems of social security and public services.

At present, under the impulse of neoliberal doctrine, this process of dismantling the welfare state model is clearly still ongoing on a global scale. (See above, Sect. 3.2.3).

In recent times, this dismantling of the welfare state model has even started occurring in a completely undisguised manner, where it is not even attempted any more to make claims that such dismantling efforts best serve the general interest (which they obviously do not).

[4]See Friedman (1993).

[5]Where Milton Friedman at least attempted to make his belief system sound like an economic theory, Ayn Rand bluntly brought forward her similar theories in the form of pseudo-philosophical pamphlets which basically held that, within the socio-economic order, man should behave as egoistically as possible, a message that since then has strongly appealed to both the rich and powerful of the planet, and to the marionette politicians they bring into power. (See especially Rand (1992, 2008)).

Clearly, going further on this path of dismantling the welfare state model comes down to even more preparing the Western world for economic disaster, such as an increased degree of poverty, next to a further widening of the gap between rich and poor within society, where it is, furthermore, more than obvious that the neoliberal thought good itself is unable, and even unwilling, to provide an answer to this problem, as it by definition opposes all systems of solidarity anyhow.[6]

The General Assembly of the United Nations has recently phrased this concern as follows[7]:

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[6]The example of India, as elaborated upon by Oxfam, speaks for itself (see Oxfam (2019), p. 45):

> In India, government neglect of public healthcare means the private sector dominates. The highest-quality private medical care is only available to those who have the money to pay for it. The country is a top destination for medical tourism, with some of the best-quality care in the world available to those who can afford it. At the same time, levels of public spending on health are some of the lowest in the world. In South Asia, including India, poor-quality care kills more people than lack of access to treatment and care. The poorest patients either have to cope with very poor public providers or take their chances with an array of unregulated quacks and other private providers, often bankrupting themselves in the process.
>
> Powerful private health corporations have escalated the cost of government-paid health insurance premiums three and a half times in some states, and threaten to withdraw services if governments do not comply. In major cities like Delhi, many private hospital corporations have received free or heavily subsidized land from the government in return for providing free care for poor patients, which they consistently fail to deliver. A number of these same hospital corporations have received substantial financial backing from the private sector investment arm of the World Bank.
>
> Eighty percent of payments to the government health insurance scheme go to private providers. Evidence across different states confirms unethical and corrupt practices by private providers, include charging the government for bogus patients, refusing free treatment to poor patients, and delivering unnecessary interventions and medication. Perhaps the most horrific example of the latter is that thousands of young Indian women have their uteruses needlessly removed by private healthcare providers because hysterectomies are among the most profitable procedures.
>
> (Oxfam (2019), p. 45.)

[7]United Nations (2015a), p. 5, n° 14.

Also for Oxfam, it is clear that public services and social protection reduce poverty and inequality:

> Evidence from 150 countries spanning a period of over 30 years shows that, overall, investment in health, education and social protection reduces the gap between rich and poor. One recent review of 13 developing countries found that spending on education and health accounted for 69% of total reduction of inequality. If all children left school with basic reading skills, 171 million people could be lifted out of extreme poverty. (. . .) Public services can be great equalizers, giving everyone, regardless of wealth or income, a fair shot at a decent life. Schools can be places where the children of rich and poor families become friends and the barriers of inequality are broken down. Clinics can be places where poor and rich alike know they will receive the best care available, regardless of their ability to pay. Public services can also reduce the gap between women and men. Education can increase women's self-confidence, economic opportunities and decision-making power. Good-quality, free healthcare is essential for women and girls to be able to make decisions about their own lives, to increase their prospects of escaping poverty and reduce their

> We are meeting at a time of immense challenges to sustainable development. Billions of our citizens continue to live in poverty and are denied a life of dignity. There are rising inequalities within and among countries. There are enormous disparities of opportunity, wealth and power. Gender inequality remains a key challenge. Unemployment, particularly youth unemployment, is a major concern. Global health threats, more frequent and intense natural disasters, spiralling conflict, violent extremism, terrorism and related humanitarian crises and forced displacement of people threaten to reverse much of the development progress made in recent decades. Natural resource depletion and adverse impacts of environmental degradation, including desertification, drought, land degradation, freshwater scarcity and loss of biodiversity, add to and exacerbate the list of challenges which humanity faces. Climate change is one of the greatest challenges of our time and its adverse impacts undermine the ability of all countries to achieve sustainable development. Increases in global temperature, sea level rise, ocean acidification and other climate change impacts are seriously affecting coastal areas and low-lying coastal countries, including many least developed countries and small island developing States. The survival of many societies, and of the biological support systems of the planet, is at risk.

In light of the foregoing, the time seems more than ripe to start deeply reflecting whether continuing the path set out by neoliberal doctrine is what is best for humanity and the Earth it inhabits, or that one should best, finally, start reflecting on the outlook of a new socio-economic order that would better serve at reaching the basic policy goal of organizing fair and just societies as referred to in Sect. 1.1 above.

In the present Chap. 6 of this book, such an attempt will be undertaken, bringing us to the question what should be the ideal outlook of states for ensuring a just and fair socio-economic order.[8]

It should hereby be, obviously, clear that this question has already partly been dealt with in the previous Chap. 5 of this book. Indeed, one of the aims of reflecting on the outlook of a new and more just and fair international monetary system, has been the search for a more efficient method of financing states which would allow them to fulfil their task of serving the "general interest" (or "public good") in a better way than will ever be possible under the logic of (unbridled) capitalism.

Obviously, the instalment of such a new monetary system would have a huge repercussion on how states could function, on the one hand allowing them to develop a broad spectrum of social and public services, and on the other hand allowing them to abandon their focus on the development of unjust tax systems in order to get their activities financed.

Both of these subjects will be looked into hereafter.

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chances of dying from preventable illness. Cleaned piped water saves women many hours spent collecting it and protects from disease. Conversely, underfunded and low-quality public services that are blind to the needs of women and girls can widen the gender gap.

(See Oxfam (2019), pp. 17–18.)

[8]Not surprisingly, this was the same question that already Plato dealt with in his philosophy, mainly in his book "the Republic". (See Plato (1987)).

6.2 Towards a New "Care State Model"

6.2.1 How the New Monetary Order Proposed in Chapter 5 of This Book Could Contribute to Shape a Universal Care State Model

Under the new international monetary order that has been proposed in Chap. 5 of this book, it would become possible to finance a care state model which would allow to install a much more fair and just socio-economic order than ever has been possible under the rule of unbridled capitalism, or even under the classical welfare state model to the extent that, even in the latter model, states are/were still dependent on capitalist financing methods (especially raising taxes and semi-taxes, next to taking up—expensive—loans from, amongst others, private market players; see above, Sects. 2.3 and 4.3).

More precisely, under this newly to be established monetary order, state financing would occur in a total different manner than is presently the case, namely not by taking away profits earned by enterprises, or parts of wages (or other forms of income) earned by working people, but out of the newly proposed system of money creation itself, more precisely out of the periodical allocations that the NMWI would attribute to the countries participating to this new international monetary order (see above, under Sect. 5.6.2.5.2).

Although such a system could, to some extent, already start happening within the presently prevailing international monetary order—which however would imply that the IMF would actually start using its power to attribute SDR's to its member states in a far more systematic manner than is presently the case[9]—, the proposal that is formulated here (in Chaps. 5 and 6 of this book) would take Keynesian thinking in this regard even a (big) step further by proposing a system in which all the member-states participating to this new international monetary order would obtain the entirety of their financial means out of such (periodical) allocations.[10]

In the treaty (ies) establishing this proposed new international monetary order, the contours of this new welfare/care state model could be worked out in more detail, amongst others, by providing lists of the public services and social security systems

[9] See https://www.imf.org/en/About/Factsheets/Sheets/2016/08/01/14/51/Special-Drawing-Right-SDR (last consulted on March 5 2019).

[10] As explained above (see Sect. 5.6.2.5.2), such a system of financing states could imply that, each (working) year, each of the participating states would obtain a working budget out of the hands of the in Chap. 5 of this book proposed NMWI that should enable it to install and maintain a new type of state model, thus turning the "repressive state model" presently prevailing under the yoke of capitalism, into a "care state model" based upon a view on society that all people should be willing to take care of each other.

that should be made universally attainable based upon the financial means each state will obtain out of said allocations.[11]

Hereafter, we shall explore some themes on what the outlook of such a “care state” model could be.

6.2.2 Content of the Here Proposed New Universal Care State Model

6.2.2.1 Overview

The lists of public services and social care systems that together would form the care state model referred to at the end of the previous Sect. 6.2.1, could, amongst others, contain the following elements[12]:

– General access to food, housing and adjunct necessities:
– A universal public education system (at all levels of education);
– A universal health (and medical) care[13];
– A universal elderly care;
– A universal child and youth care (amongst others providing means for taking care of orphans; for leisure and group activities of children and youth. . .);
– A universal public transport (ensuring all levels of transport in an economic attainable manner; this allocation post should, obviously, also take infrastructure works into consideration);
– Guaranteeing universal access to culture;
– Financing a universal basic income for all human beings;
– A further budget post for general state functioning (including the functioning of the national, central banks of the participating countries);
– . . .

Needless to say that these are just but some (evident) examples of what issues could be dealt with on a global level in order to establish a more fair and just socio-economic (world) order.

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[11]Galbraith has defended this approach in his usual (brilliant) way:

> But merely to list them is to see that all are, in substantial measure, at public cost. Thus the problem: rather than take on that cost, it is far easier for the comfortable to find flaws in the character of those who make up the underclass and increasingly also in the immigration law and their enforcement. And to find social virtue in a seemingly principled resistance to taxation and the invasive state. And, as trouble looms, to call for more police and more stringent jail sentences or to move to the suburbs.
> (Galbraith (1995), p. 265.)

[12]Compare Galbraith (1995), p. 264.

[13]See furthermore Galbraith (1995), p. 264, also pointing out:

> And there must be universally available medical care and counseling for alcohol and drug abuse.

It should, in this regard, be observed that in the context of several policy declarations of the United Nations[14] (next to similar international organisations depending on it), further examples of needs that could be addressed in order to create a sustainable living environment for everyone, are mentioned, to which we can here further refer.

The several targets of the United Nations have, recently, been summarized in the so-called "(UN 2030) Sustainable Development Goals"[15] containing a universal call to action to end poverty, protect the Earth and ensure that all people enjoy peace and prosperity.[16]

To effectively reduce the gap between rich and poor, the mentioned public and social care services will moreover need to be "universal", "free", "public", "accountable" and to "work for both men and women".[17]

To the extent that looking for better methods of funding public and social care services is one of the key elements in creating a more just socio-economic order, we shall hereafter mainly focus on the matter how, as regards some of these more evident examples, the new monetary system that has been proposed in Chap. 5 of this book could help in providing a new system of financing the instalment of the public and social services that are necessary for addressing these needs.

6.2.2.2 General Access to Food, Housing and Adjunct Necessities

On 25 September 2015, the 193 Member States of the United Nations adopted the "17 Sustainable Development Goals" ("SDGs") of the 2030 Agenda for Sustainable Development, defined as "global objectives expected to guide the actions of the international community over the subsequent 15 years" (2016–2030).[18]

One of the main ambitions of these 2030 SDGs is to end poverty and hunger, in all their forms and dimensions, and to ensure that all human beings can fulfil their potential in dignity and equality and in a healthy environment.[19]

Through the 2030 SDGs, the United Nations envision a world with equitable and universal access to quality education at all levels, to health care and social protection, where physical, mental and social well-being are assured; a world realizing the basic

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[14] See especially United Nations (2015a) and United Nations (2015b).

[15] See http://www.fao.org/sustainable-development-goals/overview/en/ (last consulted on March 5 2019).

[16] http://www.undp.org/content/undp/en/home/sustainable-development-goals.html (last consulted on March 5 2019).

[17] Oxfam (2019), p. 19.

Otherwise put, the power of public services and social protection to reduce inequality largely depends on how well they are funded, how they are delivered and their level of quality. (Compare Oxfam (2019), p. 44).

[18] See http://www.fao.org/sustainable-development-goals/overview/en/ (last consulted on March 5 2019).

[19] United Nations (2015a), p. 2.

human right to safe drinking water and sanitation and where there is improved hygiene; and where food is sufficient, safe, affordable and nutritious; a world where human habitats are safe, resilient and sustainable and where there is universal access to affordable, reliable and sustainable energy.[20]

Some of the in regard of the objective of at least providing food, housing and adjunct necessities for everyone, most relevant goals of the 2030 SDGs are[21]:

- Goal 1. End poverty in all its forms everywhere;
- Goal 2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture;
- Goal 3. Ensure healthy lives and promote well-being for all at all ages;
- Goal 6. Ensure availability and sustainable management of water and sanitation for all.

Also in 2015, in order to end poverty in all its forms everywhere, the United Nations furthermore committed to a new "social compact".[22]

In this 2015 social compact, the United Nations, amongst others, committed to providing fiscally sustainable and nationally appropriate social protection systems and measures for all, with a focus on those furthest below the poverty line and the vulnerable, persons with disabilities, indigenous persons, children, youth and older persons.[23]

The United Nations hereby specifically encouraged countries to consider setting nationally appropriate spending targets for quality investments in essential public services for all, including health, education, energy, water and sanitation, consistent with national sustainable development strategies. The United Nations also committed to making every effort to meet the needs of all communities through delivering high-quality services that make effective use of resources.[24]

Needless to say that, under the system of state financing proposed in Chap. 5 of this book, it should become far more easy to help financing these (ambitious) policy efforts by making enough money available for guaranteeing that all over the world, it will be possible to have public and social services installed that are up to the task of addressing these basic human needs on a global scale.

6.2.2.3 The Case for Public Education

It probably needs no further explanation that ensuring equal access to education is one of the main prerequisites for establishing a just and fair society.[25]

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[20] United Nations (2015a), pp. 3–4, n° 7.

[21] United Nations (2015a), p. 14.

[22] See United Nations (2015b), p. 6, n° 12.

[23] See United Nations (2015b), p. 6, n° 12.

[24] See United Nations (2015b), p. 6, n° 12.

[25] See Sidoti (2000):

> Education is fundamental to the development of human potential and to full participation in a democratic society. That's why it's recognised as a human right. Everyone has the right to

Not surprisingly, education lies at the heart of the United Nations Educational, Scientific and Cultural Organization's (abbreviation: UNESCO) mission to build peace, eradicate poverty and drive sustainable development.[26]

According to UNESCO, education is one of main drivers of development,[27] literally able of transforming lives.[28]

UNESCO, furthermore, considers education as a public good,[29] a fundamental human right[30] and a basis for guaranteeing the realization of other rights. In UNESCO's view, education is also essential for peace, tolerance, human fulfilment and sustainable development and is, hence, also to be considered as a key factor for achieving full employment and poverty eradication.[31]

The General Assembly of the United Nations has in 2015, similarly, expressed its general policy aim of[32]:

> providing inclusive and equitable quality education at all levels – early childhood, primary, secondary, tertiary, technical and vocational training.
>
> All people, irrespective of sex, age, race or ethnicity, and persons with disabilities, migrants, indigenous peoples, children and youth, especially those in vulnerable situations, should have access to life-long learning opportunities that help them to acquire the knowledge and skills needed to exploit opportunities and to participate fully in society. We will strive to provide children and youth with a nurturing environment for the full realization of their rights and capabilities, helping our countries to reap the demographic dividend, including through safe schools and cohesive communities and families.

It may be clear that, under the prevailing socio-economic order, at present, nowhere in the world, such an equal access to education has yet been accomplished. While in poorer countries, for many people the chances of ever getting a proper schooling are still very low, even in more developed countries, the chances of getting

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> education, regardless of where you live, what your race is or whether or not you have a disability.

[26]See https://en.unesco.org/themes/education (last consulted on March 5 2019).

[27]UNESCO (2015), p. 7.

[28]See https://en.unesco.org/themes/education (last consulted on March 5 2019).

[29]See UNESCO (2015), p. 2:

> Education is a public good, of which the state is the duty bearer. Education is a shared societal endeavour, which implies an inclusive process of public policy formulation and implementation. Civil society, teachers and educators, the private sector, communities, families, youth and children all have important roles in realizing the right to quality education. The role of the state is essential in setting and regulating standards and norms.

[30]For UNESCO, education is moreover a human right for all throughout life and access to education must be matched by quality. (See UNESCO (2015), p. 7).

[31]UNESCO (2015), p. 7.

[32]United Nations (2015a), p. 7, n° 25.

a proper schooling are far higher for people belonging to the upper classes, than for those belonging to the lower classes.[33]

It need, hence, not be surprising that improving access to education is high on UNESCO's agenda, as for instance appears from "Sustainable Development Goal 4", an ambitious set of 10 targets encompassing different aspects of education,[34] as

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[33]See OECD (2018), p. 12, even referring to an ancient saying by Socrates still applicable in the present-day world that those who start at a disadvantage are less likely to have access to a high-quality learning environment or acquire the skills or will to develop and grow in society.

See furthermore OECD (2018), p. 23:

> Despite significant expansion in educational attainment over the past decade, those people with low-educated parents, a proxy for low socio-economic status, are less likely to participate in early childhood education programmes, complete upper secondary school and advance to higher levels of education than those with at least one tertiary-educated parent.

The OECD (2018) report further indicates that said inequalities in access to education reflect in the labour market. (See OECD (2018), p. 25).

[34]For the text of Sustainable Development Goal 4 and its 7 targets, see https://en.unesco.org/node/265600 (last consulted on March 5 2019):

> 4.1 Universal primary and secondary education: by 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes;
>
> 4.2 Early childhood development and universal pre-primary education: by 2030, ensure that all girls and boys have access to quality early childhood development, care and pre-primary education so that they are ready for primary education;
>
> 4.3 Equal access to technical/vocational and higher education: by 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university;
>
> 4.4 Relevant skills for decent work: by 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship;
>
> 4.5 Gender equality and inclusion: by 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations;
>
> 4.6 Universal youth literacy: by 2030, ensure that all youth and a substantial proportion of adults, both men and women, achieve literacy and numeracy;
>
> 4.7 Education for sustainable development and global citizenship: by 2030, ensure that all learners acquire the knowledge and skills needed to promote sustainable development, including, among others, through education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and non-violence, global citizenship and appreciation of cultural diversity and of culture's contribution to sustainable development.

The Sustainable Development Goal 4 also mentions three means of achieving these goals (see https://en.unesco.org/node/265600 (last consulted on March 5 2019)):

> 4.a Effective learning environments: build and upgrade education facilities that are child, disability and gender sensitive and provide safe, non-violent, inclusive and effective learning environments for all;
>
> 4.b Scholarships: by 2020, substantially expand globally the number of scholarships available to developing countries, in particular least developed countries, small island developing States and African countries, for enrolment in higher education, including

worked out in more detail in UNESCO's "Incheon Declaration and Framework for Action for the implementation of Sustainable Development Goal 4".[35]

However, UNESCO also acknowledges that its aspirations encompassed in the proposed SDG 4 cannot be realized without a significant and well-targeted increase in financing, particularly in those countries furthest from achieving quality education for all at all levels. Not surprisingly, in its "Incheon Declaration and Framework for Action for the implementation of Sustainable Development Goal 4", UNESCO called for a drastic increase in public spending on education, and urged for adherence to the international and regional benchmarks of allocating efficiently at least 4–6% of Gross Domestic Product and/or at least 15–20% of total public expenditure to education.[36]

Again, under the system of state financing proposed in Chap. 5 of this book, it should become possible to meet this call and make enough money made available for guaranteeing that, all over the world, it will be possible to install proper systems of education, while it is at the same time extremely doubtful that the continuance of neoliberal public policy will ever allow to achieve a just and fair education system for all of Earth's inhabitants.[37]

6.2.2.4 The Case for a Universal Health Care

It is estimated that, in 2018, at least half the world's population lacks access to essential health services (including care for non-communicable and communicable diseases, maternal and child health, mental health, and sexual and reproductive health).[38]

According to the World Health Organization (WHO), the justification for a better universal health care should hence be clear, even from a (mere) economic perspective[39]; investing in health in general has been shown to give economic returns to the

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> vocational training and information and communications technology, technical, engineering and scientific programs, in developed countries and other developing countries;
>
> 4.c Teachers and educators: by 2030, substantially increase the supply of qualified teachers, including through international cooperation for teacher training in developing countries, especially least developed countries and small island developing States.

[35]See UNESCO (2015).

[36]UNESCO (2015), p. 9 and p. 67.

According to the website http://www.worldometers.info/ (last consulted on March 5 2019), public spending on education in the world is around 5% of global GDP. According to this same website, public education expenditure in 2018 amounted to USD 3.527 trillion by December 21st 2018.

[37]The recent rise of student loans in territories such as the USA and the UK does not give cause for much optimism in this regard. (See furthermore in footnote 588, the viewpoints of Chomsky in this regard).

[38]World Health Organization (2018).

[39]World Health Organization (2014), p. 7:

> There is good evidence to support an expanded role for health promotion and disease prevention to increase value for money and, for some approaches, create a return on

health sector, other sectors and the wider economy, with an estimated fourfold return on every dollar invested.[40] What is even more important, is the humane aspect of this issue which simply calls for a decent, universal health care for all people on Earth.

Notwithstanding the foregoing, under the impulse of economic neoliberal funding cuts, public health services have during the last years been shown to be at risk in several areas all over the world. Even in the WHO European Region, traditionally one of the most advanced regions in the world, especially in providing public health care, many structures for delivering public health services have during the past years been facing substantial cutbacks, and public health programs and interventions have in several countries been either drastically reorganized or scaled down.[41]

Nevertheless, the installment of a universal health care remains high on the agenda of said World Health Organization, which clearly appears from the "Declaration of Astana" that was adopted during the "Global Conference on Primary Health Care" that took place on 25 and 26 October 2018.[42]

Also the General Assembly of the United Nations has in 2015, similarly, expressed its general policy aim[43]:

> [in order to ensure] physical and mental health and well-being, and to extend life expectancy for all, we must achieve universal health coverage and access to quality health care. No one must be left behind. We commit to accelerating the progress made to date in reducing newborn, child and maternal mortality by ending all such preventable deaths before 2030. We are committed to ensuring universal access to sexual and reproductive health-care services, including for family planning, information and education. We will equally accelerate the pace of progress made in fighting malaria, HIV/AIDS, tuberculosis, hepatitis, Ebola and other communicable diseases and epidemics, including by addressing growing anti-microbial resistance and the problem of unattended diseases affecting developing countries. We are committed to the prevention and treatment of non-communicable diseases, including behavioural, developmental and neurological disorders, which constitute a major challenge for sustainable development.

Funding for public health services is hereby deemed an absolute necessity.[44]

> investment for health and other sectors, as well as potentially promoting an increase in economic productivity. Additional benefits will also occur, with improved educational and employment outcomes, reduced crime and antisocial behaviour and environmental benefits. Many cost-effective interventions also help to reduce inequalities – for example, those addressing mental health and violence prevention, issues disproportionately affecting population groups already suffering from adverse effects of health inequality. Investing in upstream population-based prevention is more effective at reducing health inequalities than funding more downstream prevention.

[40] World Health Organization (2014), p. 23.

[41] World Health Organization (2014), p. 23.

[42] See for the text of the declaration: Global Conference on Primary Health Care (2018).

[43] United Nations (2015a), pp. 7–8, n° 26.

[44] According to the website http://www.worldometers.info/ (last consulted on March 5 2019), total global healthcare expenditure represents around 9% of world GDP, the government(s) portion of

While traditionally funding of health care comes from a range of mechanisms, such as through a combination of taxes, semi-taxes, health insurance funds and private sources,[45] it may be clear that under the in this book proposed new monetary order (see Chap. 5 of this book), it will become far more easy to provide states (all over the world) with the necessary funding for establishing a universal health care—that would be in line with the WHO's commitment to the fundamental right of every human being to the enjoyment of the highest attainable standard of health without distinction of any kind[46]—within their respective jurisdictions.

Through this, the call made in the Declaration of Astana to continue to invest in public health care to improve health outcomes[47] could be easily answered by adopting the in Chap. 5 of this book proposed new monetary order.

Such an approach would, moreover, substantially contribute to reducing, or even completely ending, the health inequalities prevailing under the present neoliberal socio-economic order.[48]

6.2.2.5 The Case for a Universal Elderly and Youth Care

6.2.2.5.1 Youth

The United Nations has since long recognized that taking care of youth is vital for the continuing development of society.[49]

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healthcare expenditure being around 60%. According to the same website, public healthcare expenditure in 2018 amounted to roughly USD 5.103 trillion by December 21st 2018.

[45]World Health Organization (2014), p. 23.

[46]Global Conference on Primary Health Care (2018), under point I.

[47]Global Conference on Primary Health Care (2018), under point V, stating:

> We call on all countries to continue to invest in PHC to improve health outcomes. We will address the inefficiencies and inequities that expose people to financial hardship resulting from their use of health services by ensuring better allocation of resources for health, adequate financing of primary health care and appropriate reimbursement systems in order to improve access and achieve better health outcomes. We will work towards the financial sustainability, efficiency and resilience of national health systems, appropriately allocating resources to PHC based on national context. We will leave no one behind, including those in fragile situations and conflict affected areas, by providing access to quality PHC services across the continuum of care.

[48]See World Health Organization (2014), p. 23.

By granting states the means to focus on prevention, the costs for such a universal health care could even be kept within very reasonable boundaries. (See World Health Organization (2014), p. 23). According to the WHO, the per capita cost for a preventive universal health care would be representing only an annual investment of under USD 1 in low-income countries, USD 1.50 in lower middle-income countries and USD 3 in upper middle-income countries. Also according to the WHO, these figures represent just 1–4% of current health spending.

[49]United Nations (2010), p. i.

A milestone in acknowledging this truth has been the "Declaration on the Promotion among Youth of the Ideals of Peace, Mutual Respect and Understanding between Peoples" of 1965. Moreover, in 1995, the United Nations strengthened this commitment to young people by adopting a new international strategy: "the World Programme of Action for Youth to the Year 2000 and Beyond".[50]

In its original form, the "World Programme of Action for Youth" of 1995 outlined 10 priority areas to be addressed. In 2007, the Member States agreed to the addition of five additional issue areas (by means of a "Supplement" to the original "Programme"). Together, these 15 issue areas and their related plans of action formed what was understood to comprise the "World Programme of Action for Youth", aimed at guiding policy and action in the area of youth development.[51]

Through this "World Programme of Action for Youth" of 1995/2007, the States Members of the United Nations had agreed to work towards achievement of the purposes and principles of the Charter of the United Nations, inter alia, the promotion of higher standards of living, full employment and conditions of economic and social progress and development.[52]

Regretfully, it had in recent years become apparent that the changing world social, economic and political situation had created several conditions that have made the achievement of these goals more difficult in many countries, amongst which:

> claims on the physical and financial resources of States, which have reduced the resources available for youth programs and activities, particularly in heavily indebted countries.[53]

Furthermore having observed that factors such as globalization, new technologies, displacement, shrinking civic space, changing labor markets and climate impacts… were to a growing extent putting huge pressure on youth everywhere and, moreover, that more than one-fifth of young people were not in employment, education or training; that a quarter of young people were affected by violence or armed conflict; and that, all over the world, young people were excluded from development programs, ignored in peace negotiations and denied a voice in most

[50]United Nations (2010), p. i.

[51]United Nations (2010), p. ii.

[52]United Nations (2010), p. 5.

The program focused on the following matters (see United Nations (2010), pp. 5–6):

a. Attainment of an educational level commensurate with their aspirations;
b. Access to employment opportunities equal to their abilities;
c. Food and nutrition adequate for full participation in the life of society;
d. A physical and social environment that promotes good health, offers protection from disease and addiction and is free from all types of violence;
e. Human rights and fundamental freedoms without distinction as to race, sex, language, religion or any other forms of discrimination;
f. Participation in decision-making processes;
g. Places and facilities for cultural, recreational and sports activities to improve the living standards of young people in both rural and urban areas.

[53]United Nations (2010), p. 6.

international decision-making, in September 2018, the United Nations decided upon the enactment of a new youth program "Youth 2030",[54] focusing on a strategy "to engage with", but especially also "to empower" young people.[55]

The five priority targets of the Youth 2030 program are[56]:

– Engagement, Participation and Advocacy (aimed at amplifying youth voices for the promotion of a peaceful, just and sustainable world);
– Informed and Healthy Foundations (aimed at supporting young people's greater access to quality education and health services);
– Economic Empowerment through Decent Work (aimed at supporting young people's greater access to decent work and productive employment);
– Youth and Human Rights (aimed at protecting and promoting the rights of young people and support their civic and political engagement);
– Peace and Resilience Building (aimed at supporting young people as catalysts for Peace and Security & Humanitarian Action).

6.2.2.5.2 Elderly

In September 2018, nearly 962 million people around the world were 60 years old or older, which represented 13% of the world population. This phenomenon was, moreover, reported to have a growth rate of 3% annually and according to estimates, by 2030, the number of elderly people will reach to nearly 1400 million people.[57]

According to the United Nations, the effects of global ageing extend far beyond mere demographic data, some of the most important repercussions (again) being related to health care, especially in the public sector.[58]

The United Nations hereby acknowledges that the phenomenon of population ageing plays an important role in the context of the achievement of the UN 2030 Sustainable Development Goals[59] (especially SDG 3, related to ensuring healthy lives and promoting well-being for all at all ages; SDG 10 on reducing income inequality within and among countries, promoting social, economic and political integration of people, regardless of their age, and; SDG 11 about making cities and human settlements inclusive, safe, resilient, and sustainable). Still according to the United Nations, the associated challenges in the phenomenon of the ageing population require an integrated approach that involves a set of health actors, from local to international level.[60]

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[54] See United Nations - Youth (2018).

[55] UN News (2018).

[56] United Nations - Youth (2018), pp. 10–13.

[57] United Nations – Ageing (2018).

[58] Data demonstrates a progressive increase of people with chronic diseases and other conditions that in most cases, necessitates special care, which in the long term, has an impact on state budgets.

[59] For an overview of these "Sustainable Development Goals", see http://www.undp.org/content/undp/en/home/sustainable-development-goals.html (last consulted on March 5 2019).

[60] United Nations – Ageing (2018). These efforts should also be focused on prevention, amongst others by encouraging lifestyles that may prevent diseases.

On a global scale, there is, moreover, prevailing misinformation about the availability of (both financial and other) resources available for the care of older persons, which tends to be associated with assumptions about the extent of government support for long-term care. According to information made available by the United Nations in July 2018, only 41% of the UN Member States have been reporting a national policy on long-term care. Unmet needs in social care among older people are hereby reported to be widespread, while the number of older people requiring care and support is rapidly growing as a result of the abovementioned demographic trends. Still according to the same information source, in July 2018, 48% of the global population was not covered by any national legislation on long-term care and 46% of paid care provided by governments was subject to means-testing, which makes coverage available to older persons only when they live below a given poverty line.[61]

As a result, many older persons all over the world are, at present, still without access to long-term care services, with long-term care systems often characterized by extremely low levels of public expenditure, high out-of-pocket costs and shortages of formal care workers.[62]

In 2018, average public expenditure for long-term care was reported of being low at a global level (amounting to less than 1% of GDP). According to the United Nations, greater investment will hence be needed, not only to keep up with the growing numbers and proportions of older persons, but also to provide better training and support to caregivers.[63]

Conversely, further cutbacks in public spending are reported to likely have a detrimental effect on the quality and availability of care jobs and, hence, on access to and the quality of elderly care as well. For instance, austerity measures (as resorted to by neoliberal governments all over the world), such as cuts in disability and long-term care benefits, are hereby expected to lead to even more expanded waiting lists for benefits and services, as well as staff reductions, wage cuts and reduced hours and more short-term contracts for affected care workers.[64]

6.2.2.5.3 Conclusion

It is clear that, also as regards youth and elderly care, the global community faces a lot of unaddressed challenges of providing for both efficient and sufficient care systems, which evidently all require sufficient financial means.

It should hereby also be clear that continuing neoliberal austerity strategies will obviously not provide an answer for dealing with these challenges, but on the contrary threatens to result in true disaster. Some of the abovementioned figures, provided by the United Nations themselves, are in this regard extremely worrying, such as the fact

[61] United Nations (2018), p. 3, n° 7.

[62] United Nations (2018), p. 3, n° 7.

[63] United Nations (2018), p. 7, n° 22.

[64] United Nations (2018), p. 7, n° 22.

that, in 2018, on a global scale, more than 1 out of 5 young people were not in employment, education or training, while at the same time the numbers of elderly people for whom there is not enough care support available are even so increasing.[65]

It is doubtful that these challenges will ever be met in a sufficient manner by continuing to adhere to the systems of state financing that have been developed within capitalist economies, such as taxation and semi-taxation (of the middle and lower classes), next to debt financing.

In light of the worrisome increase of public debt in many countries (see above, under Sects. 2.3 and 4.2) alone, it is hard to see how countries, when continuing to adhere to classical ((neo)liberal) economic theories, will ever manage to increase the financial means available for youth and elderly care.

Hence, also in this domain, the under the in Chap. 5 of this book proposed new monetary order could help addressing these challenges by making sure that, through the proposed allocation system, countries all over the world would have enough financial resources for deploying a sufficient youth and elderly care.

6.2.2.5.4 Revisiting the Idea of a Basic Income

The question arises whether or not the NMWO should also make a so-called "fixed basic income" possible.[66]

Reference is here being made to a basic income which would become available to anyone, regardless of a state of illness, disability, old age... and which would ensure that every human being, regardless of how much luck or misfortune he encounters in life, will always have the financial certainty of being able to cover his or her basic needs.

In the recent past, there have already been several calls for implementing such a "fixed basic income" system whereby everyone would be(come) entitled to a (modest) basic income that would be financed out of public funds.[67]

Within the in the present book proposed NMWO, as it will be based on considerations of altruism (see above, Sect. 5.6.2.2), there is no apparent reason why such a fixed basic income should not be implemented, provided that the set-up of such a system would not undermine mankind's incentive of a sufficient continued participation in

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[65]Reference can here also be made to the already quoted eight Global Wealth Report of Crédit Suisse in which it was pointed out that the generation of millennials is doing less well than their parents at the same age, mainly as a result of the financial crisis of 2007–2008. As mentioned before (see Sect. 4.5.2.5.1), the report, amongst others, mentioned that (1) rising student debt in developed countries; (2) a high degree of unemployment that followed in many countries after the financial crisis of 2007–2008; (3) tighter mortgage rules after 2008; (4) higher house prices, and (5) less access to pensions are together creating a so-called "perfect storm" that is holding back wealth accumulation for the (entire) millennial generation. (See Crédit Suisse Research Institute (2017), p. 27 a.f).

[66]See Byttebier (2017), p. 416. Compare to the elaborated plea of Rutger Bregman (see Bregman (2016)).

[67]See for instance https://basicincome.org/ (last consulted on March 5 2019).

economic production (as obviously no economic system can survive if too great a section of the population would entirely withdraw from the economic processes).[68]

[68]One could even argue that, already at present, establishing such a fixed income is already to some extent within reach.

Let us play a simple mind game and have a look at the present interest burden that weighs on the budgets of countries as a result of the prevailing monetary system.

Indeed, as has been explained before in Sects. 2.1 and 4.2.2.3, under this prevailing monetary system, a lot of states have become chronic debtors of a variety of institutional creditors, among which private financial institutions. It is not easy to find exact figures in this regard, be it that the website "https://www.nationaldebtclocks.org/ (last consulted on March 5 2019)" at least gives a general idea of the debt burden of a wide variety of countries (unfortunately without going into much detail what part of this debt is owed to private financial institutions and what part to international public institutions).

However, the said website contains precise figures on the interest burden that the mentioned countries have to pay on a yearly basis. To the extent that these interests are due for having borrowed a completely fictitious good, namely money, one could assume that the payment of such interests comes down to a complete waste of resources only serving the rich and powerful of the planet (and in the end these are the people owing bank shareholdings).

In our little mind game, we could assume that the governments of all these countries could as well make use of state power to simply decide to no longer pay interests to the international financial system, but to use this money to pay out these sums as basic income for each of their respective inhabitants.

As regards some countries, this mind game gives interesting results showing that the resources to pay out a moderate basic income to every person are, obviously, already available, albeit at present, through paying interest to financial institutions, basically wasted for making the rich and powerful on earth ever more rich, literally by the second.

Based upon the figures made available on the said website https://www.nationaldebtclocks.org/ (figures of November 2018), this little mind game translates in the table presented hereunder:

Country	Interest burden per year in USD	Number of inhabitants	Interest per person per year = would already allow for a basic income of
Belgium	$16,773,415,508	11,258,642	$1,490
China	$177,817,500,000	1,381,000,000	$129
France	$62,205,816,000	66,133,194	$941
Germany	$58,286,232,000	83,751,602	$696
Greece	$21,121,767,640	10,812,508	$1,953
India	$66,198,058,750	1,325,000,000	$50
Italy	$106,046,800,000	60,795,764	$1,744
Japan	$123,180,200,000	127,240,000	$968
Russia	$12,805,556,000	146,300,000	$88
Swiss	$3,308,985,000	8,237,060	$402
United Kingdom	$68,941,729,000	66,767,000	$1,033
United States	$170,080,613,417	324,352,551	$524

What we furthermore can learn from this table is that especially purportedly rich countries have a huge debt burden and, hence, have to pay huge sums of interest (especially when recalculating these on a pro capita-basis).

A similar "basic income" system should, moreover, properly and precisely address what is to be understood by the notion "basic needs" to be covered by it, which, per definition, should be of a sufficiently modest nature.

One could, for instance, think of access to (only) food and (collective) housing, with exclusion of products of a more "luxurious" nature, ensuring that actively participating in society would (obviously) remain to be more rewarded than not participating at all (and merely enjoying the basic income).

Furthermore, the setting up of such a "(fixed) minimum basic income" system could also be accompanied by measures of awareness-raising which encourage active participation in society (including its economy).[69]

6.2.3 *Some Further Thoughts on Organizing the Care State Model*

The care (and other) services to be provided out of the allocations each of the participating states would obtain under the in this book proposed NMWO that together would allow the formation of care states on a global scale, would, as explained before, be entirely financed out of these allocations, and thus, put otherwise, become completely "(for) free" for any human being on Earth.[70]

However, this should, clearly, not imply that the spending behaviour of the financial means that states would obtain out of such allocations, should not at the same time be strictly monitored.

On the contrary, the NMWI should aim at creating an environment in which the state funded institutions that will provide the mentioned "universal" and "entirely (for) free" services (and/or will subsidize private market players in case these tasks would be outsourced), would be strictly monitored (for instance by a monitoring department of the national, central banks of each of the participating countries) in a manner that is at present not possible under the dictates of the free market itself (where the fees due for accessing some of these services, such as for instance medical care, are not monitored at all, making a lot of these services inaccessible for a large part of humanity).[71]

One should hereby take into further consideration that the table does not take into account the amounts of capital repayments that states yearly make (which, most probably, if not wasted on the private banking sector, could even more allow for already now paying a basic income to the general population).

[69]As regards those who would not participate in the regular society (economic) processes for a longer period, one could even think of mechanisms where the preservation of the fixed basic income would become dependent on a certain degree of "activation" within society, for instance within social groups or entities where a minimum of societal dynamic and productivity is still taking place and which encourage a (minimum degree of) integration into mainstream society.

[70]Compare Oxfam (2019), p. 52.

[71]Obviously, this also forms a system of huge company profits for certain private market players, amongst which pharmaceutical enterprises.

Otherwise put, the setting up of such a new "free and universal care state model" would at the same time imply a totally new approach of state functioning.

Indeed, within the presently prevailing (neoliberal) state models, a lot of energy and resources are wasted on installing a multitude of repressive mechanisms—among which police fighting crime resulting out of poverty, severe systems that ensure that especially the poor and middle classes pay their taxes and semi-taxes, next to numerous other systems usually set up by "neoliberal punishment states"[72]—which, moreover, imply huge amounts of personnel (and, hence, of wages ultimately paid out of tax money that people, in this way, basically have to pay in order to get "repressed", and even "punished", instead of being "served", let alone "cared for").

On the contrary, within the new care state model, "serving" instead of "repressing" people, next to "caring for" people instead of "punishing" them, should become the new main targets of states' existence.

Civil servants would in this model all be deployed in order to make such a universal care model possible, rather than for purposes of prosecuting, repressing, punishing and generally annoying citizens with all kinds of taxation, administrative and other torture systems which, under the presently prevailing neoliberal societal order, tend to make life unbearable for the average man (but, obviously, not for the rich and powerful who usually, and certainly as regards their socio-economic behaviour, either mainly function outside or above the law, or, in recent times, are even allowed to write the laws governing their (and other people's) behaviour themselves and in accordance with their sole needs).[73]

Furthermore, states participating to the NMWO will also have to reflect on the models of organizing the several public and social services that will be made possible through the allocations that the NMWO would hand out.[74]

[72]The term is of Bleri Lleshi (2014) who has presented an overview of the repressive systems on which the neoliberal state is based (as he explains: "on the ruins of the welfare state model").

[73]In my book "Towards a New International Monetary Order" (see Byttebier (2017)), I have in this regard already made the proposition that the entire staff of the ministries of finance (of the countries that would participate to the new monetary order) would be transformed into "civil servants" of the people in the true meaning of the world, where a substantial part of these could even be deployed as "life coaches" for the general public and whose duty it would become, amongst others, to guide the general public in accessing the newly to be established universal care systems.

[74]One of the main questions in this regard will, as mentioned before, probably be which of these public and social services will be provided through state institutions and which will be outsourced to private market players through subsidies or similar financing systems (which will obviously require an efficient supervision to prevent abuses).

6.3 The Call for a New Fiscality

6.3.1 Towards a Simplified Model of Government Financing

One of the effects of the aforementioned proposed new system of international money creation on behalf of the national governments of the countries participating in the in the present book proposed NMWO (see Sect. 5.6.2.5.2) would (when implemented) be that it will become possible to put an end to government financing through the presently prevailing (and often draconian) systems of taxation and semi-taxation of the lower and middle classes.[75]

As an important side-effect of abandoning state dependency on taxation and semi-taxation, the newly proposed system of directly allocating (operating) funds to the national governments of the participating countries would make it also possible to end the large welfare distortions which are currently prevailing between countries (see above, Sect. 4.3, for more details on this).[76]

As a next side-effect of this new system of government financing, there could also be an enormous administrative simplification, whereby, for instance, the national tax (and similar) authorities of the countries participating in the NMWO could significantly be reduced and replaced by government services which truly care about the overall wellbeing of the general population.

Nevertheless, taxation mechanisms could at the same time still be upheld as a means of avoiding extreme hoarding wealth behaviour within the societies that could be made possible under the proposed new international, monetary order and the care states that it will make possible.

Indeed, one of the main problems of the capitalist economies is that a small group of people, through the earlier referred to capitalist mechanisms or organizing the socio-economic order, manage to suck a huge part of the wealth out of the economic system, an important part of which is not reinvested for the benefit of society, but rather stacked away in tax havens or used for financing extreme and pointless luxury (and thus no longer serving any societal function at all).

In order to avoid such contra-productive wealth hoarding behaviour, one could think of a new tax system that would put a cap to wealth acquisition by simply taxing away excesses in wealth gathering. In this way, a new income tax system could be

[75]See already Byttebier (2015a), p. 287 a.f.; Byttebier (2017), p. 385 a.f.

On the policy goal of diminishing the gap between rich and poor, see Foucault (2008), p. 206. See also Galbraith (1996), p. 68 a.f.

[76]For instance, the strong dichotomy in North-South relations could thus gradually be reduced and be replaced by a system of government financing whereby, on a global scale, an equal level of government role (and public service provision) could be developed. This could, on a global scale, help bridging the ever increasing gap between rich and poor. Similarly, countries participating in the NMWO would no longer be dependent, at least not to the large extent as is presently the case, on the presence of large enterprises in their territories (providing for employment for the lower and middle classes). This would also imply that there will be no longer a further need for the elaboration of favorable tax concessions in order to attract large enterprises to their own territories.

thought of that would only subject (very) rich people to taxation, and that would, furthermore, make sure that all economic wealth will be put into use for the general good, rather than for individual mega-fortune building.

This should not be of any true worry for any rich person, as within the new care state model that could emerge from the in this book proposed NMWO, it will also be made sure that all people will have an equal access to the combined fruits of nature and human endeavour, in such a way that no one would ever have to worry about being deprived of basic life goods (this especially in light of the fact that fear may very well be one of the main reasons for the excessive hoarding behaviour rich people deploy, or, put otherwise, for greed[77]).

6.3.2 *The Baselines for a More Just Fiscal System*

6.3.2.1 Building Stones for a New and Just Fiscal System

The proposed, simplified and more just fiscal system that would become possible under the NMWO (referred to in Chap. 5 of this book) could itself be based on four pillars[78]:

(i) *"A true solidarity" (in the spirit of a universal altruism).*

Under the proposed new system of government financing, it should be avoided that "solidarity", as is, world-wide, the case in the currently prevailing tax (and semi-tax) systems, would again be one which the rich classes mainly impose on the middle and poor(er) classes (and to which the rich classes form no part thanks to all kinds of types of tax evasion techniques).

On the contrary, the solidarity principle should be implemented through a system whereby mainly the rich would be encouraged to share their (excess) wealth with the less fortunate within society.[79] This concern is more concretely expressed in the proposals formulated further in Sect. 6.3.2.2.3, amongst others elaborating upon certain proposed mechanisms of "social cultural participation" of (future) tax payers.

(ii) *A sufficient degree of "respect for individual wealth accumulation" which needs to become an achievable goal for every human being of any generation (i.e. in an intergenerational perspective) and from anywhere in the world and, hence, not only for a select elite of (extremely) rich people.*

[77]See in this regard especially Kasser (2002).

Already verses of the Gospels (see for instance Matthew, 6:25 and Luke, 12:22) indicate the fear for an uncertain future as the main reason for greed. (See furthermore Byttebier (2017), pp. 93–94).

[78]See also Byttebier (2017), pp. 400–401; Byttebier (2018), p. 263 a.f.

[79]In the earlier mentioned study by Oxfam (2014), it has, in this context, already been noted that if, for instance, estates worth 1 billion USD or more would be taxed at 1.5%, this would make enough money available to organize appropriate medical care and appropriate education in all developing countries (see Oxfam (2014), p. 9).

As under the in Chap. 5 of this book newly proposed system of money creation on behalf of the national governments of participating countries (in addition to certain other supra-national "public entities"), authorities will no longer depend on taxes and semi-taxes for their own spending behavior, they will, henceforth, be able to accept the fact that also the lower and middle classes would acquire a certain degree of wealth.

For this reason, the here(after) proposed tax system would aspire to fulfill the objective of a mutual altruism by means of a transparent and unambiguous system of income taxes (excluding almost all other tax mechanisms, such as inheritance taxes) which will only impact those who have already been able to build a certain level of wealth (and which, by contrast, will not have an impact on anyone who will remain below these "thresholds of already acquired wealth"), in addition to transaction taxes for certain luxury expenditures.

(iii) *A "truly just" fiscal system which would not impact the middle and poorer classes whose income and/or wealth would remain under the abovementioned "thresholds of already acquired wealth".*

(iv) *A (relatively) "simple" fiscal system, whereby only a limited number of taxing techniques would still prevail*, namely:

(a) In addition to an "income tax system" for individuals whose wealth exceeds the abovementioned thresholds, which would, moreover, be neutral as regards the "source" of income (whereby, consequently, any income regardless if from labor or from capital, would be taxable), and which would impact only individuals with large fortunes, there would be no other taxes or para-fiscal contributions other than:
(b) the possibility of "transaction taxes" with regards to goods and services of either a very luxurious nature, or of an esteemed harmful nature (which would, however, not be considered of such severity that it would be deemed necessary to completely ban the transactions in question[80]);
and,
(c) a tax charge on the operational profits of legal entities (in the framework of which a fiscal policy could be pursued of focusing on employment and on a truly ethical management of big enterprises).

Needless to say that a fiscal system that would be based on said four pillars will only be achievable in a global context (whereby all countries in the world would be persuaded to implement such a system) and under the condition that the national governments of the countries participating in the NMWO will have access to sufficient funds acquired differently (more specifically: based upon the periodic allocations of the NMWI) in order to cover their (own) spending needs (including the establishment of a universal care system).

[80] A question that will have to be further looked into is to what extent goods that are known to be harmful will in the future have to remain tolerated. The challenge for future regulators will thus become to find a proper equilibrium between forbidding certain harmful goods an allowing others that will become subject to (high) taxes.

6.3.2.2 Basic Content of the Here Proposed New and More Just Global Tax System

6.3.2.2.1 Overview

Within the framework of the treaty (ies) that would shape the in Chap. 5 of this book proposed NMWO, there could already be basically agreed upon the main principles, based on the four aforementioned pillars, of a new and more just global tax system, which, as said, could be based on three tax mechanisms, i.e.:

- a "tax on expenditures" for "luxuries" and (certain other) "nonessential goods" (to be categorized under the newly to establish rules and regulations implementing the NMWO),
- an "income tax" for natural persons which would only be applicable to individuals who have already accumulated a relatively substantial wealth level (according to parameters also further to be defined in the rules and regulations implementing the NMWO),[81]

  and,
- an "income tax" regarding the (operating) profits of certain legal entities, among which especially big enterprises.

6.3.2.2.2 Transaction Tax on Certain Expenditures for Luxurious and (Certain Other) "Nonessential Goods"

The first and most simple of the three aforementioned tax systems could consist of an indirect tax on expenditures for luxuries and (certain other) "nonessential goods", namely goods (and services) which are to be qualified as harmful (but not harmful enough to completely ban them).[82]

Contrarily, under the newly to be established NMWO, ordinary transactions of "common" goods and services that are necessary for leading a dignified life would become completely exempted from any indirect tax systems,[83] with as policy goal to enable every human being to build up a basic wealth allowing him to live a dignified life.

[81]This would meet an "old demand" of "left" political thinking that income from capital and from capital transactions should be more taxed. In a similar way, the in the Chap. 5 of this book proposed NMWO should aim at completely banning tax havens (a policy objective which, per definition, will require an international agreement between all countries participating in the NMWO). (See furthermore Kruithof (2012), p. 76).

[82]Compare Galbraith (1996), p. 29.

[83]It has already before been pointed out that indirect taxes are among the most unjust, as they weigh relatively much higher on the lower than on the richer classes as people all have to eat (and commit to other daily consumption) in order to live (see Todd (2015), p. 75 and p. 95).

Also according to Oxfam, the current global tax system, through heavily relying more on taxes like VAT, is shifting the burden to the poorest individuals and households. (See Oxfam (2019), p. 24).

A recent illustration of this fact form the "yellow jackets" protests against the rising prices of fuel in countries like France and Belgium which are, obviously, far more harmful for people with a low

Such a discriminatory indirect tax system would, obviously, need to be based upon a thorough cataloguing (which could be established in more detail according to further directives of the "NMWI" itself and/or of the NGSCB).

For instance, as regards the category of goods of a so-called "harmful nature", one could think of goods like alcohol, tobacco, certain types of industrial food (such as processed food; food products containing a high percentage of sugar, etc.), certain goods for leisure (for instance electronic toys), but the list can, obviously, go further (depending on the policy goals to be set out by the world community).

6.3.2.2.3 Income Tax for Individuals Already in Possession of a Substantial Wealth

To the extent that, under the here newly proposed NMWO, the (private) economy would otherwise (and at least for some time) continue to rely on the principles of the free market economy, a redefinition of government financing as such would by itself not, or not immediately, fundamentally result in the free market to function in a different way.

Given human nature, the price setting on the free markets will presumably still (albeit, taking into account incentive-mechanisms for other behavior which could be built in into the treaty (ies) and the rules and regulations implementing the NMWO, hopefully to a lesser and lesser extent), continue to be driven by individual greed and the aim of pursuing ever more wealth of certain of its more aggressive private market players, such as professional producers and merchants.

As a result, also under the NMWO, (relatively small) groups of the population (among which especially big entrepreneurs) will probably still (be able to) continue to make (huge) profits or, in other words, will still be able to acquire a high income, and through this accumulate large wealth.

Bearing in mind the aforementioned goal of creating a global just and fair society (as referred to in Sect. 1.1 above), a more just system of government financing and of redistributing the world's wealth could, consequently, entail the establishment of a fiscal system which would imply a (substantial) taxation of the incomes of such wealthy people.

In order to avoid a further competition between the countries participating in the NMWO, such a system should, moreover, be world-wide the same, hence the need for a convention-based system established in the treaty (ies) and further rules and regulations that will shape (and/or surround) the NMWO itself.

Without entirely removing the incentive for (large) capital,[84] such a fiscal system should have as one of its main purposes the achievement of a larger scale leveling of

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income than for rich people. (See Raphael (2018). However, what applies to fuel, to a growing extent also applies to other bare necessities (food, education. . .).

[84]See before Galbraith (1974) (first published already in 1958), p. 93.
Stiglitz has "demystified" this argument (see Stiglitz (2012), p. 78).

huge incomes than is currently the case, while at the same time, encouraging the more fortunate people to actively participate in the development of the social and cultural fabric of society (further in the text described as: “social-cultural participation”).

Moreover, such a taxation of (large) incomes of wealthy individuals could be of such a nature that it would enable global money creation to take place in a (more) ordered way (and through this, it could even produce a new means of controlling money supply).

This (new) taxation mechanism could, for instance, be aimed at, on a global scale, (1) keeping income from capital within reasonable limits, especially as regards natural persons who are capital providers (= resulting in a mechanism of taxation “at the end (of the line), i.e. when the profits reach an actual human being)” of the money streams), and (2) fulfilling the underlying objective of establishing a new social contract regarding the use of money (whereby it would no longer be permitted that huge inequalities, usurping social and economic relations, would still be possible).

In this, the thresholds below which assets/income should be completely safeguarded from the fiscal (and para-fiscal) skimming behavior of governments, should not necessarily be unreasonably low, as it cannot be ignored that (correctly applying) the argument that (truly) hard work (but not: merely making capital “work”)[85] should result in a sufficient reward (which can be significantly higher than for people solely dependent on social benefits).

Particularly as regards such (rich) natural persons, one could for instance think of a world-wide implementation of a unified, simple and transparent tax system.

In this “simple tax system”, on one hand, there would no longer be room for any type of taxes on wealth as such,[86] and neither for registration taxes and other taxes on transactions of goods and/or services,[87] while, on the other hand,[88] a (progressive) income taxation should only come into play as regards people who have succeeded in acquiring a certain (minimum) wealth enabling them to lead a “decent”, but moreover sufficiently “generous” life.

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[85]See Pascal Bruckner:

> Il s’en faut donc de beaucoup que les plus méritants touchent les émoluments les plus élevés: “Si les marchés imposaient vraiment une discipline, les personnes qui travaillent dur ne seraient pas pauvres et les spéculateurs en général ne seraient pas riches” (John Kenneth Galbraith). L’argent ne va pas au mérite mais à la puissance et au désir; quiconque capte les désirs capte aussi les ressources.
>
> (See Bruckner (2002), pp. 22–23.)

[86]In its widest sense, thus including succession taxes and otherwise heritage related taxes.

[87]With exclusion of the aforementioned taxes on transactions aimed at acquiring (to-be-listed) luxurious and/or (too) harmful goods or services.

[88]Based upon an ongoing appreciation for individual property as a (human) right, which under the NMWO should be(come) accessible to everyone who is willing to make reasonable efforts to acquire it.

The thresholds of such a "progressive" income tax system should hereby be aimed at leaving the income of "the common (or moderate) man" untouched, while at the same time assuring that the (really or "sufficiently") rich would be impacted most.[89]

In this way, income should not be taxed as long as a (natural) person has not acquired the goods which enable him to live a decent (and sufficiently generous) life, whereby the latter should be defined in a sufficiently broad sense (and, for instance, could include a living house, a car, all types of consumer goods, etc., but not: luxurious goods and goods acquired for investment purposes, such as (expensive) art work, jewelry, excessively priced perfumes, financial instruments, yachts, private jets, excessively luxurious cars, etc.).

Furthermore, the NMWO could, in addition to the "exempted (basic) goods (needed for a decent life)", also be tolerant (even from an intergenerational perspective) towards a (modest) accumulation of (company or corporate) capital, which could be even separately taken into account for measuring a second threshold beneath one would remain free of income taxes (especially as regards the income out of capital), and so up till the point where such an acquired capital reaches a level which is acceptable within the underlying objective that "hard work must remain truly rewardable".

As a thought, one could for instance imagine such a second "universal taxation threshold" for an additional accumulation of (company or corporate) capital to be determined at 5 million Euro or USD (obviously to be expressed in terms of the New World Currency) per individual (but evidently any other amount which would deemed better serving the policy goals of the NMWO could be chosen by the world community).

The latter approach should enable everyone to have the opportunity to establish a reasonably successful business enterprise, without being hindered by tax mechanisms, up till the point where such an enterprise (regardless of its legal form) will have grown to a size where taxing the income derived from such an enterprise would be considered socially desirable.

Furthermore, the income tax (for natural persons) system could be based on the principle that any income (regardless of its source, meaning income from labor, as well as income from capital or from other assets, such as real estate) will principally not be taxed up till the point where both aforementioned thresholds (i.e. (1) a sufficient accumulation of "basic goods of life" and (2) if applicable, an additional

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[89] See Taylor (1934), p. xxxviii, commenting on some of Plato's insights:

> Economic inequalities cannot be altogether prevented, but they may be kept within reasonable bounds by a series of wise regulations.
>
> (. . .)
>
> Plato proposes a similar division, the fourth, or poorest class, possessing nothing beyond their patrimony, the first or richest being allowed to own four times the annual yield of the patrimony. Any increasement of wealth beyond this upper limit will be escheated to the Treasury, or, as we should say, subject to an income-tax of one hundred per cent.

(company or corporate) capital amounting to the aforementioned threshold) would be reached.

As soon as one or both thresholds would be reached, a (substantial) tax charge could become applicable to that part of the income which leads to additional capital accumulation above the "universal taxation threshold(s)" (but where there would be a sufficiently reasonable amount of tax free income left for financing basic life needs, including those of a family or relatives who would be dependent on the person gaining said income).

Such a taxation could, furthermore, evolve in a progressive way (as is currently customary in many countries which charge income tax), implying that the higher one's income, the higher the tax rate would be (and, if needed, a 100% tax rate from a certain income level on could be thought of).

The proposed new fiscal system could, for instance, look as mentioned in Table 6.1 hereafter (whereby the amounts are chosen purely for the exercise undertaken here).[90]

As mentioned before, as regards natural persons, no other tax and (para-fiscal) systems than the ones mentioned before would remain in force under this newly proposed tax system.

In this context, it will be important that, for instance, there would be no more systems of succession taxes in force, so that also the lower and middle classes of society would be allowed to accumulate a certain degree of wealth, especially from an intergenerational perspective.

In this way, goods necessary to build up a humane live which have been acquired by one generation could be passed on to the next generation without states (under the impulse of the rich and the powerful) being able to prevent this, but keeping in mind that if in such a case a member of this "next generation", by inheriting assets, would reach the aforementioned "taxation thresholds" himself, such a person would, of course, immediately fall under the abovementioned income tax system (but would, on the contrary, not have to pay taxes for inheriting the assets as such).

Furthermore, a system of reductions on income tax which under the abovementioned system would be due by "fortunate" natural persons could be elaborated upon, whereby, for instance, donations made by such natural persons for different "social-cultural" objectives (to be summed up in the rules and regulations of the in Chap. 5 of this book proposed NGSCB), such as, for example, donations to cultural institutions, to educational or medical institutions, for youth work, to orphanages, to international aids, etc., would be entirely tax-deductible.

In accordance with this system, such donations could completely be deducted from the income tax due by a fortunate person (and one could even implement a principle of transferability of deductions to a next tax year).

Phrased differently: such a "fortunate person" who, by his past efforts, has already accumulated a wealth to the level of the abovementioned "taxation threshold(s)" and who, furthermore, disposes of an income which would be taxable, would

[90]See already Byttebier (2015a), pp. 292–293; Byttebier (2017), p. 407.

Table 6.1 Diagrammatic presentation of the new proposed fiscal system

Characteristics of the assets	Income	Tax rate
Accumulation of a personal fortune consisting of (certain, to be catalogued in the treaty (ies) and/or rules and regulations governing the NGSCB) "necessary goods of life" (such as a living house, a vehicle, consumer goods for daily use, leisure related goods (except luxury goods),. . .)	Total exemption from taxation of all types of income (from labor as well as capital) till said goods needed to lead a decent life are obtained	–
Accumulation of a further capital needed for a business enterprise (on top of the already exempted "necessary goods of life"), with a value equal to or below a to be defined "universal taxation threshold" (for instance the equivalent in NWM of 5 million euro or USD)	Total exemption from taxation of all types of income (from labor as well as capital), till a level of capital equal to the said threshold has been reached	–
As soon as the "additional capital", on top of the already exempted "necessary goods of life", has been reached"	Progressive taxation of any type of income (from labor, as well as from capital) according to the following conceivable tariffs	• Income portion up to an equivalent in NWM of 60,000,- euro or USD per year: 0%-tariff (as its purpose is to pay for daily costs of life); • Income portion from an equivalent in NWM of 60,001,- euro or USD to 120,000 euro or USD per year: 50%-tariff; • Income portion from an equivalent in NWM of 120,001,- euro or USD to 250,000 euro or USD per year: 60%-tariff; • Income portion from an equivalent in NWM of 250,001,- euro or USD to 500,000 euro or USD per year: 70%-tariff; • Income portion from an equivalent in NWM of 500,001,- euro or USD to 1,000,000 euro or USD per year: 80%-tariff; • Income portion from an equivalent in NWM of 1,000,001,- euro or USD to 10,000,000 euro or USD per year: 90%-tariff;

(continued)

Table 6.1 (continued)

Characteristics of the assets	Income	Tax rate
		• Income portion from an equivalent in NWM of 10,000,001,- euro or more per year: 100%-tariff
Acquisition of goods or services which are categorized as "luxurious" or "harmful"	A "sanctioning" tax on these transactions	Tarification to be determined, based on the underlying policy objective

henceforth face the choice either to undergo the income taxation, or to actively contribute to building a better society by proactively making donations to social-cultural objectives for the amount of taxes due.[91]

In order to ensure a smooth co-ordination of the here proposed tax system regarding the "rich" of society, one could furthermore think of assigning to every citizen a public servant acting as a so-called "file manager for asset accumulation and asset planning" who, for instance, would be employed by the national central bank and who would provide assistance (to the individuals assigned to him) with regard to: (1) asset accumulation (within the aforementioned parameters); (2) income management; (3) tax planning, and (4) social-cultural participation (in the aforementioned meaning of the term).

As regards persons who would be borrowers from their national central bank, this "file manager for accumulation and planning of assets" could have as an additional task to assist in the management of the credit accounts of the people assigned to him.

Otherwise put, the here proposed income tax system as regards the "fortunate" members of society could allow global citizens to actively participate in the reconstruction of the social-cultural (in a broad sense) fabric of society, which after suffering for centuries from the selfish economy of capitalism, could thus enjoy a genuine revival.

Moreover, as it should be the case from an true ethical perspective (other than selfishness as taught by economic neoliberalism), the further principle would apply that the richer a person gets, the stronger the invitation will be to share one's wealth with others, especially by participating to the restoration of the socio-cultural fabric

[91]Compare to the insights of Arnold Carnegie (1835–1919), one of the richest Americans of the nineteenth century who was also one of the main drives behind the then occurring American industrial revolution (having been the leader of the enormous expansion of the American steel industry in the late nineteenth century). By 1898, his corporation "Carnegie Steel Corporation" had become the largest of its kind in the world. During the last part of his life, Carnegie aspired for a societal leadership role as a philanthropist. Hence, during the last 18 years of his life, he gave away to charities, foundations, and universities about USD 350 million (in 2015 share of GDP, this would amount to USD 78.6 billion), almost 90% of his fortune. (See https://en.wikipedia.org/wiki/Andrew_Carnegie (last consulted on March 5 2019); http://www.biography.com/people/andrew-carnegie-9238756 (last consulted on March 5 2019)).

of society (with as an alternative being subjected to the aforementioned tax skimming).[92]

Hence, implementing such a tax system would invite everyone, but especially the rich classes, to indulge in a spirit of altruism which could, on a global level, contribute to establishing a truly equitable social economic order (instead of, as is currently the case under the impulse of economic neoliberalism, stimulate everyone to, at all costs, accumulate the greatest possible fortune solely for one’s own greedy needs).

6.3.2.2.4 Tax on “Business Profits”

In addition to the abovementioned income tax system to which the rich individuals of society would be subject, a second income tax system could be implemented dealing with the profits of legal persons (such as enterprises taking the form of companies).

For reasons of simplicity, we shall refer to such “profits” of all types of legal entities as to “business profits” (although such profits could, obviously, also be the result of activities other than “business” in the strict sense of the word).

Also as regards such “business profits”, the to be established tax system could be based upon the observation that countries (in addition to certain other supra-national legal entities) would no longer depend on income from taxes, as they would, under the here proposed system of financing countries (in addition to supra-national entities) derive all their needed income directly from allocations from the NMWI (see above, Chap. 5 of this book).

Through this, it would at the same time be ensured that countries (and other public entities) would no longer be exposed to the extortion and blackmail techniques used by big enterprises and their rich capital providers (such as the threat of business migration in case of excessive taxes on company profits).

Furthermore, if it would be deemed necessary to submit profits of enterprises to their own taxation system, such a system could also be held as simply as possible, for instance by installing a global equal tax rate on similarly defined (operational) business profits by any legal entity.

As a result, such a system of taxing “business profits” of private legal entities could be seen as an instrument which could help creating a fair market environment for all kinds of businesses, whereby one could, for instance, imagine a progressive tax rate system which would impose higher taxes on entities making bigger profits at

[92]For a moral ground, reference can be made to the comparison made by Jesus Christ in Luke, 21:1-4 (King James Version):

> And he looked up, and saw the rich men casting their gifts into the treasury. And he saw also a certain poor widow casting in thither two mites. And he said, Of a truth I say to you, that this poor widow has cast in more than they all: For all these have of their abundance cast in to the offerings of God: but she of her penury has cast in all the living that she had.

a huge cost for the rest of society (instead of, as is currently the case, making it the more easy to avoid taxation for big enterprises than for small entrepreneurs, let alone for ordinary people not being active as businessmen).

Otherwise put, such a "differentiating" tax system could, henceforth, distinguish between enrichment that is "socially permissible" or even "benign", and that which is "at social cost".[93]

Based upon these premises, the here proposed tax system of business profits could fulfill a large number of policy goals, such as:

- a higher tax rate for unethical businesses;
- a lower tax rate for legal entities with deploy an ethical attitude (for instance as regards employment policy);
- a lower tax rate for legal entities who would innovate in a responsible ethical manner;
- a taxation policy with a steering impact on price setting, ensuring that enterprises would be encouraged to keep the prices for their goods and services, and thus their business profits, within reasonable limits (under the awareness that when prices would reach at a certain (too high) level, business profits would be taxed away);
- a taxation policy which would aim for a fair system of management and staff compensation, whereby, for instance, companies and other legal entities would be encouraged to pay overall fair salaries.

  The concept of "fair salaries" could, amongst others, imply that excesses wages for CEO's (and other high personnel members) would be avoided, but also that lower personnel would be given acceptable wages.[94]

  The latter could, furthermore, help ensuring that the business profits of said companies (and other legal entities) would be kept within reasonable limits, under the awareness that too high business profits (which could be the result from exploiting one's lower personal by, for instance, keeping their salaries too low) would be taxed away;
- a system of tax reduction for social-cultural participation;
- . . .

Also here, a system of reductions on income tax which under the abovementioned system would be due by enterprises (or similar entities) could be elaborated upon in the same manner as would be worked out for rich natural persons, whereby donations made by enterprises for different "social-cultural" objectives would be even so entirely tax-deductible.

[93]To paraphrase Galbraith, it is hereby expected that this differentiating tax system would assume the essential, difficult and intensely controversial task of making and making effective such (types of) differentiation. (See Galbraith (1996), p. 29).

[94]A simple rule could, for instance, be that the highest salary paid by a given company should not be more than a given multiple of the lowest salary being paid. The multiplier used for calculating said multiple should hereby, obviously, be kept within reasonable limits.

6.3.3 Allocation of the Collected Taxes

The above proposed systems of income taxes regarding natural persons and legal persons should normally have as a result that any individual subject to taxation will prefer to spend the amounts of due taxes, in agreement with his “file manager for asset accumulation and asset planning”, to the aforementioned social-cultural participation programs.

Otherwise put, anyone (rich) who would become subject to the said taxation regimes would have a free choice to either participate in such social-cultural participation programs (and thus avoid taxation), or to pay taxes.

It is here, furthermore, proposed that taxes thus collected (if any) would not be handed over to the national governments participating in the NMWO (or any other country organ, such as, for instance, a tax administration), but that they would flow back to the NGSCB (as defined in Chap. 5 of this book) itself.

In this way, taxation would rather become a system for controlling the supply of money than a system of financing governments, as the charging of taxes would simply have as a result that (too) excessive money (which would moreover not have been spent in the context of an approved social-cultural participation program) would be withdrawn from circulation.

The said income tax system would, furthermore, help avoiding that the taxation policy of a given country would be used as a means of attracting big enterprises and their rich shareholders (and by this, investments), and thus also help ensuring that private investments will, henceforth, only be made on the basis of rational economic principles (such as the presence of a sufficiently specialized labor potential, of natural resources, etc.), without leaving any further room for tax policy based-distortions.

Such income tax systems would at the same time help avoiding an unhealthy competition between tax regulators (so-called “race to the bottom”[95]).

Nevertheless, an alternative approach could still be one whereby the member states of the NMWO would themselves continue to receive said taxes and, furthermore, to be able to spend these. In such a case, these revenues from taxes would consist of an additional source of income for the participating countries concerned (in addition to and on top of the periodic allocations of New World Currency granted by the NMWI).

Taking into account the objectives of the here proposed new model for a more just (and altruistic) system of money creation and of state financing, the alternative reasoning referred to above, would preferably best not be pursued. Indeed, if the member states, on top of the New World Currency allocations granted to them by the NMWI, also would continue to receive tax money themselves (and would, furthermore, be able to spend these themselves), a breeding ground for competition among the member states would still remain at hand, whereby such member states could still

[95] See Oxfam (2014), p. 16 a.f.

attempt to attract as much rich individual and/or big enterprises as possible to their own country.

In order to establish a true world solidarity, it would therefore be preferable that the member states of the NMWO would exclusively be dependent on allocations made by the NMWI and that no residue of fiscal autonomy would remain in place.

Only in this way will it be possible to establish a fully level playing field between the member states of the NMWO, not only as regards their income, but also as regards their spending behavior (and, hence, also as regards the policy aim of building a world-wide system of equal social and economic prosperity).

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Chapter 7
A New Focus on Man

7.1 Introduction

7.1.1 The Sad Fate of Man Within the Neoliberal World Order

Under the subsequent reign of the doctrines of (economic) liberalism and (economic) neoliberalism, average man (at least in capitalist countries) has gradually been turned into a "one-dimension"[1] creature that mainly still functions in the socio-economic dimension, where he only fulfils the following societal functions[2]:

1. The function of "working" from morning till evening, without having much time to do anything else than working, and this until an as old age as possible;
2. The function of working for one central external purpose, namely for making (the shareholders of) the enterprise for which he works as rich as possible[3];
3. The function of "consuming" as much as possible, as all one's income should be spent on paying for the goods and services brought forward by the capitalist "production for production's sake"-economic model and this notwithstanding the fact that a lot of these goods and services are intrinsically useless and, more often than not, harmful for man and detrimental for the environment[4];

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[1]The phrase was introduced by Herbert Marcuse. (See Marcuse (1991)).

[2]Compare Sivaraksa (1992), p. 38.

[3]Similary, under neoliberal doctrine, civil servants and other people employed by the government only serve one purpose, namely making sure that the entrepreneurial sector is ensured of a political and socio-economic climate that guarantees profits as much as possible. This may, for instance, be illustrated by referring to the evolution of the educational sector, especially the university sector, during the past decades.

[4]Compare Harari (2014), p. 98, explaining the iron law that luxuries tend to become necessities and to spawn an endless chain of ever more obligations.

K. Byttebier, *The Tools of Law that Shape Capitalism*, Economic and Financial Law & Policy – Shifting Insights & Values 3,
https://doi.org/10.1007/978-3-030-24182-7_7

4. The function of “credit taker”, which helps ensuring that: (1) people consume more than their income allows; (2) the prison of one’s “duty to perform labour” is even more fortified and (3) that one’s income is certainly not spent on anything else than on expenses that make the rich of the planet ever more rich (to the detriment of the poor);
5. The function of eternal “tax payer”, as (capitalist) states obtain their income mainly by taxing the lower and middle classes. (See above, Sects. 2.3 and 4.3).

Under the reign of neoliberalism, only a happy few rich to extremely rich people manage to escape from this harsh reality, albeit the doctrines of neoliberalism at the same time manage to convince an increasing number of people that maintaining the neoliberal capitalist system forever is a necessary condition for establishing free and democratic societies.

As a result, the majority of mankind has to endure an ongoing exploitation and tyranny, while their natural environment and the quality of their lives continuously deteriorates, a fact that under neoliberal doctrine, in as far as given any attention to it at all, is regarded as an acceptable cost for purported progress.[5]

In the meantime, the average Western man may still count himself among the more lucky people on Earth, as in many other parts of the world, most men are living lives in (extreme) poverty, at the same time having to work even harder than average people in the West even so (or even more) in order to ensure that the rich and extremely rich on Earth get ever more rich.[6]

After two to three centuries of “capitalism”—or, in modern-day terms: “free marketism”—one can, hence, but reach the sad conclusion that the doctrines of (neo)liberalism have not fulfilled their promise of creating a socio-economic order in which everyone, through the magic of the invisible hand(s) steering the free market (s), gets equally (or even: sufficiently) prosperous, neither is it to be reasonably expected that this will ever be the case.

On the contrary, one can but observe that especially the efforts of the doctrine of neoliberalism of the past decades to make capitalism “unbridled” again,[7] but have resulted in increased poverty all over the (Western) world and, moreover, are one of the main causes for the world-wide increasing gap between rich and poor.

It should hereby be clear that one of the main reasons why, during the past two to three centuries, the socio-economic order has become this extremely unfair is that it has been based on an ideological world of ideas which wrongly considers that striving for such an extreme degree of unfairness is a necessary condition for the economy to be able to function at all.

[5]Compare Sivaraksa (1992), p. 38.

[6]In this—and this is a form of rebuttal often heard out of the mouths of neoliberals when confronted with the devastating societal effects of implementing their teachings—, even poor people living in Western countries are expected to consider themselves as lucky, as poverty in some other regions of the world often implies being condemned to live a life of true constant misery.

[7]See Byttebier (2018).

Again, reference is obviously being made to the ideology of (neo)liberalism that basically hold that people should behave as egoistically, selfishly and greedily as possible, seeing each other mainly as competitors, and not as fellow human beings who share the same fate of having to be born into this world and trying to make the best out of it.[8]

This intrinsically reverse moral attitude has not only determined the outlook of the capitalist socio-economic order, and is up till this very date continuing to do so to an ever increasing extent, but it has moreover made it practically impossible for any individual to organize his life in any other way than is dictated by the doctrines of neoliberalism, for instance by looking at other people in a loving or compassionate way instead of always having to behave as a egoistic, selfish and greedy being.[9]

7.1.2 How the Proposals Made in the Previous Chapters Could Help Improving Man's Living Situation

The proposals for a new approach to economic and monetary matters that have been put forward above (see Chaps. 5 and 6 of this book),[10] have as one of their main aims to make a plea for altering the above-described reality, at the very least by attributing to a universal swift in consciousness that would be based upon a "new view" on

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[8]Compare Coelho and Horta (2018):

> Ancestral economies were based on solidarity and cooperation among people, on a harmony between them and nature and on an orientation towards the mere satisfaction of their needs. Capitalism is characterized by competition among peers, by the predation of the Earth and by an orientation of its agents aiming at unlimited material accumulation. Both modes are hegemonic, each in its own time, but that is about as much as these modes have in common.

[9]Compare again Coelho and Horta (2018):

> Can, like its ancestral homologous form, the present 'state of the art' in economic organization – capitalism – last for hundreds of thousands of years? It does not seem possible, given the condition in which it left the planet and humans, after only 200 years. Earth's soils, rivers, oceans, and atmosphere are now filled with the poisons left over from our economic activity; the climate is changing, the elements unsettled and life as we know it may be doomed, if we do not make deep and rapid changes. As for us humans, materialistic as we have become, we too often forget who we really are and can do: our nature as creators; our ability to generate art, mathematics or philosophy; our potential for freedom, for choosing paths, for changing ourselves and the world as we decide, and the lack of any natural bound between us and what we can achieve or be. By forgetting so much, we reduce ourselves to economic roles, going now so far as to even discuss whether artificial intelligence and robots will make us pointless and expendable one day. The culprit is our current economic culture and system.

[10]And, obviously, also in my recent other books (see Byttebier (2015a, b, 2017, 2018)).

(other) people[11] where, in line with the insights of some of the most classical philosophical and religious systems, love and care for one another would again become the central themes of human interaction, even and especially within the field of the socio-economic order.

The above made proposal for a new monetary system (see Chap. 5 of this book), and especially for a new approach towards state financing, and through this state organizing, should at the same time help creating the climate for society models in which people start truly caring for each other (see Chap. 6 of this book), without looking at the sick, the weak and the unfortunate as "profiteers" of other people's efforts,[12] but on the contrary as a challenge for the healthy, the strong and the fortunate to rediscover their humanity as compassionate and loving human beings.

As explained in Chap. 6 of this book, based upon the proposed new monetary order, the entirety of societal constructs could be reshaped in order to make this goal achievable.

If one could but start considering how, at present, all over the (Western) world and as a result of the way free markets function in creating and acting in response to the most mind-numbing needs, armies of people are employed in the most senseless jobs, from day to day being occupied with intrinsically meaningless activities (called "jobs") that in no way contribute to the common wellbeing of mankind, but more often than not have the opposite effects of being harmful for man and/or detrimental for the environment.[13]

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[11]This viewpoint can, moreover, hardly be considered that "new", as the message that one should treat one's fellow human beings in a loving manner, instead of as a means of getting richer oneself, has already been brought numerous times before in history, not in the least in the Gospel of Jesus Christ.

[12]This has, for instance, been argued by Ayn Rand.

[13]See also Graeber (2018).

In his book "Bullshit Jobs", American anthropologist David Graeber posits that the productivity benefits of automation have not led to a 15-h workweek, as had at the time been predicted by economist John Maynard Keynes, but instead to an ever increasing amount of "bullshit jobs": "a massive variety of paid employment that is so completely pointless, unnecessary, or pernicious that even the employee cannot justify its existence even though, as part of the conditions of employment, the employee feels obliged to pretend that this is not the case." (See Graeber (2018), p. xiv a.f., see also https://en.wikipedia.org/wiki/Bullshit_Jobs (last consulted on March 5 2019)).

As one of the main causes of the emergence of "bullshit jobs", Graeber identifies "consumerism" (one of the theories of the neoliberal doctrine):

> The standard line today is that [Keynes] didn't figure in the massive increase in consumerism. Given the choice between less hours and more toys and pleasures, we've collectively chosen the latter.
>
> (Graeber (2018), p. xv.)

One could even add to this correct insight that, through this, humanity collectively sustains a socio-economic order that is, as argued elsewhere in this book, detrimental for the wellbeing of both humanity and the Earth it inhabits.

Graeber even has contended that probably more than half of all societal work is pointless, both large parts of some jobs and, as he describes, five types of entirely pointless jobs (see Graeber, p. 27 a.f.; see also https://en.wikipedia.org/wiki/Bullshit_Jobs):

Imagine a world in which all these efforts could be put into use for creating a just and fair socio-economic order, in which everyone works for enhancing other people's life chances and for improving every one's living conditions, instead of for endlessly enriching a select few rich to extremely rich.

To the extent that the misery of capitalism is to a large extent based upon its private money creation system that has let the huge societal power to create new money[14] in the hands of private banks, the above proposed new monetary order would, already in its own accord, fundamentally change the game of economics.

Indeed, as already explained before throughout the Chap. 2 of this book, the expectancy of a continuous economic growth which, already from the early days of capitalism on, has evolved into one of the main economic dictates that determine the outlook of the capitalist world order, basically started when medieval goldsmiths and money exchangers realized that they could make a lot of profits by simply issuing new paper money above the quantities of coin money in precious metals that they had received in the context of their deposit gathering activities.[15]

Although, later in history, the issuing of "(private bank) paper money" above a bank's cash reserves of coin money, was replaced by the issuing of "scriptural

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1. "flunkies", who serve to make their superiors feel important, like receptionists, administrative assistants, door attendants…;
2. "goons", who act aggressively on behalf of their employers not creating any added value to society themselves, like national armed forces, lobbyists, corporate lawyers, telemarketers, public relations specialists…;
3. "duct tapers", people who ameliorate preventable problems and/or who are there to solve problems that not ought to exist (or that they first create themselves), like programmers repairing shoddy code, airline desk staff who calm passengers whose bags don't arrive…;
4. "box tickers", who use paperwork or gestures as a proxy for action; who exist only or primarily to allow an organization to be able to claim it is doing something that, in fact, it is not doing, like performance managers, in-house magazine journalists, leisure coordinators….;
5. "taskmasters", who manage—or create extra work for—those who don't need it, like middle management, leadership professionals…

One could in this regard also mention the "jobsworth", a notion that is popular in the UK for referring to a person who upholds the petty rules at the expense of common sense.

As a potential solution, Graeber suggests universal basic income. The author credits a natural human work cycle of cramming and slacking as the most productive way to work, as farmers, fishers, warriors, and novelists vary in the rigor of work based on need for productivity, not the standard working hours, which can appear arbitrary when compared to cycles of productivity. Graeber contends that the collective time not spent pursuing pointless work could instead be spent pursuing creative activities (Graeber (2018), p. 269 a.f.; see also https://en.wikipedia.org/wiki/Bullshit_Jobs), or, as suggested in the present book, on devoting time for organizing caring societies (instead of punitive neoliberal states). (See furthermore in Sect. 6.2.2.6 of this book).

[14]And, hence, also of deciding, on the one hand, to what extent the working classes have to work continuously in order to make sure that the money creating machine of the private banks and the capitalist credit-driven economy that has emerged from it, will continue to go on and, on the other hand, how the wealth generated by the economic system—in essence coming down to the wealth created by the combined efforts of nature and man—is to be distributed among the people.

[15]One of the most impressive historical examples has probably been the "House of Fugger. (For further information, see https://www.fugger.de/home.html; last consulted on March 5 2019).

money" above a bank's cash reserves of both (central bank) paper and coin money, the fundamental principle that private banks thus were to an ever growing extent entrusted with the societal power of issuing new (privately created) money, has basically remained the same.

Moreover, acting upon this insight has dragged mankind into a credit-driven economy system in which all layers of society, and even states themselves, all have been gradually turned into chronic credit takers, and hence debtors, of private banks. (See also under Sect. 4.2).

However, as the out-of-nothing created credit provided by private banks, has to be effectively paid back, this system soon also evolved into an ever faster spinning carousel of private money creation, whereby, almost in a constant manner, new credits had to be brought into circulation in order to allow credit takers to earn a sufficient income so they can pay their earlier credits (enhanced with interests) back.

In this way, as has also been elaborated upon in more detail in Chap. 2 of this book, a money creation model was established in which not only a limited group of private market players are continuously creating new money so that former credits can be paid back, but even so all other private market players, and even states themselves, are all condemned to become ever more economically active and productive in order to derive a sufficient income from their economic activities allowing them to pay their own credits (enhanced with interests) back.

In other words: the prevailing private money creation system lies at the very roots of an economic system in which economic growth for the sake of economic growth (or, looking a bit deeper under the surface: for the sake of paying back bank credits, enhanced with interests, and through this, for the sake of making sure that a big part of the wealth generated out of economic activities but leads to the enrichment of bank shareholders) has become the main driving force of practically all human endeavour.

This in itself moreover resulted in a magnitude of intrinsically useless economic production for production's sake and, hence, consumption for consumption's sake, as a further result of which the combined efforts of man's labour and the Earth's resources (amongst which the fruits of nature) are not deployed for creating a socio-economic order where all men have an equal access to the goods and services needed for leading a humane and dignified life, but mainly for maintaining an intrinsically unfair system of distributing the world's riches.

Thus, by altering the money creation system, one at the same time would alter the fundamental working principles of economics as well.

Based upon this insight, the in Chap. 5 of this book proposed new monetary system could be one that aims at ensuring that every human being would have equal access to the riches of the world, as reshaped through man's (collective) labour.

At first, and as has already elaborated upon above in the Chaps. 5 and 6 of this book, the new monetary system would allow to change states from neoliberal repressive states (mainly making sure that—in their combined roles of "labourers", "consumers", "tax payers" and "credit takers"—ordinary people are deployed as efficiently as possible within the socio-economic order, basically in order to ensure that the rich of the planet get richer by the second to the detriment of the poor), into true care states, where everyone's main life purpose would instead become to start contributing to a society in which everyone takes care of everyone else.

Furthermore, in such "care states", a lot of the worries most people suffering under the yoke of neoliberal economies have to endure, such as illness, financing a proper education, finding shelter, facing unemployment, old age. . ., would no longer have to be a source of anxiety and anguish, as there would be societal mechanisms ensuring that the sick, the young, the homeless, the old, in short everyone who is in need of any form of extra care, all will be taken care of in a humane manner.[16]

Secondly, the new monetary order would make it possible to hand out a fixed basic income for everyone, thus ensuring that no one will any longer be forced to endure the numb logic of the "voluntary association" doctrine.

Instead, everyone would gain a sufficient amount of freedom to properly decide how to deploy his work force for the general good of society, and not for to doing nothing else than work oneself to death in order to get the rich of the planet ever more rich.

7.2 The Need for a New Vision on Labour

7.2.1 Problem

The new economic system that would be made possible under the in Chap. 5 of this book proposed new monetary system and the in Chap. 6 of this book proposed care states that would be based upon it, could also allow for a new work ethic.

It should, hereby, be avoided that people would start thinking that there is no need for doing any work at all, but rather on the contrary, people should use the opportunities created by the newly to be established monetary and economic order and by the new "care" states emerging from it, to truly choose for career paths in

[16]One could even hold that, at the end, such a society is the one that Jesus Christ envisioned when proclaiming His "seven (corporal) acts of mercy", referred to as:

> a model for how we should treat all others, as if they were Christ in disguise. They "are charitable actions by which we help our neighbors in their bodily needs". They respond to the basic needs of humanity as we journey together through this life.
>
> (See http://www.usccb.org/beliefs-and-teachings/how-we-teach/new-evangelization/jubilee-of-mercy/the-corporal-works-of-mercy.cfm; last consulted on March 5 2019.)

These acts of mercy are mentioned as follows in the Gospel of Saint Matthew:

> for I was hungry and you gave me food, I was thirsty and you gave me drink, I was a stranger and you welcomed me, I was naked and you clothed me, I was sick and you visited me, I was in prison and you came to me.'
>
> (See Matthew: 25, 35-36.)

The seventh work of mercy that is apparently not mentioned in Matthew: 25, 35-36 itself, is: "burying the death".

which they deploy their innate talents and skills for the general good, more precisely for helping to establish a new societal order in which the dictates of selfishness, egoism and greed will forever belong to the past, and instead the principles of altruism, solidarity and mutual care will start prevailing.

In order to establish such a new, more altruistic socio-economic order referred to in the previous Sections, there will obviously need to emerge a more correct vision on who and what man is, which will also have to result in a new vision on performing "labour".

Future methods of labour organisation could in this regard take into account the findings of biological and medical science, such as the insight that man goes through life cycles, with as a consequence that there are certain phases in human life during which man can be more productive than during other life phases.[17]

At the same time, these future methods of labour organization could also draw lessons from certain religious and philosophical attitudes towards labour, such as, for instance, the one expressed by the Catholic Church.[18]

This could translate into more humane career paths than the ones which are currently prevailing under the currently dominating unbridled capitalist exploitation and extortion practices, where one may observe that more and more people either are no longer able to cope with the high expectations of the over-competitive free market system (unless, perhaps, through means of resorting to addictive drugs provided by

[17] Compare Das (2012), p. xxxii.

[18] See especially "Laborem Exercens" itself, which starts as follows:

> Through work man must earn his daily bread and contribute to the continual advance of science and technology and, above all, to elevating unceasingly the cultural and moral level of the society within which he lives in community with those who belong to the same family. And work means any activity by man, whether manual or intellectual, whatever its nature or circumstances; it means any human activity that can and must be recognized as work, in the midst of all the many activities of which man is capable and to which he is predisposed by his very nature, by virtue of humanity itself. Man is made to be in the visible universe an image and likeness of God himself, and he is placed in it in order to subdue the earth. From the beginning therefore he is *called to work. Work is one of the characteristics that distinguish* man from the rest of creatures, whose activity for sustaining their lives cannot be called work. Only man is capable of work, and only man works, at the same time by work occupying his existence on earth. Thus work bears a particular mark of man and of humanity, the mark of a person operating within a community of persons. And this mark decides its interior characteristics; in a sense it constitutes its very nature.
>
> (John Paul II (1981).)

See for instance Pontifical Council for Justice and Peace 2005, n° 101:

> Ninety years after Rerum Novarum, Pope John Paul II devoted the Encyclical Laborem Exercens to work, the fundamental good of the human person, the primary element of economic activity and the key to the entire social question. Laborem Exercens outlines a spirituality and ethic of work in the context of a profound theological and philosophical reflection. Work must not be understood only in the objective and material sense, but one must keep in mind its subjective dimension, insofar as it is always an expression of the person. Besides being a decisive paradigm for social life, work has all the dignity of being a context in which the person's natural and supernatural vocation must find fulfilment.

the overly profit driven pharmaceutical industry, amongst which all types of antidepressants, stimulants and sedatives[19]), or are just too completely exploited to even ponder about this.

The goal to advocate a more just socio-economic order will, in other words, only be achievable by even so advocating, on a global scale, career and productivity paths in accordance with the individuality and the limitations of human nature itself.

In the next Sect. 7.2.2, a possible outlook of such an alternative approach will be further examined.

7.2.2 *Towards a Career Path Taking into Account Man's Phases of Life*

The alternative career path referred to in the previous Sect. 7.2.1 could, for instance, be that, under the new monetary order and the care states evolving from it, every human being will have the opportunity, during roughly the first 20–25 years of its life, to shape and develop himself to the fullest extent through means of an appropriate education and a matching professional training.

As mentioned before, education and professional training should hereby, on a worldwide scale, become one of the main public services provided by the care states emerging out of the NMWO (see Sect. 6.2.2), implying that everyone should have access to such a proper education and training entirely to be financed out of government budgets (from the abovementioned allocations countries will receive out of the hands of the newly to create monetary world authority; see above, under Sect. 5.6.2.5.2).

In as far as this would, in individual cases, not suffice for ensuring a proper education and professional training, the NMWO could provide for additional, financial mechanisms of ensuring that this would come into reach for every person on Earth. (See above, Sect. 5.6.2.5.3.3.3).

The here proposed age limits should, obviously, never become a strict dogma, as the goal of the new approach on education and training should be that it will be as custom-tailored as possible, with full respect of everyone's individual talents and skills.

Denying access to a fitting education or professional training because a person stems from a low societal class, or making this access dependable upon entering into expensive (and intrinsically barbaric) student loans,[20] should hereby become practices which will belong to the past for good.

[19] Coen (2015), p. 11.

[20] See as regards the late Margaret Thatcher, her deliberate policy of, amongst others, high university entrance fees to push students towards student loans, under the argument that this would result in more rational study choices (see Thatcher (1993), pp. 597–598).

Once an individual will have developed into maturity and will have finalised the phase of education and professional training, his entry to a professional life may follow.

A more humane approach towards this entering into the labour market could imply that, in many professional sectors, a younger person would become initiated in the job he chooses by a more senior person, on condition that it would be avoided that this would lead to systems of extortion (as currently prevailing within capitalism, for instance, to a very high degree, in the free professions sectors, such as in big accountancy and law firms).

The largest participation to professional life could hereby be expected from people between the ages of 25 and 50 (or, according to recent research, even younger, namely 40[21]).

These are indeed the years during which the average person is vitally peeking. These could also be the years when the working individual will receive the highest

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In reality, these higher entrance fees erode the democratization of university education as student loans are above all a mechanism by means of which the rich (namely the financial institutions providing the loans and their capital providers ultimately receiving the profits from this) are getting more rich to the detriment of the poor (being the students in need).

For further reasons why student loans are problematic, see Chomsky, having summarized his viewpoint as follows:

> It means that students, if they don't come from very wealthy families, they're going to leave college with big debts. And if you have a big debt, you're trapped.
>
> (See Chomsky (2017), p. 67.)

[21] A recent study issued in the Melbourne Institute Worker Paper Series (see Kajitani et al. (2016)) demonstrates that people who are older than 40 perform best at work when they work only 3 days per week. It appears from this research that "older people" (above 40) perform significantly better when they only work 25 h per week. From this study, it furthermore appears that working 40 h a week is linked to a smaller cognitive deficit, but working 55 h or more appears to be worse than being retired or unemployed. (See Anonymous (2016a, b)).

From this research, one may hence conclude that working full time until the age of 67 is not as beneficial as the Australian government (next to many other neoliberal governments all over the globe) make(s) people believe. (See Anonymous (2016a, b)).

As the authors of said study have phrased it themselves:

> Our empirical evidence shows that there is non-linearity in the effects of working hours on cognitive functioning. When working hours are less than around 25 hours a week, working hours have a positive impact on cognitive functioning. However, when working hours are more than 25 hours per week, working hours have negative impacts on cognition. These results suggest that people in old age could maintain their cognitive ability by working in a part-time job that requires them to work around 20–30 hours per week.
>
> (see Kajitani et al. (2016), p. 4.)

The reason for this is stress and fatigue:

> Work can be a double edged sword, in that it can stimulate brain activity, but at the same time, long working hours and certain types of tasks can cause fatigue and stress which potentially damage cognitive functions.
>
> (see Kajitani et al. (2016), p. 3, referring to several other similar research.)

income out of his labour efforts in order to gather a sufficient personal fortune allowing him to lead a worthy and prosperous life.

Between the ages of 50 (or even: 40) and 60, there could be a period of a gradual reduction of one's professional activities, where as much as possible a handover of one's professional duties and responsibilities would be organized towards the people between the ages of 25 and 40/50 (as mentioned earlier). This phase of life between the ages of somewhere between 40 and 50 until 60 could, hence, go hand in hand with less stressing expectations, both in the field of the number of working hours to be performed, as in the field of hard productivity output that is expected.[22] The latter expectations could instead be replaced by an expectation of guidance with and the passing on of knowledge and expertise to the younger work force.

In the field of remuneration, one could perhaps even expect from this category of workers that they would accept a lower financial remuneration (to the benefit of the younger generation), this in the awareness that, in a principally tax free society (see above Sect. 6.3), everyone should be able to have gathered a sufficient personal fortune in the period between the ages of 25 and somewhere between 40 and 50.

Furthermore, such a reduction of the remuneration from performed labour could go along with an accrual of the basic living income which, within the emerging care states, everyone would receive anyhow (see Sect. 6.2.2.6).

The amount of the basic living income could, hence, be modified in function of the course of life, where it could be rather modest for children (still living with their parents), in order to be increased from the moment when someone starts living independently until the moment of a full-time employment. During the years of high productivity (between the ages of 25 and 40/50), at least for working people earning a sufficient income out of their labour, the basic living income could again be lowered, and at the moment when someone would gradually start retiring from professional life (between the ages 40/50 and 60), it could again be (gradually) increased.

In case the abovementioned proposals would meet the classic criticism by those blinded by the free market doctrines that they are of an unrealistic or utopian nature, it should nevertheless be observed that in older societies the approach to life from which they have been derived, has not been that uncommon.[23]

Anyway, the here newly proposed approach would be much more compliant with the natural life cycle of the human species than is the case with the way the labour market functions under the rule of unbridled capitalism where everyone, up till a very high age (and in many cases literally till one drops dead), should keep on

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[22]See again Kajitani et al. (2016), p. 13, who in their abovementioned research came to the following conclusion:

> This indicates that the differences in working hours is an important factor for maintaining cognitive functioning in middle and older adults. In other words, in the middle and older age, working part-time could effective in maintaining cognitive ability.

[23]See in this regard Das (2012), p. xxxii; Coelho and Horta (2018).

working as hard as possible in order to allow enterprises to keep on making as much profits imaginable.

One may however doubt if mankind will ever, or at least in the near future, be ready for such a new approach to the organisation of the labour markets, especially in light of the fact that in many "neoliberalized" countries, heated political debates are taken place where neoliberalist and conservative authors and policy makers take the stand that the average age of retirement should be made higher and higher, and the pensions of retired people lower and lower,[24] while at the same time many Western countries face skyrocketing rates of youth unemployment—see above, under Sect. 6.2.2.5, the disturbing figures of the United Nations, amongst others, pointing out that, on a global scale, one out of five young people or unemployed and without proper education—, and, at the background of these debates, with the blessings of the many adherents of economic neoliberalism, the rich and the powerful of the planet are literally still getting richer by the second. (See especially Sect. 4.5).

Nevertheless, when combined with the other abovementioned proposals for creating a new socio-economic order, the foregoing proposal could also remedy all of the consequences of what one might refer to as the increasing "intergenerational employment conflict" that capitalism has caused, albeit, once more, the question arises if humanity (and especially its policy makers) will ever be sufficiently willing to do so.

7.3 Belonging to Societies of Care for One Another and for the Earth Man Inhabits

7.3.1 Theoretical Reflections

It has been assumed that, in ancient societies, humanity was formed by tribal groups functioning through cooperation and solidarity among their members in fulfilling tasks such as obtaining and distributing food, building shelters, and family dwellings or taking care of community assets, all tasks that today are considered to be of an "economic" nature.[25]

As a result, over hundreds of thousands of years of human presence on Earth, the economy was both of a "cooperative" and "supportive" nature and, at the same time, fully "sustainable".[26]

According to the same source, about 6000 years ago, things began to change when the first sophisticated civilizations arose and put into practice a variety of new forms of socio-economic organization; from the range of traditional systems based

[24]A viewpoint that is clearly contradicted by the empirical research of Kajitani et al. (2016). (See also Anonymous (2016a, b)).

[25]Coelho and Horta (2018).

[26]Coelho and Horta (2018).

on agriculture or trade to, subsequently, feudalism, mercantilism and "everything else after that".[27]

As already explained above, today, an (almost) unique model of organizing the economy has been consolidated, namely "capitalism" that has been going on for about two to three centuries,[28] and in this short period of times, has managed to drastically distort societies all over the world, next to creating all forms of other disaster (amongst which, in recent times obviously climate change).

Where traditional economies were mainly based on solidarity and cooperation among people, on a harmony between them and nature and on an orientation towards the mere satisfaction of true needs, capitalism is on the contrary characterized by competition among all layers of society, by a systematic predation of the Earth and by an orientation of its agents aiming at unlimited material accumulation (basically to satisfy completely artificial needs).[29]

As explained throughout this book, for two to three centuries already, this economic system has been defended by two subsequent ideologies that are based upon the same premises, namely "liberalism" and "neoliberalism".

Both ideologies have not only laid the philosophical foundations for capitalism, but are, moreover, completely blind for its many adverse consequences.

As, moreover, neoliberalism has during the past decades becoming the most dominant ideology on Earth, it needs not be surprising that there exists on a policy level little incentive to look for solutions for the many problems created by capitalism (some of the most fundamental already dealt with in the Chap. 4 of this book).

Traditional liberalism and modern-day neoliberalism hereby, moreover, share the characteristic of completely focusing on economics and of being in complete denial of the fact that the crucial dimensions of scarcity in human life are not "economic" but "existential", more specifically related to issues such as human needs for leisure, contemplation, love, community and self-realization.[30]

This observation calls for the articulation of a new value system that reflects this insight.

Obviously, such a value system should not be unilaterally defined by economists, but should reflect the opinions of all human (and even other) sciences.[31]

In this regard, lessons could be also be drawn from numerous examples of past and present societies which have truly attempted to establish a socio-economic order where caring for one another is deemed to be the most central socio-economic value (instead of pursuing financial profits).

We shall look into some examples of these in the next Sect. 7.3.2.

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[27]Coelho and Horta (2018).

Compare Harari (2014), p. 90, calling the agricultural revolution history's biggest fraud, amongst others arguing that the cultivation of wheat made homo sapiens exchange a rather good life for a far more miserable existence.

[28]Coelho and Horta (2018).

[29]Coelho and Horta (2018).

[30]Sivaraksa (1992), p. 37.

[31]See for instance Sivaraksa (1992), p. 37. Compare Byttebier (2017), p. 304.

7.3.2 *In Practice*

7.3.2.1 Early Christianity

An obvious example of the societies referred to at the end of the previous Sect. 7.3.1 have been the early Christian societies in which it was effectively attempted to put the evangelical value of caring for one's neighbor into daily practice.

Indeed, in the New Testament book "Acts", a picture is drawn of early Christian societies where, initially under the leadership of some of the apostles of Christ, rich Christians were expected to sell their goods and share the proceeds with the poorer members of society, so that no member of the Christian society should ever suffer any shortage.

Saint Paul, being well aware of the difficulty of building a society according to the words of Christ, at the same time started to emphasize the principle of "economic self-sufficiency" or "economic self-reliance": Christians were to strive, through their labor, to enable themselves to lead a generous life in such a way that they could (also) "give" without expecting to be paid back (see 1 Thessalonians, 4: 11–12).

Saint Paul's ideal seems to have been for a world of Christian communities to emerge where no-one was in need, and where the desire to do good, would increasingly be passed on to the world outside of the Church.[32]

7.3.2.2 Socially Engaged Buddhism

Another, more recent example of a societal model based upon the central value of mutual care has been "socially engaged Buddhism",[33] which strives for creating societies based upon social justice where people al start relating to each other and to basically care for one another.

As Sivaraksa has put it[34]:

> We must understand and help each other. If we want social justice, one village has to be linked with other villages. One country has to be linked with other countries? The Third World has to be linked with the First World. Poor fishermen must help working women, and working women must help industrial workers. We must all start relating to each other. We have to cultivate that understanding.

[32]Byttebier (2017), pp. 104–105.

[33]The term (socially) engaged Buddhism has been reported to be coined by the Vietnamese Thiền (Zen) monk and teacher Thich Nhat Hanh (b. 1926), who founded peace-oriented educational and religious institutions during the Vietnam War, led antiwar protests, rebuilt villages, resettled refugees, lobbied internationally for peace talks, and published articles and books on the crisis facing his country and the Buddhist tradition. After the Vietnam war, Thich Nhat Hanh, exiled from his country, spread the practice and teachings of engaged Buddhism in more than 85 books of commentary, poetry, and meditation, through mindfulness retreats at Plum Village in southern France, and in public gatherings throughout the world. (See Queen (2005)).

[34]Sivaraksa (1992), p. 50.

For Sivaraksa, hunger is caused only by unequal economic and power structures that do not allow food to end up where it is needed, even when those in need are the food producers. Sivaraksa hence calls to challenge these structures, which in his world view are deemed responsible for murder to the extent that killing permeates all layers of the capitalist way of life (for instance through wars, racial conflicts, breeding animals to serve human markets, and using harmful insecticides).[35] In his book "Seeds of Peace" (1992), Sivaraksa has, furthermore, elaborated upon some examples of societies in Asian countries that are based upon socially engaged Buddhism,[36] to which we can here further refer.

7.3.2.3 Auroville

A perhaps even more modern-day– albeit at the same time less known (at least in Western countries)—example of a society model based upon altruism, solidarity and collaboration that is rooted in Hindu religious thinking, is the city of "Auroville".

Auroville is a city that is located in south India (in part in the State of Tamil Nadu and in part in the State of Puducherry). The city was founded on 28 February 1968 by "the Mother",[37] a spiritual leader who created the City based upon the "Auroville Charter" consisting of four main ideas which underpinned her vision for Auroville.[38] Based upon this Auroville Charter, Auroville aims to be a universal town where men and women of all countries are able to live in peace and progressive harmony above all creeds, all politics and all nationalities.[39]

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[35]Sivaraksa (1992), p. 74. See also Queen (2005).

[36]Sivaraksa (1992).

[37]According to Wikipedia, Mirra Alfassa (21 February 1878–17 November 1973), known to her followers as "the Mother", was a spiritual guru, an occultist and a collaborator of Sri Aurobindo, who considered her to be of equal yogic stature to him and called her by the name "The Mother". She founded the Sri Aurobindo Ashram and, in 1968, established Auroville an experimental township with no barrier and as a universal town; she was an influence and inspiration to many writers and gurus on the subject of Integral Yoga. (See https://en.wikipedia.org/wiki/Mirra_Alfassa; last consulted on March 5 2019).

[38]The four basic values of the Auroville Charter are:

1. Auroville belongs to nobody in particular. Auroville belongs to humanity as a whole. But, to live in Auroville, one must be a willing servitor of the divine consciousness.
2. Auroville will be the place of an unending education, of constant progress, and a youth that never ages.
3. Auroville wants to be the bridge between the past and the future. Taking advantage of all discoveries from without and from within, Auroville will boldly spring towards future realisations.
4. Auroville will be a site of material and spiritual researches for a living embodiment of an actual human unity.

[39]https://www.auroville.org/ (last consulted on March 5 2019). See also Pal (2018).

The Auroville Charter hereby forms an omnipresent referent that guides the people who choose to live and work for Auroville.

At present, the city of Auroville is inhabited by people stemming from some 49 nations and from all age groups, social classes, backgrounds and cultures, representing humanity as a whole. The people living in Auroville aim to move away from the norms of conventional social economic systems and enter into a more "giving" space where personal needs and desires are secondary to the collective good.[40]

On a socio-economic level, one of the basic ideals is that Aurovilians receive no money equivalent as "payment" for their work within the community itself, and that there subsequently is no circulation of money within the town. On the contrary, the community is responsible for providing for the regular needs of each person as much as possible.[41]

Auroville is also the home of many visionary experiments, from energy and ecology to economics and education. These include a one-of-its-kind collective provisioning operation, "Pour Tous", in which members contribute a certain amount monthly and then take whatever they feel they need, without paying for the individual items provided.[42]

What is perhaps even more remarkable is that, since its foundation, Auroville has received a wide acknowledgment by both the Indian authorities and the international community.[43]

For instance, in September 1988, the Government of India protected Auroville by passing a unique Act of Parliament, the "Auroville Foundation Act, 1988". This act provided, in the public interest, for the acquisition of all assets and undertakings relatable to Auroville without payment of compensation.[44]

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[40] https://www.auroville.org/contents/1162 (last consulted on March 5 2019).

[41] https://www.auroville.org/contents/1162 (last consulted on March 5 2019).

According to this website:

> In Auroville, all is, according to Mother, collective property to be used for the welfare of all. Money and assets in the township are under the trusteeship of individuals, project holders, and managers of services or commercial units. They are to be utilised for the activities and development of the township as well as for the promotion of the ideals of Auroville. No one has any ownership rights over houses and other buildings, services, projects or commercial activities in Auroville. Selling or renting these assets for personal profit is unacceptable. All activities are part of the overall Auroville framework and all financial transactions regarding them take place through the official channels of Auroville.

[42] Pal (2018).

[43] This in contrast with similar experiments undertaken in Western countries, such as, for instance, the experiment undertaken by the followers of "Osho" (formerly: "Bhagwan Shree Rajneesh") to establish a commune in Ontario that, even so on a socio-economic level, would be based upon the principles of love and mutual care. How this experiment fared within the context of a hostile, American environment, amongst others by the inhabitants of the neighboring town Antelope, can be seen in the award winning documentary "Wild wild country" (see https://www.imdb.com/title/tt7768848/; last consulted on March 5 2019). (See also Byttebier (2018), p. 243).

[44] https://www.auroville.org/contents/540 (last consulted on March 5 2019).

These assets, which till then were managed by the Administrator under the Auroville Emergency Provisions Act, were temporarily transferred to the Government of India, with the aim of ultimately

Since 1966, UNESCO had already passed four resolutions[45] in support of Auroville, with a fifth resolution passed recently at the 39th General Conference of the world body (2017).[46] In this "Resolution 15 adopted by the General Conference at its 39th session",[47] the 39th General Conference of UNESCO, amongst others, acknowledged that Auroville is a successful and unique model project, proving the capacity of an international community, after almost 50 years of existence, to continue to live up to its initial founding ideas of peace and international harmony and which are also UNESCO's own values and principles, as well as some of its major priorities.

7.3.2.4 Conclusion

If anything, the abovementioned examples illustrate that at least a part of humanity is actively trying to look for alternatives for the sad reality of the capitalist socio-economic order that is, at present, obviously still the mainstream socio-economic system on Earth.

The abovementioned examples at the same time indicate that in all cases, the capitalistic value of profit (or: "money", "wealth"...) pursuit is replaced by the values of "mutual care", "solidarity", "altruism"..., obviously the opposite values than those dominating in both capitalist economies and economic doctrines favoring these (especially "liberalism" and "neoliberalism").

It may be clear that the societal changes proposed in the Chaps. 5 and 6 of this book all would help in laying the foundations for a change which would allow that, all over the world, societies would evolve into communities that are based on these values of "mutual care", "solidarity", "altruism"... instead of the opposite values of "egoism", "selfishness" and "greed".

The ongoing challenge humanity is facing is deploying the forces of democracy in order to bring such changes possible.

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vesting them in a body corporate established for the purpose, the Auroville Foundation. The Auroville Foundation came into existence in January 1991. The assets were vested in the Foundation on April 1st, 1992.

[45]More precisely in 1966, 1968, 1970 and 1983.

[46]http://oneworld.net/updates/news/unesco-and-auroville-mark-50-years-collaboration (last consulted on March 5 2019).

[47]This Resolution 58 bears the name "Cooperation of UNESCO with the international township of Auroville, India" (See 39 C/Resolution 58).

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Chapter 8
General Conclusion

To the extent that average people, by not starting a revolution against the forces of capitalism (as predicted by Marxism), nor by not deploying democratic (voting) rights to start voting away political parties that swear by the dictates of neoliberalism (or similar socio-economic ideologies), seem to lack all basic interest in the outlook of the socio-economic order in which they function, one may wonder if humanity will ever be able to replace the system of capitalism by a more just and fair socio-economic model.

On the other hand, in the course of history, many models of organizing society on the level of socio-economics have risen and collapsed, implying that there is no reason whatsoever why capitalism and the "selfish economy" that it shapes, should be an exception to this reality and should be kept in place forever.

What is above all needed, is that as many people as possible start taking a different stand towards the socio-economic processes.

There is, in other words, above all need for a new way of "socio-economic thinking" among the majority of humanity and a further need for translating this in the economic and legal order.

Such an altered way of thinking should, at the very least, come down to resolutely abandoning the value choices made by capitalism that alleviates "egoism", "selfishness" and "greed" to be the determining socio-economic principles, in favour of choosing for "altruism", "solidarity" and "mutual care and affection" as the new driving forces of the socio-economic order, and of (finally) activating the dynamics of democracy in order to put these in practice.

In doing this, one does not even need to "invent" a totally new set of moral values, as an elementary study of religious and philosophical teachings from the past,

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themselves the result of ages of reflection on what is fair and just, may already lead to very enriching insights.[1]

Under reference to what that has been elaborated upon earlier in my previous book “The Unfree Market and the Law. On the Immortality of Making Capitalism Unbridled Again”,[2] it could even be sufficient that every man on earth, starting immediately, would resolutely start living in accordance with the four there quoted values stemming from the world religions (see), namely:

1. the Hindu principle of fulfilling one’s “dharma” through selfless labour,[3] more precisely labour aimed at establishing just societies on a global scale;
2. the Christian principle of (true) charity,[4] which could govern the care states that could emerge by implementing the proposals made in Chaps. 5 and 6 of this book (or similar proposals);
3. the Buddhist principle of stopping desiring,[5] which could help creating economies that or not based upon the capitalist production for production’s sake and consumption for consumption’s sake, and,

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[1]To paraphrase Levinas (see Goud (1992), p. 176): after centuries of reflection, it is by now sufficiently known, or at least knowable, where to find “holiness”, albeit that there may be an urgent need that humanity, in sufficient numbers, really starts looking for it.

In one of his interviews, Levinas summarized this insight as follows (see Forié and Nemo (2006), p. 69):

> Yes! The other is more important than me, I am there for the other. The duties of the other towards me, are his business, not mine!

[2]See furthermore Byttebier (2018), p. 227 a.f., Sects. 5.4–5.7.

[3]See Sect. 5.4 of Byttebier (2018), p. 227.

[4]See Sect. 5.6 of Byttebier (2018), p. 235.

[5]See Sect. 5.5 of Byttebier (2018), p. 233.

Similarly to Christian charity, one of the five pillars of Islam is “*Zakat*” or “*Zakah*”, which could be translated as “charity” or “alms-giving”. Although not defined in the Holy Qu’ran, Muslims thus believe that they are meant to share their wealth with those less fortunate in their community of believers. (See for instance https://www.khanacademy.org/humanities/ap-art-history/cultures-religions-ap-arthistory/a/the-five-pillars-of-islam.) In many cases, a zakat-tax is paid to a religious official or representative of the Islamic state or to a representative of a local mosque. This amount is traditionally set at one-fortieth, or 2.5%, of the value of all liquid assets and income-generating properties owned by the believer. It is used to feed the poor, encourage conversion to Islam, ransom captives, help travelers, support those devoting themselves to God’s work, relieve debtors, defend the faith, and any other purpose deemed appropriate. The zakat in this way serves as a reminder of one’s broader social responsibilities to the community. (See http://www.oxfordislamicstudies.com/article/opr/t125/e1859 (last consulted on March 5 2019); see also https://tempemosque.com/zakat-the-third-pillar-of-islam/ (last consulted on March 5 2019)).

On a religious level, Islam teaches that wealth is a gift from Allah, and that it can all be easily taken away by Him without prior warning. It is on this basis that Muslims are encouraged to please Allah with their wealth so that He adds them more and preserves that which He has already blessed them with. The teaching further goes that Allah is free from any need of one’s wealth, but rather, He wants those He has blessed with wealth to show awareness of Him and love for their fellow human beings by giving them support through the wealth they have amassed. (See https://tempemosque.com/zakat-the-third-pillar-of-islam/; last consulted on March 5 2019).

4. the Jewish principle of applying humility in all interpersonal relations.[6]

On a macro-level, these principles could translate into a fundamental transformation, on a worldwide harmonised scale, of the socio-economic order, starting with the three following levels, namely the level of money creation (see in Chap. 5 of this book), the level of taxation (and semi-taxation) and the level of replacing, on a global scale, the "neoliberal repressive state model" by a "true care state model" (that would be based on providing universal public services and installing universal labour and social protection measures) (see Chap. 6 of this book).

On the first level (as elaborated upon in Chap. 5 of this book), the currently prevailing system of private money creation to the benefit of (read: the profits pursuit goals of) a small number of financial institutions and their (extremely) rich capital providers, should resolutely be replaced by a system of public money creation which would be run based on public interest considerations and out of concern for the wellbeing of all human beings and by extension, of everything alive.[7]

To the extent that states, in such a new global system of public money creation, would acquire their financial operating means by means of allocations, there would, as explained throughout this book, be a much lower need for taxation systems which could, henceforth, be transformed into systems by means of which the (extremely) rich would be encouraged to display a (true) solidarity with the rest of society.

Thirdly, based on the public creation of money, one could advocate a worldwide balancing, at sufficiently high levels, of systems of public services, labour protection and social care (including medical care) which would guarantee that every human being, born anywhere in the word, will be able to lead a worthy life.

One can, hence, but conclude that the noble ideas to establish a more just society are conceptually perceivable, albeit it remains an open question if there will be ever a sufficient willingness to put them into practice.

One can but hope that humanity will ever reach a sufficient level of maturity to at the very least start seriously reflecting on these matters...

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[6] See Sect. 5.7 of Byttebier (2018), p. 238.

[7] See Byttebier (2017), Chaps. 4 and 5, for a detailed blueprint of such a new monetary system.