

"All that is necessary  
for the triumph of  
evil is that good  
men do nothing . . ."  
— EDMUND BURKE.



# THE NEW TIMES SURVEY

THE AUSTRALIAN

LEAGUE OF RIGHTS

Registered Australia Post - Publication PP343214 / 00016

Vol. 25 No. 04

April 2024

## IN THIS ISSUE

Capitalism With a Heart: How We Can Fix Our Money - Creating An Incorruptible Currency By Liam Allone	1
What Does Economic Democracy Look Like?	9
The Proposed Framework	11
Why Our Cryptocurrency Must Be Continuously Created and Burned	15

## Capitalism with a Heart: How We Can Fix Our Money Creating An Incorruptible Currency By Liam Allone

The author is a seasoned software engineer who is actively looking for investors to help him build this alternative DSC cryptocurrency.

### Introduction

If we are to successfully address how to fix our money, the first consideration is the political factor because of its power to derail us. Consider the following question carefully. **Would you rather have political democracy or economic democracy to back up your bid for an honest economy? Which will serve you better?** This will help us focus our minds on what will be most effective. **Let us first consider political democracy. What is it? Basically, it is the vote.** Events of history make it abundantly clear exactly what it is. It has been described as two wolves and a sheep deciding what to have for lunch. It was identified over 2500 years ago in Plato's The Republic which was his dissertation on all the known forms of government. The main currency of political democracy is the vote and its power is the voice of the majority. There are a great many problems with democracy as a political system of governance that our present circumstances make abundantly clear:

1. A single vote has very little power in the grand scheme of things.
2. The gravitational power of lobby interests in bribing elected officials has basically caused them to betray their constituents. They are simply following the money.
3. Even if we have an honest politician representing us, not all the things he/she stands for agree with our own values. You must pick the lesser of two evils.
4. If you are a homeless person living under a bridge, your vote is basically useless to you. Like Esau, you will trade it in a second for a pot of stew.

5. Because of corruption, it is now apparent that our votes get undermined anyway. The evidence presented to date is overwhelming for those with eyes to see.

**Economic democracy is quite different. In essence, it is we the people voting with our dollars for what we want.** The present order of things has corrupted even this basic framework with political distortions:

1. Government spending on the military, public works, welfare, etc. is sidelining what we the people would consider much more important uses for that money. Would we collectively rather have a billion-dollar nuclear sub, or a billion dollars allocated to infrastructure improvements that make our economy richer?

2. Because the issue of money is fundamentally controlled by international bankers who anoint what industries and projects get funded and which will not, we have distortions that short-circuit the desires of we the people. For example, COP >1 (i.e. over-unity) power systems have been deliberately suppressed for over a century. Watch the movie Thrive 2 and see for yourself.

3. Because of the fundamental shortage of purchasing power (i.e. the **gap** that will be discussed shortly) that is built into every economy on the planet, we are collectively forced to compromise on the things we really would rather have.

4. Again because of the fundamental gap problem, industry gets artificially incentivized to build crappier products that don't last, and we are incentivized to buy them because of fundamental and wide-spread poverty to a greater or lesser extent. We buy the cheap things because we can't afford the better things. We know this as planned obsolescence.

An unsung hero who is arguably the greatest economist who ever lived is Clifford Hugh Douglas and his claim to fame is an economic framework that has come to be known as the Social Credit system. This is not that notorious Chinese big-brother money tracking system that I believe has been deliberately assigned the English title of "social credit" to discredit the original. There are two fundamental principles Douglas laid down as the foundation of his proposals. He said that systems were made for man; men were not made for systems. Amen to that. **He also said the economic system that is best is the one that is capable of delivering the goods and services desired by society as, when and where needed at the lowest possible price.** Amen to that too. Here is a brief but well written introduction description of social credit written by two of the movement's insiders:

**[https://en.wikipedia.org/wiki/Social\\_credit](https://en.wikipedia.org/wiki/Social_credit)**

All things being equal, if we had a properly functioning and incentivized economy that operated on these basic principles, then the preferred democracy would be economic democracy because the goods that would be offered to us would be the goods we actually vote for with our currency. As a consequence, most of the rest of society's other problems (e.g. welfare, social security, public works, medical care, and all those things that under our present system, we "can't afford") would sort themselves out.

**To meet these two foundational goals of Douglas, we need to solve a couple of pressing problems. The principal problem is the fact that the issue of our**

**money – fiat currency – is entirely in the control of international banksters who issue that money as debt.** The ability to create money out of thin air is indeed an awesome power and that is the power they have. With it, they can sway our elected officials, bribe our public servants, suppress technologies that would improve the lives of all of us, distort markets (i.e. monopolies and cabals) to maximize their own profits and generally make our lives much more miserable than is necessary. Life has enough challenges without some nameless, faceless sociopath with his boot on our collective necks. **In essence, all of humanity is in debt slavery.** Even the super-rich must tow the line, or they lose the support of the real masters of the world and fall from their lofty perch. Witness what has happened to billionaire Donald Trump. Witness the murder of some of our greatest leaders of the past century; JFK, MLK, RFK, Senator Wellstone, Louis T. McFadden, and many others who dared to cross these enemies of humanity. **The second problem is the corruption of our political representatives and the present cast of government employees we know as the Deep State that need to be routed out.**

Alas, it is not up to us individually to single-handedly take on this task but collectively **we can do more than nothing.** And we are. Consider a well-oiled machine of immense power; able to crush rocks into rubble. **All that is needed to bring this machine down is to just covertly keep throwing a little sand into the gears and watch it grind to a halt. This is happening even now with a phenomenon we call silent quitting.** It is the work-to-rule mentality that is seizing many and causing them to give only the bare minimum necessary to hold onto their jobs. It is thousands of farmers driving their tractors to government capitals and slinging manure at the buildings. It is truckers blocking routes and assembling in protest, bringing the economy to a halt. It is states sending national guard troops to Texas to help secure the border. It is truckers refusing to deliver loads to problem jurisdictions that are oppressing our best and brightest. We saw Ghandi bring the mighty British Empire – the only empire in all of history on which the sun never set – to the point that they gave up, left and granted the people of India their own home rule. We saw the Solidarity movement of Lech Walesa bring the communist government of Poland to its knees and forced its leader to resign. This was the first domino to fall that led to the collapse of the USSR. Yes, collectively we can do more than nothing. But then if we are to do “something” about it, then what shall that something be?

**We all understand that TPTB (the powers that be) are deliberately sabotaging our money and our nation. We realize that they are inflating our currency to eventual worthlessness, and we can see that other governments in the world see it too. It is for this reason that the BRICS nations are planning their own commodities-backed currency to use instead of the \$USD. This is the “raison d’être” for sound money advocates like C4SM ([www.citizens4soundmoney.org](http://www.citizens4soundmoney.org)) and it is the reason why Kinesis and other bullion-backed crypto hard monies were formed. However, as you will soon see, it is not enough to fix the money. The repair must go deeper.** The purpose of this paper is to do just that and to propose an economic framework that will solve the bigger problems. It is a solution

that dovetails perfectly with what we all stand for – sound money, but it foresees the next step too. After all, who was it who said, “A people without vision will surely perish?”

As you read this, I understand many if not most of us no longer trust our political institutions or media, and with good reason. If there is to be some kind of new money system, we are all greatly concerned with the answer to the question, **who gets to make the decisions as to who gets what and who has the control?**

The whole point of this paper is to demonstrate that it is possible that control can be completely decentralized, and government can be completely cut out of the loop. **So who has the control? We the People.** What is the mechanism of our control? We vote for everything with our dollars. **Who do we bring under control? Governments and big business.**

**Finally, I want to address – head on – the assertion that several people have already expressed to me that this is socialism. That couldn't be farther from the truth.** First, we already have socialism. Every single plank of the Communist Manifesto is in place in all of the G7 nations and throughout most of the world. We call it welfare and food stamps and social security and other “free lunch” and pork barrel spending. **This proposal eliminates that portion of the federal government's expenditures that comprise over half its total spending.** Second, the dividend I am going to reveal shortly is exactly like a corporate dividend. If the company doesn't make a profit, there are no dividends. If the economy does not produce enough to generate a gap, there will be no basis for a dividend and so there will be none paid out. If as you read this paper, you too come to the conclusion that it is socialism, come back to this paragraph, read it again and then prove to yourself that it just isn't so. Because it isn't so! **There is no free lunch.** There will be nothing to consume if nothing is produced. It's that simple. **This is in fact the most honest form of capitalism that is possible. Douglas described it as “An aristocracy of producers serving a democracy of consumers.” Consumers vote with their dollars and producers who deliver the best products at the best prices profit handsomely.**

### **What Is the Fatal Flaw of the Present Money System?**

CH Douglas was a brilliant man. **He reduced the fatal flaw of our economic system to a simple algebraic expression that has come to be known as the A + B Theorem.** You must now ask yourself why you never learned about this in public school or institutions of higher learning, although thousands of books have been written about it and indeed governments have been formed in its name.

**A theory is an explanation of a problem for which there is no evidence.** For example, is light a particle or a wave? **A theorem, however, is a much stronger explanation of a problem for which there is no completed work that proves it but for which there is compelling empirical evidence.** The dictionary defines it as “An idea that has been demonstrated as true or is assumed to be so demonstrable.” or “A proposition that has been or is to be proved on the basis of explicit assumptions.” **Here is the theorem:**

Let  $PRICE = A + B$  where:

**A = all wages, earnings and dividends** (i.e. real money that lands in the pockets of real people and that they can spend to buy the goods and services that have a price) paid to employees, business owners and shareholders respectively.

**B = all other costs** that include but are not limited to raw materials, capital machinery, buildings, real estate, transportation, professional services, utilities, depreciation, etc.

Here is a simple example to illustrate. Starbucks charges a price of \$4 for a coffee. Of that, half of the money goes to shareholders as dividends, and compensation to all of the employees of the corporation. **Those are A costs.** The other half goes to pay all of its costs of bringing that coffee to you in the first place; the purchase of coffee beans and supplies such as the equipment to brew the coffee, cup, sugar, cream, stir sticks, store rent, trucking to get the stuff there, accounting fees to meet regulatory requirements, payment of taxes, etc. **Those are B costs.**

Reflect on this for a moment. Is there anything else that goes into price? Anything that you can think of ultimately falls into the A or B bucket. No, there are exceptions. For price to be comprised of only A or only B, the other factor would need to be zero. That is basic algebra. Can you think of any business that has only one of these components in the good or service they offer? It is empirically obvious that this theorem is true.

This leads to the following critical conclusion. If it is impossible for A to equal price and if it is only A that is available to consumers to purchase the goods and services of the nation, then how is it possible for all that merchandise represented by gross domestic product (GDP) to be consumed? **Is it not obvious that there is a shortage of purchasing power built into our economies? Does it matter if the nation is a democracy, a dictatorship, an oligarchy, or a monarchy? Every economy suffers under the same fundamental flaw. We call this shortage “the gap.”** Even the oft-quoted John Maynard Keynes admitted that there is a gap. He described it thus in 1936 in his book,

***The General Theory of Employment, Interest and Money*** <sup>(1)</sup>:

Consumption is satisfied partly by objects produced currently, and partly by objects produced previously, i.e., by disinvestment. To the extent that consumption is satisfied by the latter there is a contraction of current demand, since to that extent a part of current expenditures fails to find its way back as a part of net income. Contrariwise, whenever an article is produced within the period with a view to satisfying consumption subsequently, an expansion of current demand is set up. Now all capital investment is destined to result, sooner or later, in capital disinvestment. **Thus the problem of providing that new capital investment shall always outrun capital disinvestment sufficiently to fill the gap between net income and consumption, presents a problem which is increasingly difficult as capital increases.** New capital investment can only take place in excess of current capital disinvestment if future expenditure on consumption is expected to increase. Each time we secure today's equilibrium by increased

investment we are aggravating the difficulty of securing equilibrium tomorrow. The great Winston Churchill was baffled by the seemingly mysterious inability of economies to find stability when he said in 1930:

Who would have thought that it would be easier to produce by toil and skill all the most necessary or desirable commodities than it is to find Consumers for them? Who would have thought that cheap and abundant supplies of all the basic commodities would find the science and civilization of the world unable to utilize them? **Have all our triumphs of research and organization bequeathed us only a new punishment: the Curse of Plenty? Are we really to believe that no better adjustment can be made between supply and demand? Yet the fact remains that every attempt has failed.** Many various attempts have been made, from the extremes of Communism in Russia to the extremes of Capitalism in the United States. They include every form of fiscal policy and currency policy. But all have failed, and we have advanced little further in this quest than in barbaric times. **Surely it is this mysterious crack and fissure at the basis of all our arrangements and apparatus upon which the keenest minds throughout the world should be concentrated.**

And yet a century later, this problem has yet to be resolved. **The purpose of this article is to illuminate a way to solve this seemingly intractable problem.**

This leads to the next observation. The critic would say that surely there must be something else afoot here because the very fact that we have a GDP that represents all the goods and services sold in a fiscal period, and that the wages, earnings and dividends paid out admittedly come short of meeting that GDP total. Indeed, there is. **This brings us to a discussion of that thing that is nearest and dearest to our hearts. Money, or more to the point, sound money!**

## **What is Money?**

**What is it? How is it created? How is it destroyed? Who creates the money?**

**When you get to the heart of the matter, the core truths about money are both veiled and astounding.** Everything I am about to tell you is things everyone already knows; but may have never considered the implications of. Let's look at the boiler plate "truths" we were taught in school that turn out to be blatant lies taught by ignorant parrots who blather the nonsense that they too were taught.

**The first lie is that money is the fiat notes we carry around and use to buy stuff.** That is indeed money, but it is not *all* the money and it is not the only kind of money. Indeed, physical fiat banknotes is only a mere fraction of a percent of our money. Most of it is an accounting figure in an accounting ledger residing in a computer. **It is a complete fiction backed by nothing but our faith in it!**

**Also consider this important question. What shortages actually exist in this world?** Is there a shortage of land for us to live on? It is a mathematical fact that the entire population of the world can fit on Long Island with six square feet allocated for everyone. When I fly over America, all I see is endless unoccupied land. Is there a shortage of building materials? Even if we built none of our homes out of lumber or concrete, we could use the building materials of our ancestors, cob and adobe

and stone. In other words, we can use dirt! Any shortage of dirt? What about food? All of the world's food is produced by less than 5% of humanity and technology already exists to produce it with less than 1% of our population. What about raw materials? No shortage of that either. Shortage of cars? Apparently not. Shortage of appliances, TVs, or any other consumer good you can imagine? Apparently not. What is there an apparent shortage of? Think about it.

In the seventies we were warned of peak oil, and yet since then, we have produced more oil than all the oil that had been produced to that point. When I was a young man, we were warned of an impending ice age. Now we are warned of global warming and told that CO<sub>2</sub> – the very building block of the plant kingdom without which we would all die - is causing it. This is a blatant lie. We were told we need to vaccinate against a “plandemic” that affected way less than 1% of humanity but has since been revealed to be what many now regard as a bioweapon because it has already killed many millions. RFK Jr is running on this platform for President and is rapidly gaining in popularity in the polls. In fifty years, more than half the global number of humans may well be gone and we don't have the children in the pipeline to replace them because this jab has sterilized most of the young people who took it. We are told that there is a shortage of workers, even as we are told the economy is stagnating. Businesses are slowing down and yet we still have a shortage of workers? When has that ever happened before? Every recession I can remember was characterized by rising unemployment and resultant economic hardship. This time is different. Why?

**And yet there is another incongruency that few people have correctly surmised; the second big lie – that we have a shortage of money.** When asked why we don't have universal health care the answer is always the same. We can't afford it. Why do we have poverty in the land of plenty? Why can't we solve the problem of pollution? Why is there an energy crisis? Why do both parents have to work and leave their latchkey children to raise themselves? Why can't every gifted child have the opportunity to go to school and reach their maximum potential? **The answer is again always the same. We can't afford it. My point is simply this. The only thing we have a real shortage of is money and that is itself entirely a fiction that has been created in the minds of men! Even crypto is a fiction.** There is no physical coin that I can hold called Bitcoin or Ethereum. How can there be a shortage? Well indeed there is but that shortage is entirely artificial and man-made. **Of course, the critic will correctly postulate that if we created money in unfettered abundance, we would undermine its value and cause inflation. TPTB understand this problem and have solved it in a way that few people realize. All money is issued as debt out of thin air. All money is retired by the repayment of debt. All debt money has interest levied against it. All newly created money does not have the interest that is tied to its repayment also issued, so that there is a shortage immediately built into even the very creation of money that costs almost nothing to produce!**

**This fundamental problem is the very precise cause of all economic booms and busts without exception. A boom occurs when the issue of debt-based**

**money exceeds the retirement of money through debt repayment. A bust occurs when the issue of new money is less than that debt repayment.** We are fast approaching that very latter situation right now. In the financial press, we call it a lack of liquidity. **The point of the busts is that the banksters deliberately cause them, by refusing to loan money and reducing existing credit facilities of their customers. The reason they do so is that it lets them shake down the rest of us and sweep the collateral that was pledged against those loans into their own pockets.**

But if David Rogers Webb is correct about what he tells us in his free book and online video *The Great Taking*, then a new version of the shakedown has been prepared for us to implement the mother of all shakedowns and he says it is right around the corner.

<https://img1.wsimg.com/blobby/go/1ee786fb-3c78-4903-9701-d614892d09d6/taking-feb24-screen2.pdf>

**Most people don't realize that the Great Depression was caused by the simple fact that the Federal Reserve refused to print very much currency.** When people went to their banks to withdraw their money, they were told there was no money. Furthermore, after Roosevelt's bank holiday, many banks were forced to close by federal edict. **Here is the sad part. Nobody connected the dots because the media didn't report it!** People in general knew so little about how money really works that they couldn't see it. Everything old is new again. Did they teach this history of money to any of you in school? No? Me neither. We can thank the internet that we have people like Webb, Catherine Austin-Fitts, CH Douglas and a host of others to tell us so that at least we can see the shape of this new looming disaster. Everything old is new again.

**If this is fundamentally what is wrong with our present economic system, then it seems to me that the only way we will be able to solve its problems is to do two things:**

1. Spread the word as to **what the problem is.**
2. Spread the word as to **what the fix is.**

It's that simple. If we know what to demand of our politicians and if no candidates are offered by the mainstream parties, then we need to offer our own candidates. This is exactly what happened in Alberta Canada during the depression that led to the birth of the social credit political movement. So how do we get these worthy candidates? Most Americans don't understand how our candidates are selected – the precinct system. They think candidates just magically appear on election day! No. We chose them – if we get off our lazy butts and make sure the candidates we field are “our” candidates – not “theirs.”

There is a very telling Bible quote. They have not because they ask not, or they ask amiss. They ask for the wrong thing. Couple that with verse that says the people perish for lack of knowledge. **So, what is the fundamental problem? Education about what the problem is and how to fix it.** That's it. That's all.

**So what is the fix? Glad you asked! It is economic democracy that is supported by an economic framework that meets CH Douglas's two stated goals. It must be a system made for man that delivers all the goods and**



services needed; as, when and where they are needed and at the lowest possible cost. It must solve the problem of the gap in a way that gives no advantage to the few at the expense of the many. It must be fair.

### What Does Economic Democracy Look Like?

As we consider all of these factors about money we just discussed, there are several things that become apparent. The first factor is the issue of trust. **Bitcoin has shown us that it is possible to have a money that has no need for trusted institutions. The problem with trust is that it keeps getting violated. As long as there are people involved, there will be corruption.** Someone will figure out how to “get an edge” and take advantage of the rest of us. A workable solution must have this attribute of incorruptibility. When CH Douglas articulated his solution, he could never satisfactorily come up with a legitimate and incorruptible organization to administer the money system. Governments don’t work. Central banks don’t work. Institutions run by people will never work!

**The next thing we need to address is that if we are going to fill the gap we have identified – the shortage of B cost money with which to meet price – we need to determine who gets that money and how it will be distributed.** For the sake of simplicity, I am going to show you two graphics from the book Economic Cures They Don’t Want You to Know About (see [www.economiccures.com](http://www.economiccures.com)) to summarize the gap as measured by publicly available statistics for both Canada and the USA. We can expect that this would be representative of most countries in the world.

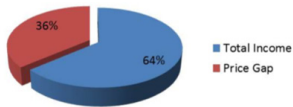
#### Canadian Economy 2008

Cdn Population:	27,151,000
Cdn GDP:	\$1,207,411,000,000
GDP Per-capita:	\$44,470
Cdn Total Income:	\$770,971,359,600
Cdn per-capita income:	\$28,395
Gap (computed):	\$436,439,640,400
Per-capita gap:	\$16,074
Per-household gap:	\$64,298

(Source: Statistics Canada)

How do you buy the \$1.2T GDP pie with only \$770B in your jeans without borrowing it?

$$\text{GDP} = \text{Total Income} + \text{Gap}$$



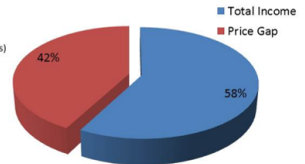
#### US Economy 2008

US Population:	302,709,873
US GDP:	\$14,093,310,000,000
GDP Per-capita:	\$46,557
US Total Income:	\$8,162,269,015,572
US per-capita income:	\$26,964
Gap (computed):	\$5,930,994,541,689
Per-capita gap:	\$19,593
Per-household gap:	\$78,372

(Source: US Bureau of Labor Statistics)

How do you buy the \$14T GDP pie with only \$8T in your jeans without borrowing it?

$$\text{GDP} = \text{Total Income} + \text{Gap}$$



If the per-capita gap is this big every year, we can offer a dividend (a **conditionally** guaranteed income) that is not based on a debt that burdens the next generation. Let’s say we offer a dividend of \$2000/month for everyone from the age of 18 to death. Think of the problems we solve. Over half of the US federal government expenditures go to health care, welfare and social security. Poof! Gone! The numbers above demonstrate that such a dividend is indeed economically viable. Douglas proposed this and called it the national dividend. **Everyone gets the dividend without exception – if the nation’s productivity justifies it.** **What do we do to fill the rest of the gap?** Douglas’s solution was what he called the compensated price. Think of how sales tax works.

Now imagine that instead of paying a sales tax, we get a sales credit! We get rewarded for buying what we want. Who is going to save money in a bank for 1%/year when they can get 10% immediately for buying that stereo they always wanted? Who is going to save for a rainy day when the dividend ensures there will be no rainy days?

**The last challenge is the math that tells us how big the gap is and how this is going to be paid for.** If we issue too much money, that is inflation that undermines everyone's purchasing power. If we issue too little, then businesses suffer because their goods or services are stranded in the marketplace for want of effective demand (i.e. purchasing power). **The answer proposed by Douglas was what he called the Just Price mechanism. Here are the basics.** In the broad swath of industrial production, each fiscal period – let's say a 3-month quarter – the rate of production changes. New businesses start, some businesses close, some factories need to halt production for maintenance, some businesses suffer material shortages that impact production, and some suffer from labor shortages. There are many factors. Let's say that compared to the last quarter, we produce less stuff. This means that there is a smaller gap and therefore we need to decrease the sales credit to account for the slow-down in productivity. In another quarter we have increased production, so we need to increase the compensated price to address the larger gap and clear the surplus. **This means that the accounting system that measures all of this must be absolutely accurate and complete. Douglas envisioned this being administered by the National Credit Office – a government agency. But this means we need to trust the people who work there. We can do better than that in the 21st century.**

**A new system like this will change the labor picture and consumption patterns significantly. Who wants to work a boring job with the government when I have a dividend that gives me the flexibility to be more selective about what I chose to pour my labor into? I can work the job I want – not the job I must.** Who wants to do menial labor? It sounds to me like we are going to need to use technology to meet these needs and indeed, that technology exists. If I need to pay a cleaning lady \$100/hour to clean my house, that is a business opportunity, and someone will invent a robot to do it instead. **No more make-work projects just to provide a useless job. If we are going to fill the gap, then the money must actually exist in the economy to build quality products and eliminate the need for planned obsolescence. We need stop filling our landfills with junk that is the product of planned obsolescence and cheap goods.** We need to only create packaging that is biodegradable. Businesses that pollute will not be tolerated and will lose their competitive edge because they will be forced to clean up their own mess. Everyone will be able to pursue their highest goals. Painters will paint. Musicians will make music. Adventure seekers will climb mountains, scuba dive, travel and explore. Inventors will invent. Businessmen will create great products and profit from their ventures. Scientists will make our world a better place. Builders will build. Farmers will farm. The rest of us who are excited by these super achievers will tag along for the ride, help them and prosper accordingly. It will be

like Star Trek! **And what happens if nobody works? There will be no dividend. There will be no sales credit. There will be nothing to buy! This is the 21st century and we have... technology! We have blockchain to produce immutable and incorruptible ledgers. We have networks to tie all the transaction processing systems together. We have open-source Git that can house the software that can implement our systems and we have an army of people capable of designing and building that software to verify that the systems running are the same code as housed in Git. No fraud. No means of corruption. No desperate need or poverty that will inspire criminal behavior. Everyone has what they need. Everyone has the opportunity to pursue their dreams. Will we have a perfect world? Of course not. But we will certainly have a better world.**

All that remains is to describe that system and identify the use cases for it. Let's start with the use cases.

First, we define the actors. The actors are basically the blockchain network and computers the software runs on, the businesses that produce our goods and services, and the consumers who buy those goods and services.

The fundamental use cases are:

1. How is capital raised?
2. How is money distributed?
3. How is economic activity regulated to ensure a balance between goods and services offered and the purchasing power sufficient to meet their consumption?
4. How do we incentivize people to spend their money instead of hoarding it?
5. How do we fund high-dollar consumer purchases like cars and homes?

**Let us examine a proposed framework that can meet all of these goals using technology that already exists.**

### **The Proposed Framework**

There will be a cryptocurrency that will be universally accepted by both participant merchants and consumers who wish to purchase their goods and services. **Only those who formally participate and embrace this cryptocurrency can benefit from it. The incentives to the consuming public to use it are as follows:**

1. A certain portion of the gap computed by the blockchain servers (to be discussed shortly) **will be distributed to each citizen who participates as their share of the national dividend and will be paid to them quarterly.**
2. **Citizens will be motivated to prefer this currency because it will be the only form of currency that will immediately issue a sales credit for every purchase made. Other currencies will not have that feature.**
3. **Because of this attribute, employees, business owners and shareholders will prefer to be paid with this cryptocurrency.**
4. There will be a **benefit to merchants** to use this cryptocurrency as follows and the rationale behind these constraints are self-evident:
  - a. **They will qualify for operating lines of credit at favorable terms** to fund their enterprises but these lines will be proportional to the sales they achieve and the A + B costs they report to the blockchain servers and the expected turn-over

time lag from production to consumption.

It takes longer to bring whiskey to market than bread.

**b. Because this is the form of currency their customers prefer, this is the form of currency they will want to support** to capture their market share.

c. As they sell merchandise, they will use their received cryptocurrency to first settle any outstanding line of credit or debt, before being applied to any other purpose. This will allow them access to additional loan capital. **There will be no restrictions on how any other form of payment (e.g. bullion, \$USD, gold notes, etc.) is used though.**

5. Because of these attributes, other forms of payment with their inherent disadvantage will eventually go out of vogue.

**6. The only parties who will ever receive the national dividend or sales credit will be end consumers. What is in it for producers will be cheap and highly available access to capital.**

**7. Anything the government purchases will not be eligible for rebate, but the services they provide to consumers will. Therefore, it will become obvious that the only things the governments will have an incentive to produce will be things the public is willing to purchase.** You want the fire department to come? Pay your fire insurance. You want your roads repaired? Pay your toll tax. You want a standing army to protect the nation? Pay your defense tax. You want police and other local services? Pay your community support tax. If nobody wants an army, there will be no money to support it. This is how we keep government minimal, as the founding fathers intended. It will stop being an instrument that sociopaths gravitate to in the hopes of controlling and taking advantage of us.

**There must be a blockchain network whose sole purpose is to gather reports of A + B costs in summary from each business that wishes to participate in the new economy. These statistics will be gathered within a given quarter and the results being reported will be from the previous quarter. Every business that wishes to hold an account with a bank that takes the cryptocurrency deposits must be in good standing by having reported statistics for all previous reporting periods. Failure to do so will block their access to credit.**

**There will be a fault-tolerant public server or series of servers, which will on one hand be completely transparent to the public, but on the other hand completely secure from external access.** Facilities management firms will operate the servers for a fee under a bidding process that will be renewed each year. This will ensure that operating costs are minimized. Their operating costs will be reviewed by independent auditors and those costs will be submitted for payment. Each server will have the following attributes:

1. The operating system, open-source code, build scripts, program images, runtime libraries and compilers must be completely visible to the public via an open network interface. **Anyone will be able to do their own audit of any server to make sure that the open-source code is what was used to create the executable images, and to audit what that code is doing.**

2. School computer science departments will have as part of the curriculum the studying and building of this code and the auditing of random servers so that many will know how to do this audit.
3. All aspects of this server will be available to the public through web interfaces on a read-only basis. Anyone can look at everything (i.e. configuration utilities, logs, files, scripts, network traffic, etc,) but nobody can change anything. The reason is that any citizen who understands computers will be free to at any time conduct their own audit to ensure that the system is not compromised.
4. This infrastructure can be paid for much like Bitcoin funds miners. Those who run the networks will be able to charge transaction fees sufficient to make a profit. In other words, it will be just like any other business, including governments.
5. Each year, a grand jury or series of juries will be convened from random selections of qualified computer professionals to conduct an unfettered audit of each of these computer systems. Systems will be fully backed up before the audit and upon its completion, the systems will be checked against the backup to ensure that no changes were made by these auditors. We will check the checkers.
6. With these series of checks and balances, these systems will be well trusted and with no human involvement in data processing, the results will be completely reliable, trusted and correct.

As to what these servers will do, here is the list of main functions to meet our use cases:

1. Gather the report of sales, A and B costs of each business for each quarter and write them to the blockchain.
2. Receive blockchain reports from other servers so it is widely distributed.

**This is the immutable blockchain consensus.**

3. At the end of a reporting period, compute the aggregate sales, A and B costs of all businesses to compute how big the gap is and replicate that to all servers. When all servers reach consensus of the final result, those gap numbers will be used by all servers for the next fiscal period.
4. Gather the account information of every consumer that includes their bank account (i.e. where their dividend and sales credit funds will be deposited) name and personal unique digital identifier token that ensures their identity can't be hacked by a third party. It will have a public and private key component and only the public key will be visible to all. This identifier will only be offered by each individual for activities they wish to participate in, and they will have the right to rescind that identifier at any time.
5. Gather the account information of every producer so that basic risk metrics can be generated for operating loan capital purposes.
6. **If the productivity of the nation in aggregate drops to the point that it can't support a sales credit, there will be none distributed by the servers. If the productivity of the nation drops to the point that it can't even support the dividend, then only what can be distributed will be credited. The point is that the dividend and sales credit are not a free lunch. The productivity of the nation needs to be there to justify it. This is the fundamental incentive**

**to everyone in society to contribute to the nation's productivity.** To that end, everyone will be required to contribute a portion of their lives to productive work. Exceptions can be made for the disabled.

7. **The cryptocurrency that the server mints will itself be on the blockchain, reporting who got it and how much – just as all cryptos work today.**

8. **The cryptocurrency will facilitate smart contracts** so that for example, a family can give the right to anyone within a family to spend that cryptocurrency, as an example. It can also support rights of inheritance and any constraints on its use that the receiver cares to place on it.

9. Smart contracts will be facilitated by banks as a service to the businesses and consumers who hold a bank account.

**We need a series of banks – public banks whose assets are those of the community they represent; state, county or city as the largest aggregate public bank structure to be allowed – to serve as the bookkeepers and public clearing interfaces for commerce.** The profits these banks generate will be fed to the community government that stands behind it. The elected representatives of that state, county or city (see [www.publicbankinginstitute.org](http://www.publicbankinginstitute.org)) will set the policies for how those profits will be used to benefit the community, based on their election mandates. One supposes that it would be possible for corrupt politicians to misappropriate these funds. Smart contracts could be implemented so that the funds could only be spent on initiatives that are in a database that conforms with an election platform plank, or by way of a constituency census poll.

**Bank roles** will be to:

1. Operate checking accounts for customers – both business and personal accounts.
2. They will be the appointed agents to receive loan revenue from the servers on behalf of their customers and direct those funds to the appropriate accounts.
3. They will serve as loans officers to authorize the issuance by the servers of loans and their profitability will depend on the success of repaying those loans.

The loan funds will be used for such things as:

- a. Homes
- b. Operating lines of credit
- c. Business startup capital
- d. Foreign exchange conveyance and conversion.
- e. Operating or participating in distributed debit transactions – much like debit cards today. They will have one refinement. They can directly allocate a sales credit to an account as part of the transaction and draw the funds down from the blockchain servers.

There is nothing preventing a private bank from being raised. If it can offer services cheaper than local public banks or offer better services, there is no reason it cannot thrive. The competitive landscape will tend to hold its profitability down though as compared to private banks of today. **No bank, public or private, will have the ability to create its own money.** They can authorize loans and collect a reasonable

fee for doing so. If their loan portfolio tends to do badly, then the servers will tend to reject their loans until the ratio improves. **Any business that fails reflects waste that society in general must bear. It is important that people who wish to start businesses have solid business plans and that banks have a vested interest in that business succeeding.**

### **Why Our Cryptocurrency Must Be Continuously Created and Burned**

Think of the human body. The life of the body is in the blood which conveys both nutrients and oxygen throughout the body and then gathers the waste for excretion and exhalation. Eating is like creating the crypto. Defecating, sweating and exhaling is like burning the crypto. Metabolizing the food is like commerce. The entire circulatory and digestive system is to the body like the entire economy is to the nation.

In the big scheme of things, modern manufacturing requires a great deal of capital that must be available on a continuing basis to meet startup, capital costs, raw materials, wages, etc. Sales don't happen at the same rate as production. Consider a whiskey distiller who must store liquor in caskets for years before it goes to market. Contrast that with the bread maker whose products turn over within a single day.

**Our system must account for this time to market issue, and accommodate it smoothly.**

We achieve this smoothness by providing a system that will advance money under several appropriate forms, such as operating lines of credit, capital equipment financing, depreciation windows, etc. We create the crypto to support this activity through the banks that receive those funds on behalf of their customers and who are responsible for vetting the soundness of those businesses that receive loans. The bank profitability is directly tied to the success of the business. **This is how we police the financing of industry.** As these businesses receive money in sales, they must retire their loans. As loans are retired, access to additional capital is automatically granted upon demand and with no further oversight needed. The only acceptable payment will be either bullion, certain trusted and widely accepted cryptocurrencies (e.g. BTC) or the system blockchain cryptocurrency.

**How do we create our cryptocurrency then?** The servers create it when:

- Dividends are paid out.
- Sales credits are issued.
- Banks approve loans of various sorts.

**So how do we burn the crypto to keep it in balance and prevent inflation?**

As follows:

- If the debt is paid in cryptocurrency, it is burned.
- If the debt is paid in other forms of payment, they get delivered to storage (physical or electronic) and converted to our cryptocurrency at the prevailing exchange rate and then burned to preserve the just price. In other words, we convert all other forms of payment to mint our cryptocurrency. Those alternative forms of payment are held as reserves for foreign trade.
- As for foreign trade, this accumulating bullion and other cryptocurrencies can be used by our citizens when they travel abroad to spend abroad. As other nations

visit us, they will need to provide us with their foreign reserves to purchase our goods. In the end, trade balance will be achieved. If not, one of the nations will eventually run to deficit while the other runs to surplus.

- As and when producers and consumers retire their various debts, the crypto is burned.

**It should now be apparent that to even be able to create crypto for dividends and sales credits, we need a mechanism to burn it so as not to cause inflation.**

What we just described is that mechanism.

**A word about bullion. This system will tend to work very well within a nation, but the only trusted form of payment between countries is tending towards commodity-backed trading currencies.** Only physical currency or fully commodity-backed cryptocurrencies like Kinesis or PaxGold will be accepted. Eventually, countries will have treaties where they will accept each other's cryptocurrency and establish an appropriate exchange rate. They will even support international payment systems that are similar in function to MasterCard and Visa. **It is not likely, however, that the sales credit will be able to be incorporated into foreign transactions because the sale is not benefiting the consumer's home economy. Presumably trade balances will tend to balance out over time but this is where bullion and other forms of hard money reserves will be the final arbiters of international commerce.**

Also, initially, nobody is going to trust this system unless the cryptocurrencies they use are themselves trusted. For this reason, our system should accept cryptocurrencies like Kinesis, BTC, Ethereum, etc. As has already been explained, within the nation, these other forms of payment will suffer a disadvantage that will tend to discourage their use unless used specifically for foreign travel and exchange.

### **Conclusions**

This proposed economic solution is believed to be sufficient to meet the stated goals. I welcome any criticisms or comments so that it can be refined in future revisions. A much more broad review of other considerations such as inheritance, changes needed to the Constitution to support it, and more can be found in the free downloadable book at [www.economiccures.com](http://www.economiccures.com) but the innovations described in this paper around the use of cryptocurrencies is a new innovation.

*(1) The General Theory of Employment, Interest and Money, John Maynard Keynes, Harcourt Inc, 1936*

**Subscription to On Target \$45.00 p.a.  
NewTimes Survey \$30.00 p.a.**

**Donations can be performed by direct bank transfer:**

**A/c Title** Australian League of Rights (SA Branch)

**BSB** 105-044

**A/c No.** 188-040-840

**Postal Address:** **PO Box 27, Happy Valley, SA 5159.**

**Telephone:** **08 8322 8923** **eMail:** [heritagebooks@alor.org](mailto:heritagebooks@alor.org)

**Online Bookstore :** <https://veritasbooks.com.au/>

Our main website of the **Douglas Social Credit** and

Freedom Movement "Archives" :: <https://alor.org/>

**On Target is printed and authorised by Arnis J. Luks**

**13 Carsten Court, Happy Valley, SA.**

### **Essential reading from the Social Credit Library:**

**ECONOMIC DEMOCRACY**

with

**The Delusion of Super-  
Production**

by

**C. H. DOUGLAS**

[https://alor.org/Storage/Library/PDF/  
Douglas%20CH%20-%20Economic%20  
DemocracyPAGESEDITED.pdf](https://alor.org/Storage/Library/PDF/Douglas%20CH%20-%20Economic%20DemocracyPAGESEDITED.pdf)