

Curing World Poverty Through the Democratization of Access to Money and Credit

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I . Introducion

In 1976, the United Sates Bicentennial Year, the great political philosopher of our host country, the Philippines, Salvador Araneta, the man who introduced the thought and expanded capital ownership ideas of Louis O. Kelso to the Philippines, declared in his book, *Bayanikasan, The Effective Democracy For All*.

"If the great majority of the people do not have a measure of independence, provided by the ownership of productive property, i.e., a share in the instruments of production, they will not enjoy freedom, and for them democracy would be a sham. Without economic democracy, political democracy would, therefore, be a sham and could be easily manipulated. Economic power monopolized by a few will necessarily bring about the monopoly of the political power by that few. And vice-versa. Daniel Webster, over a century ago, already said that "Power naturally and necessarily follows property." It has also been said that "Power and property may be separated for a time by force or fraud - but divorced, never. For so soon as the pang of separation is felt, property will purchase power, or power will take over property." In many western democracies, property purchases power. In communist counties, power takes over property." [*Bayanikasan p.25*]

For years the Culture of Death has been instilling in the prime movers and decision makers of the world the idea that the fewer people that exist, the better. Conventional wisdom has it that in order for economic and social development to take place or to

"empower" selected interest groups, the numbers of hungry and poor people must be reduced - by whatever means possible. Of course the numbers of the poor and the hungry must be reduced, but the means used must be in accordance with universal moral principles. Unlike what Machiavelli tells us, the end does not justify the means. We cannot eliminate hunger or poverty by eliminating the hungry and the poor.

No. whatever means we use must be fully consistent with the laws of God, and in full accordance with the true purpose of man: Union with God on this earth as well as in heaven. We must therefore, always bear in mind the importance of human dignity, and the debilitating effects of unacceptable or inadequate solutions to hunger and poverty. The measuring rod of human dignity must be the standard against which we measure our efforts. Further, human dignity itself must be defined in terms of our true and ultimate end, whether we have taken into account the ultimate and overriding sovereignty of God, from whom all sovereignty, virtue, and freedom flow.

II . What Is Poverty?

If we are to understand what to do about hunger and poverty, we must first understand what they are. Some years ago, it was reported that the Nobel laureate economist Milton, Friedman articulated his prescription for curing poverty: Give the poor money. Similarly, the solution in many people's minds to the problem of world hunger is grow more food, and distribute it to the needy.

Whether Dr. Friedman actually said something so shallow and superficial is beside the point. The efficacy of virtually every program to combat hunger and poverty is well known. Their ineffectiveness is exceeded only by their cost. Aid programs, whether domestic or international, are almost invariably rife with corruption or attached to politically motivated programs, such as coercive population control measures or subordination of national interests to those of the donor country or organization.

Is poverty best defined as lack of money, or hunger as lack, of food? On the most superficial level, we might say, "yes." The problem is that neither poverty nor hunger is alleviated simply by handing out money or food. When the money is spent, or the food eaten, there is always another day — another day for which money and food must be found.

III. How Not to Cure Poverty

Obviously, then, there must be something else, something deeper that defines poverty and hunger. Poverty is not simply lack of money, nor hunger lack of food, Poverty is lack of access to the means of generating an adequate and secure income; hunger is lack of access to the means of producing for one's self and family enough to obtain subsistence on a regular and on-going basis. This accurately pinpoints the essential flaw in most welfare and aid programs throughout the world. True, we may provide people with adequate and secure incomes, or a steady supply of food by giving it to them. We thus — apparently — meet the demands of charity ... or do we? Let's look at it for a moment.

Let's ignore the rampant corruption seemingly inherent in most aid and welfare programs. Forget the fact that they almost inevitably come with stings attached in order to favor the interests of the donor or at least the agent of transfer for the donated or taxed monies. Let's look at God's law in this matter - the necessity of promoting and sustaining simple human dignity.

Whatever else it may do, an official program of impersonal distribution of food or money makes the recipient utterly dependent upon whoever makes such a distribution. Does this mean that almsgiving and other charitable acts on an individual basis are wrong? By no means, most emphatically, no! Such charity from one individual to another ennobles both the giver and the recipient, even though it does, in some sense, make the recipient a dependent of the giver when done on a regular basis.

The status of dependence, however, in a properly oriented program of almsgiving, must always be temporary, never permanent. As the old platitude has it, give a man a fish, and he eats for one day. Teach a man to fish, and he will eat every day. Obviously charity of almsgiving or economic assistance must be construed as a temporary solution to an emergency situation. If we want to be truly charitable, we must make it possible for the object of our charity to be self-supporting, not permanently dependent on the giver or the impersonal (and self-interested) state for his daily bread.

This presents us with a problem. Virtually every welfare or aid program on earth is geared toward making people utterly dependent on that program for subsistence. Welfare or aid becomes a way of life. An additional problem is that permanent dependence on welfare or

aid not only violates human dignity at the most basic level, but actually exaggerates and promotes the very ills it purports to eliminate. It seems almost incidental that such programs put the recipient completely in the power of the donor. Exhortations to reform or change the programs have little effect against the heady intoxication of such power over the lives of others.

IV. A Question of Power

What is the crux of the issue? Power. Mere wealth is meaningless when we compare it with the power that wealth can give. As Salvador Araneta was quoted in the beginning of this presentation, "wealth will purchase power." We can judge every issue from the standpoint of empowerment. Who gains power and of what kind? Is it power over one's own life — or power over the lives of others?

In today's corporate world, and, increasingly, that of politics, we find constant exhortations to "empower people." What does this mean? Does today's proposed method of "eliminating poverty" or "curing world hunger" actually empower people or does it make them dependent on others? In other words, do these programs empower individual people at the bottom of society or do they empower current centers of economic and political power with control over the lives of others, even to the extent of whether they are permitted to live?

These are dangerous questions to ask. They are so dangerous that countries have fought wars over them. Yet even in the most famous example, that of the revolution which resulted in the formation of the United States of America, people were afraid to face the full implications of what they did. Even though the human condition was elevated to unprecedented levels upon the founding of the American republic, and a lot of good has come out of it the past 200 years, paradoxically, human dignity was also violated at the very founding of the America republic.

Of course, all of you are thinking, "He means slavery. The founding fathers of the United States violated their own principle, that 'all men are created equal, when they permitted slavery to continue.'" Yes, you are right-up to a point. There were other violations of human dignity, more subtle and thus less recognizable.

Few people are aware that the America statesman Thomas Jefferson "borrowed" the opening of the famous Declaration of Independence from another Virginian, George Mason of Gunston

Hall - but he omitted something that Mason considered very important. George Mason was the man responsible for drafting the Virginia Declaration of Rights, which pre-dated the America Declaration of Independence by nearly a month.

While Mason did not succeed in retaining a certain phrasing which would have, if followed consistently, effectively abolished slavery, he did succeed in including a very important provision among the basic and inalienable human rights which the America Revolution was fought to maintain and preserve. That right was the right to acquire, possess, and maintain property, but that was not the total content of the suggested phrase from Mason. The total sentence was the rights to "access to the means, to acquire, possess, and to maintain property."

For some reason — I don't know why — Jefferson omitted the phrase "access to the means," but left the rest of the sentence in the document "to acquire, possess, and maintain property," in his list of inalienable rights in the Declaration of Independence which still stands today. Sadly, even his attempt to include a provision in the Declaration abolishing human slavery was overridden.

Four score and seven years later, the American president Abraham Lincoln attempted to solve both problems. Not only did Lincoln issue his "Emancipation Proclamation" freeing slaves in America, but he also sponsored the very famous "Homestead Act," which basically was an "access to the means" which provided countless Americans — both native born and immigrant — with 160 acres of land in order to build a substantial, land-owning middle class, upon which the legendary economic and political strength of the United States was built.

V. What is Property?

The problem with the American Homestead Act, However, was that it addressed only one kind of productive asset: Land. Land may still be the most basic productive asset, but it is by its nature finite and no longer the most predominant. The most productive type of asset in today's world is corporate equity and the underlying technological advance represented by shares of corporate equity. Naturally, this sounds like an endorsement of capitalism. Not so. Capitalism, properly defined, means an economic system characterized by concentrated ownership of the means of production. That means

that a minority are the owners of capital and productive property.

That does not mean that socialism is any better. In fact, socialism aggravates the situation more than capitalism. Capitalism, at least, makes an acknowledgment of the rights of property. Capitalism, however, as it has traditionally been structured, distorts property, it does not affirm it. Capitalism distorts property by closing off access to the means of acquiring and possessing property to the majority of people. A system where only a few people can and do own the means of production is neither a fair system, a just system, nor that promotes and preserves human dignity.

When only a few people own the means of production, as we see in capitalism, or the state owns or controls the means of production, as in socialism, human dignity is violated at its most basic level. Human dignity is violated by forcing the great mass of people to depend, at best, for wages, but for most, not even that. In other words, the majority participation in the economy is through salary and wages, but not as direct owners.

Take for instance, in America, a country with the largest middle-class and with what appears to be the largest corporate stock owners in the world, that is the projection and what people see, but underneath this image, the reality is that the average citizen who owns corporate stock owns \$4,000. This represents ten percent of the entire corporate wealth of the U.S. The other ninety percent of corporate stock is owned by a minority of no more than one-thousand people. That is the reality. A man like Bill Gates owns \$90 billion, according to the latest report, and the list of billionaires in the world is no more than a couple of hundred. Gates' annual income is larger than the economies of many nations. Two or three individuals could basically own the entire economies of a country like Brazil, India, China, or Mexico.

So yes you have millions of people owning corporate stock but it only adds up to a small portion of the total amount of corporate wealth. This means that workers and employees are dependent for their subsistence upon the small class of owners in Wall Street-type economies or dependent on the state if it is a central command economy. In both cases the concentration of capital is with a small elite. Today as we conclude this century and this millennium the reality is that both systems are exhausted. They cannot address the basic problems that besiege the world as we embark in the third millennium.

No one — or at least very few people — dispute that when we own something, we have the right to enjoy what it means to be an owner -

to enjoy "the fruits of our labor and the pride of ownership." That includes the right to receive the income generated by what we own, and to dispose of what we own in any reasonable manner, the right to the opportunity to create, to use my ingenuity and God's given resources, both internal and external to create wealth, to enjoy it and to dispose of it as our hearts may see fit, including giving it away.

The pervasive attitude is that being wealthy and owning capital, especially large capital, means having a monopoly on all future wealth including being the recipient or repository of the results of research and development, new breakthroughs in techniques and technologies that have been developed with large amounts of tax payer's money. If someone is wealthy now, it means, according to many people, they have the right to own whatever wealth may be in the process of being created. That is wrong.

If we all have an inalienable right to the means to acquire and possess property, governments are responsible to set up the structure, both legal and financial, to secure the rights of citizens to participate in the process of wealth creation. A right, however, means a right — and that means that no one else can prevent you from exercising it, at least not legitimately, if it becomes a law.

VI. The Means of Acquiring and Possessing Property

One of the most persistent myths in economics and politics is that wealth can only be created by reducing levels of consumption by saving, then buying capital. That means, as we might suppose, a class of people, necessarily small, who cannot consume all the income they generate. Most people, of course, need all their income and then some, just to survive. That means that they are "locked out" of the wealth-acquisition system — but only if we agree that wealth can only be created by these "past savings"

The logical outcome of this extraordinarily damaging yet almost universally accepted myth is that the majority people who most need to acquire individual and direct ownership of the means of production are prevented from doing so. On the rare occasions that an effort is made to see that some of the poor and hungry acquire some token amount of income-generating property, it is usually touted as a great moment in philanthropy, or as the height of charity. It is not the height of charity to give someone as alms what he is due out of justice. That is a mistake. It is the height of hypocrisy, as well as an

exercise in fatuous self-deception. It is the most fundamental degradation of human dignity to deny a person his rights, then dole out in a token amount to that person what already belongs to him.

VII. Pure Credit

With modern systems of finance, the right of access to the means of acquiring and possessing property has a very explicit and specific meaning. It means access to capital credit. Access to money and access to liquidity. Today, credit based on the past savings of the wealthy or owners of property and therefore of guarantees and collateral should not be the only way to create and multiply wealth — especially the wealth that is necessary for the development of the world in this upcoming century.

Another form of credit, parallel with the existing one, has to be instituted with access to the majority of people who have neither capital or assets for collateral. It is possible with modern central banking, anywhere in the world, to create money as needed to finance assets that pay for themselves, to provide money for loans for economic growth that can be self-liquidating.

This means something extraordinary and profound. The chains that have bound the world to dependence on the past savings of the rich can be broken without desalinizing the present infrastructure of the rich. The poor and the hungry no longer need to be dependent for the basic necessities of life, or token social programs camouflaged as solutions.

With "pure credit" — credit not based on current accumulations of savings — anyone with a financially feasible project has the ability to acquire and possess property. That means that the poor have within their grasp the means for real participation in their economies. All it takes is a basic reform of the way that wealth is financed so that the system is open to ordinary everyday citizens without imposing an "entrance fee" in the form of an existing pool of wealth or access to collateral. Sample? Yes. Easy? No. While justice and charity both demand that the current closed system of finance be opened to the poor and the oppressed, it will not be easy to pry apart the hands of greed and wrest from them not their current accumulations of wealth — let them keep that with our blessing — but their iron grip, their monopoly on the creation of future wealth.

We do not propose to dismantle the present economic system, but

rather the creation of a parallel one that opens the opportunities of participation in wealth creation to the majority of citizens with no accumulations, collateral, or financial guarantees. Initially the identified target will be the educated masses that can participate in any economy as owners of companies that provide goods and services within the new wealth.

Let the majority who are capable to produce quality products and services take the priority in being the recipients of the results of research and development so new techniques and technologies will be owned by broad numbers of people not to have one Bill Gates as the richest man on earth and 1,000 more billionaires owning the wealth of six billion people, but to have six billion people as real owners of a self-sustainable world market economy. That is our goal!

Insurance and reinsurance have to be put place to secure non-collateral lending. This will work as collateral and guarantees. The World Bank and regional financial institutions such as the Asian Developing Bank could work together with the central banks in the initial phases of economic transformation or restructuring in order to inspire confidence in the process.

Privatizations of state-owned enterprises and in central command economies could be done by national citizens without capital or collateral, and in associations or groupings having access to capital credit they will buy national assets without transferring these assets to foreign entities and multinational monopolies.

Large and small new businesses, some of a national interest, can be created following intensive surveys and marketing strategies with priority given to capable educated poor professionals to establish such a business through credit collateralized by insurance and reinsurance corporations created for these programs. Loan interest should not exceed the price of lending to the traditional accumulators, it should be the same or lower in order to increase the possibilities of success.

These ideas have been around for nearly half a century. They were originated by layer-economist Louis O. Kelso of the University of Chicago. He realized that any kind of political democracy cannot endure without economic democracy. The marriage of political democracy and economic plutocracy is bound for a divorce. The mandate from Kelso was one person, one vote should equal one vote, one owner.

Louis Kelso died in 1991, but there are great followers of Louis Kelso's principles. His right hand, the one who helped him to draft the laws and legislation that has empowered ten million U.S. citizens

today to own the corporation different from 30 years ago is Norman Kurland of the Center for Economic and Social Justice. Through the work of Kurland and Kelso and many others, there is an economy today in the United States that is worth more than \$US 60 billion if we count more than 10,000 companies that are either partially or totally owned by workers, employees, managers, technician, etc.

One, example, that you may know, is the United Airlines where the mechanics and workers of that corporation bought 55% of the stock worth more than \$US 5 billion by using these techniques. This success came as a result of trying some of the recommendations of Louis Kelso and Norman Kurland that gave birth to the ESOP movement in America, Employee Stocked Ownership Plans.

We need to follow Louis Kelso's recommendations into a deeper level of transformation and that is what I am talking about today. The actual restructuring of the economies of injustice by using proven techniques, available technologies that will bring the economy to the common citizen to be an active participant as a owner.

There are other experts who could help in these transformations. I could mention Dr. Norman Bailey who was President Reagan's chief economic advisor, one of the great experts on monetary policy in the world. Another one is Dr. Robert Ashford, professor of law at Syracuse University. He has written a book very appropriate for those who want to study about this economic transformation, "Binary Economics: the New Paradigm" He wrote this with Rodney Shakespeare published by the University Press of America this year. There are many more.

We know that we are headed in the right direction and we want to make great strides in eliminating widespread poverty and hungry. First, we have to establish the social structures and institutions to bring about a state of society characterized by free and open markets, full restoration of the rights to and of private property (especially in corporate equity), a limited economic role of the state and widespread individual and direct ownership of the means of production - which can only come about by opening up access to the appropriate means of acquiring and possessing property: capital credit.

For further information on national economic restructuring based on Kelso's binary economics read the Capital Homesteading Act by Norman J. Kurland published by the Center for Economic and Social Justice. Washington, D.C. The Capital Homesteading Act describes in detail national infrastructural reforms to make every citizen a shareholder. These initiatives can be applied to any country in the world which decides to position itself with a vibrant economy for the 21st century.

I would like to a recommendation that the Unification Thought Institute, the Asia University Federation and the Professors World Peace Academy of the Philippines would look into these ideas since we all know the two present economic paradigms are exhausted and according to our research and others in the United States, there is nothing on the horizon in the form of a new paradigm in economics that can address effectively economic injustice, poverty and lack of participation of the majority in the world. These institutions would greatly benefit from an adoption of these ideas.

I want to conclude by quoting Victor Hugo, "more powerful than an invading army is an idea who's time has come." What I have proposed to you we call the "third way" it is neither socialism based on the politics of envy, or capitalism based on the politics of greed. A more appropriate way to call it, and I will use a word given by Rev. Moon, is "headwing thought" in economics, neither socialism or capitalism, a thought that is guided by the head, the heart, and centered on true justices

The Y2K Vision for the Humanity

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I . Introduction

The advent of the Third Millennium has generated unparalleled enthusiasm and excitement to millions of people from all walks of life around the globe. The world is gearing up to welcome Year 2000 on midnight of December 31 with the loudest band no Year's Eve before had ever heard or imagined.

With three months still to go, myriad of events, from solemn to frivolous, are being staged for the millennium debut. Indeed the plethora of objects being created - millennium websites, a "millennia" car, a "Millennia" perfume — or the repertoire of activities being calendared such as "Millennium Cup Race" in Hongkong, the "Millennium Percussion Festival" in Indonesia, the "Millennium Street Party" in Malaysia, are manifestations of millennia mania. Unlike the unheralded dawn of the Year 1000, this time virtually everyone on earth knows the new millennium in coming.

But the Third Millennium is not all excitement. There is also a ring of fear attending its arrivals. The phobia is called the millennium bug or the Y2K information technology glitch. The Y2K bug is predicted to bite with potentially serious effects. It would interrupt electrical power to schools, hospitals, banks, airports, and other public and private buildings. It can make traffic lights go hay wire, wreck calculations in payroll or billing system, and even sabotage electronically controlled heating and air-conditioning systems. The millennium bug is forecast to affect globally both the users and non-users of computers and other electronic devices.