

A Brief History of Money: Part IV

Industrialization was changing the economy in fundamental ways. The proportion of persons working on farms began to decline at an accelerating rate. The serf or peasant was being "freed" from, or in some cases forced away from, the land and with no other place to go went to the city. The number of different occupations was increasing dramatically. Specialization had reached a point that no economy so developed could function at all without some medium of exchange. Barter was almost irrelevant.

But since the money situation was now vital to the functioning of the economy, the government became even more concerned with what was happening in the banks. Thus we come to the situation we still have today of the quasi-governmental bank, the National Bank.

Through the use of various means, the government can attempt to control the supply of money and the rate at which it flows in order to control the rate of inflation (the normal condition) or to stop deflation (the uncommon but more disastrous condition). When joined to the government's power to create physical money (currency) this places in the control of government huge potential for creating wealth for individuals and banks. This power serves as a great temptation for those who have any influence over the process.

But despite the government's power, that power is limited. It seems that money is *not controllable*. In the form of coins or bills, money can be passed from hand to hand without anyone else knowing. Though bills have serial numbers printed on them, the tracking of individual bills as they move through the economy has not proven to be plausible. Therefore, currency is the medium of exchange which is used by organized crime in its mass-marketing of its various products and services. But currency is small potatoes today. Today, most money exists only in accounts of one sort or another. Most money that is transferred from one party to another is "moved" electronically, changing the balances of pairs of accounts in computer-maintained records.

So let's see how this computerized form of money is controlled. The computers are run by programmers, system administrators, and accountants. That is, the policy makers, the legislatures, the chief executive officers don't actually have any *direct* control over the money in those accounts. Naturally some of those lower-level people yield to temptation from time to time, and try to steal some of that money. They get away with it sometimes and those institutions from which they have stolen

money are so embarrassed that they never let it be known (if they can help it) so we really don't know how much *is* stolen.

But that, too, is small potatoes. The really big money is *out of control* because there is no way to defend such amounts of money. The people who are most powerful, influential and wealthy are able to corrupt almost any enforcement agency just as organized crime always corrupts the criminal justice system of every city in the world. Those who are entrusted with the protection of those vast powers are exposed to temptations and forces (threats?) which offer deals they cannot refuse. Somehow, *in every case*, most of the money is diverted, shifted, directed into uses, projects, pockets, and accounts which were not intended. There are many people who are quite willing to do anything, no matter how evil, no matter how many people are harmed or die as a result, in order to get that money. This includes governments, businesses, churches, associations (like unions), organized crime itself, and families. The scale of the money to be had simply overwhelms any attempt to control it.

This is what we now have in the modern world. Huge amounts of money being fought over by powerful, ruthless, unscrupulous people of all kinds. The fighting is no holds barred. They are willing to do anything up to and including war and the use of weapons of mass destruction.

Because the world now has more trade than ever and the world's economy is ever more interdependent, failures and excesses in the money system now have ever more far-reaching effects. We are more dependent on the patterns of flow of the money supply than ever before in history and failures in those patterns or even just sudden changes in those patterns can have a devastating effect on the economy of nations, regions, or the whole world. Yet we cannot control those flows, we cannot regulate those flows, we cannot assure ourselves that those flows will support a well-functioning economy. We are totally at their mercy and we can no more control those flows than we can control the weather.

The money which developed thousands of years ago simply is not suitable to even an industrial economy, let alone a post-industrial, information age, globalized economy. Our failure to replace this thousands of years old money, this outgrowth of the trading of meat and salt and flints, this reaction to the inadequacies of what was even for an agricultural society a desperately flawed tool ("the love of money is the root of all evil") our failure is bearing bitter fruit. It has meant the horrible deaths of millions. It has meant pointless, needless, suffering and want. It has made us the enemies of those who should have been our friends. It has led us into temptation.

The time has come that we must seriously consider replacing our current form of money with some form which does not bring with it the guarantee of disaster, conflict, and destruction. Our economy is so advanced, so interdependent, so fragile and vulnerable that the next money-produced disaster may drive us back to barter and kill most of the people on earth.

That's the bad news. The good news is that money is all in our minds. That which is money is whatever we consider to be money. There is nothing about the physical universe which prevents our changing what we consider to be money. We have an incredible (and threatening) information processing technology as a tool to use. We have all sorts of scientific knowledge. We are not limited by instincts as are our pets. We can come up with other forms of money which don't have these flaws. We can implement such forms of money quickly. We *can* save ourselves and the rest of the world from the consequences of economic collapse. We *can* do this.