

The economy and its wheels that get stuck... Have you seen it like that ? Jacques Cuvillier

Humans are not only numerous, but they have a considerable work force. So powerful that it is in the process of destroying the planet. It is capable of producing goods and wealth far beyond the needs, far beyond the reasonable.

So how do you explain that a large part of them remain unemployed and without resources, while a few billionaires own more than half of the known riches? Can we only solve it ?

The economy as a whole is not an easy subject, and one sometimes has the impression that the specialists who claim it are in divination. Our peers, however, are capable of designing very complex things, such as electronic circuits where everything is perfectly synchronized. But when it comes to regulating exchanges between these seemingly unpredictable and not always rational beings, that's another story.

At the moment when one begins to be afraid of a possible collapse of all financial scaffolding, a return to a simplified, localized economy will perhaps allow to return to fundamentals. Before taking the risk, and to avoid doing in miniature what is happening on a large scale, perhaps it is good to put a little nose in the wheels of economic exchanges.

Let's start with the very simple and continue increasingly.

At the zero degree of organization, is the most basic subsistence economy.

Each individual acts on their own behalf using resources to meet their needs - and by the way, creates waste more often.

Let's illustrate the activity as belts passing on pulleys whose rotation represents the daily activity of each individual. In this basic scheme, everyone has complete freedom, but is not safe because neither he nor even the small group to which he belongs can meet with certainty all of his basic needs : to feed, to take shelter, to take care of oneself, to educate oneself, to protect oneself. It's the basic necessities, but it does not have all the skills.

So even in a basic economy, cooperation is needed. Everyone finds constraints, but provides better security.

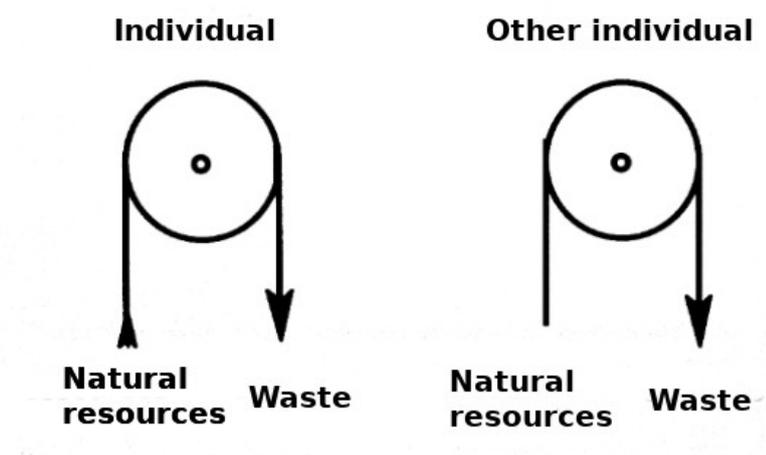


Figure 1

The following diagram (Figure 2) illustrates the social organization that is based on the division of labor. Survival constraints are decreasing, social constraints are increasing, and trust in the other is needed, which also means respecting rules.

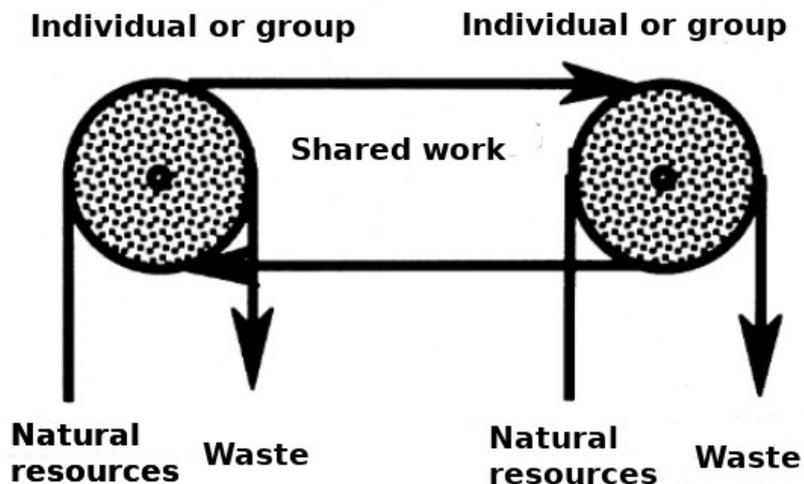


Figure 2

Trade, when it is free, settles itself so that the goods and services traded are in principle of equal value. They are constantly subject to arbitration according to well-known principles of supply and demand and are therefore constantly subject to a process of self-regulation which can however be perverted. We can find in what is exchanged, the essential that corresponds to the vital needs, and superfluous or only non-essential goods and services. In one case and the other, the possibilities of arbitration are very different. We will talk again about the effects of phenomenal value-added, which can occur cyclically (for example, climatic phenomena) or organized, notably by speculation maneuvers. In the meantime, consider the healthiest case in which trade is at equal values.

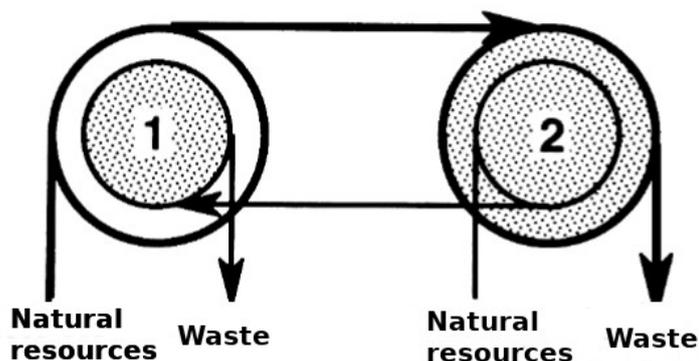


Figure 3

But all the tasks to be performed are not of the same kind - material or immaterial, highly specialized or not very specialized ... and to satisfy the needs of all individuals, it is necessary that in a particular field, some produce much more than they do. consume while others consume much more than they produce. For example, a gardener supplies vegetables for everyone, and only eats his share. An accountant - who is no less useful - does not "produce" strictly speaking, but he is supposed to consume as much.

Starting from the principle that all contributions to social life give right to counterpart, and that simple bartering is not manageable, the system doubles as a currency of which each unit. worth a share of contribution. In reality, the groups that exchange work and services are not only two, they relate to various activities subdivide, interlock. They can be considered at different scales, from individual to individual, from business to business, from region to region, from country to country, but whatever the way of looking at them, one can

reason on the basis of comparable mechanisms. As long as the exchanges are balanced, the system is in no way limited.

The exchange of goods is coupled with a currency exchange mechanism

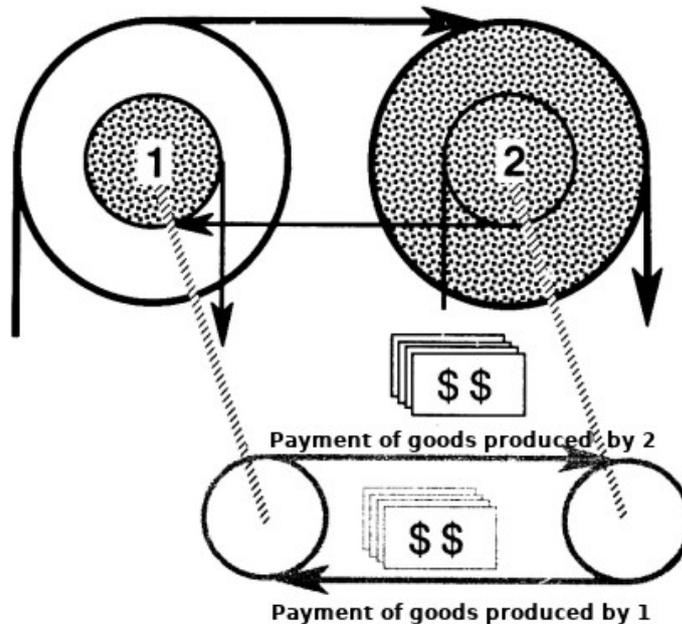


Figure 4

Profit

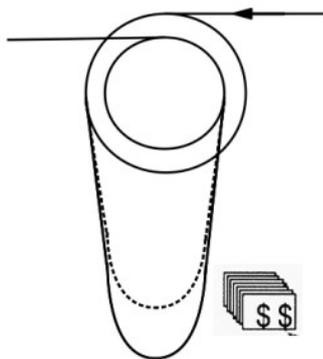


Figure 5

As can be seen in Figure 4, if Group 1 is very efficient - a small number of individuals produce a lot, it is logically advantageous compared to Group 2 in that there will be more money for each individual. A characteristic that presents the risk that a particular entity - local authority, shareholders, merchants ... - who have adequate legal rights intervene in the circuit to profit from it. Figure 5 illustrates the mechanism for taking a fraction of the money flow. As money flows, the profit loop gets longer.

Let us now see the effect of such an intervention on the system glimpsed previously (Figure 6).

Leaving aside the case of the social redistribution that we will examine next. Let's look at the levies that come within the profit framework. We see that with each rotation of our "pulleys", money will accumulate in the profit loop. On the other hand, the amount of money exchanged will become scarce unless we add it continuously. Otherwise, the system is blocked.

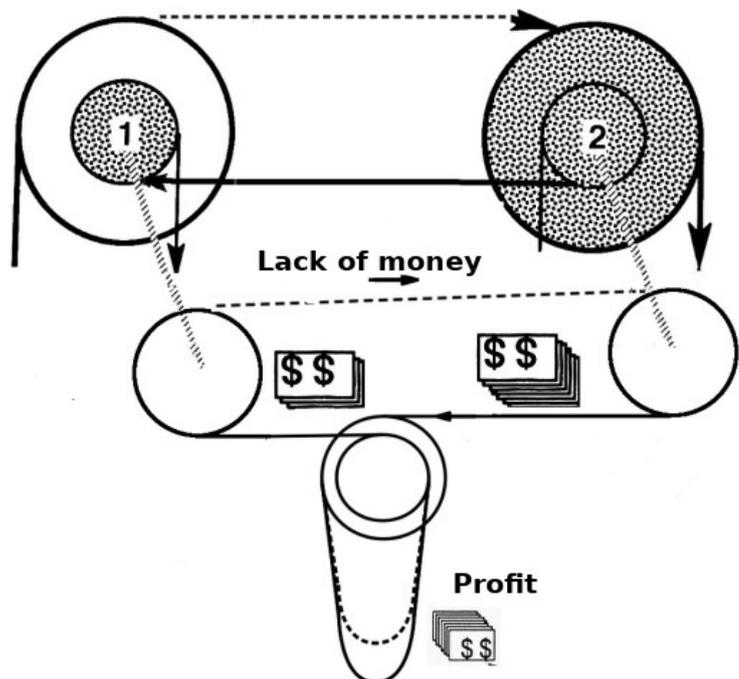


Figure 6

Three questions then arise:

- 1 - how can the system adapt to keep running?
- 2 - what happens to profit money;
- 3 - how do we reload what is missing in the exchange circuit ?

For the first point, the system can continue to rotate only if its geometry adapts continuously. In particular, Group 1 should become a little more profitable with each rotation, keeping the same production with fewer and fewer people. But we know where this drift ends because any improvement in profitability has its limits.

In response to the second question, three scenarios must be considered:

- **the money is used to remunerate a particular activity** within the company. This is the least harm, and it can also be useful if it is to promote this activity over others, or to prevent a more vulnerable group from falling into poverty. While the values involved in exchanges are typically based on desires, in general some activities may be considered useful even when there is little desire - for example, with regard to education, sanitation, ecology ... If the money is reinjected into a trading system, it does not accumulate and does not create an overall imbalance.

- **the money is placed on patrimony**. This is very often the case, and it can be fraught with consequences. Acquisition research in this area has the effect of driving up prices. More money applies without modification of the property itself, its speculative value: works of art, land, real estate, commodities on the futures markets, securities ... we know the excesses that sometimes go as far as 'to extravagance. The effect of these investments can be devastating when speculative objects include property that may be considered vital to a portion of the population. The arbitrations supposed to lead to the equilibrium of exchange values are completely skewed, the extreme case being the blackmail of housing, health, even survival.

The assets acquired become the cause of a new levy : dividends, rents ... We come to the role of capital that characterizes the economic system in which we bathe.

- **the money is lent**. This brings us to point 3. For if profit leads in return to the scarcity of money in the trading circuit, the resulting deficiency needs to be compensated for the system to continue to run. The loan is one of the means that will allow to put money on the upper strand (dotted line) which tends to distend. If the whole profit were thus lent, and if the loan was at zero rate, the system would not be blocked, but would have a worrying particularity: the sums lent would be added to each other at each rotation, and at the end of In the end, all the money would belong to the profit makers and would simply be "lent to the system", simply because any item of money passed through the "profit" box is marked as the property of the person who made it¹.

The worst is not yet achieved unless we mention the interest. In fact, if the amounts accumulated by the profit are loaned with annual interest, this constitutes a new collection tool which is added and aggravates further the drift of the system.

The solution in point 3 can also be a classic: the "billboard". Since it lacks liquidity to make the system unstuck, it must be injected. This is done in different ways. We can obviously think of the currency that central banks can issue. This is not essential.

The first source of money comes from the banks. These lend in fact much, much more than the depositors' savings would allow. And this money created by a simple writing game must however be refunded. The object of the loan is most often used for the purchase of a consumable good, or which, in any case, degrades over time, and in the long term, the purchase must be renewed.

If our system came into a "cruising regime", money creation - essentially debt - would only serve to offset the appreciation of sustainable (non-consumable) wealth¹². But this increase in value is growing steadily. To compensate for this, banks must therefore lend more and more. In the absence of this debt growth, the system crashes. There is no cruise regime for this unstable device. The instability that many economists call the Grail of economic success is holy growth. She has no real interest except to know what she is due and who she benefits from. In any case, it is known that it does not benefit the planet, nor does it benefit the particular lambda who sees the possibility of acquiring a heritage that is less and less accessible.

1 Here we measure the ineptitude of the theory of "runoff" which would have us believe that the enrichment of the rich would eventually enrich the poor as well.

2 And we all have in mind both the incredible values attributed to the sale of paintings by nomenclatured artists and the monstrous value of debt.

We know that a tree does not climb to the sky. So how can we not see that our economy that is digging up imbalances is only condemned to drifting? Only the theory of chaos indicates the end solution.

Can we find a little optimism ?

The analysis just made argues against profit: its functioning in a finite world is impossible to defend. In fact, the system is flawed whenever money accumulates. We understand better why in most traditions, for centuries, the concept of interest-bearing loans was simply banned.

One can not however condemn the principle of the tax, this levy able to finance tasks of general interest, nor to make the trader who takes his "margin" feel guilty.

We can not prohibit trading on the international level. The world being what it is, can there really be a question of closing the borders and functioning autarcia? But can we trade with countries that still have some way to go to meet Western standards? If the cost of living is lower on one side, it makes sense to tax transactions from that country. But for the system to run without getting stuck, it is necessary to subsidize with the same rate the transactions that take place in the other direction (Figure 7). It amounts to respecting the different prices of two different currencies. Respecting this, the looting of one country that causes unemployment in the other is no longer possible.

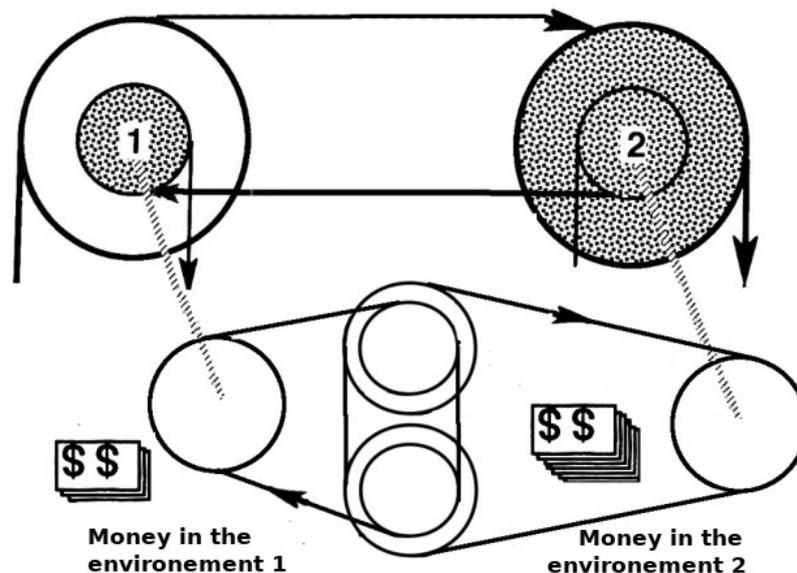


Figure 7

The injustice of the world is not fatal, nor is poverty. It remains to find a modus vivendi that preserves the resources of the planet while satisfying the vital needs of humans, and more if the desire is involved.

For further

The "system" as it has been presented is a basic form of trade facilitated by an accounting measure - money - as a simple measure of equivalence. But an equivalence that has no standard and thus acquires an elastic, speculative value. This uncertainty about value, if it already exists for tangible goods, is even more so for services and in general for all intangible goods. For example intellectual property rights can be sold and the money converted into an apartment. The plates presented must therefore be seen as moving geometry, which makes the interpretation much more subtle and refers to the complexity of the real economic system.

We come to the role both useful and perverse of capital.

- Useful because the financial clusters allow to implement large means to implement the tools of mass production, to achieve to conduct expensive scientific research, to allow technological advances ...

- Perverse when the owner claims to "make his money work" The income from shares, the profit from rents after deduction of expenses, it is actually as if the estate was working since it receives a remuneration in exchange for

its only existence. In this spirit, capital offers a service. In fact, the holder who tries an industrial adventure takes a risk, and this risk does indeed have a useful role which is worth remuneration. But in what proportion?

- Pervers also when the heritage manages to get hold of the vital conditions of existence. Economic exchanges can turn into a form of blackmail that completely distorts exchange values. From this point of view, the adoption of a basic income that would guarantee access to a subsistence minimum would undoubtedly make it possible to clean up the market.

This little work that is meant to be "educational" will nevertheless have achieved its objective if it allows to better understand:

- that the money accumulates allows to acquire goods, even in the public domain, and thus to grab rights over the worker, to then rent or sell him what he has dispossessed. And so on ;

- that the system only survives by a flight ahead of debt whose increasing weight of interest is mistakenly assumed by inflation on the one hand, (which impoverishes the users of the currency), and forced economic growth (which suffocates the planet).