

## November 2007 TRENDEVENTS

### **How the neoliberals stitched up the wealth of nations for themselves and now we are dealing with the catastrophic effects**, by George Monbiot, August 28, 2007 -- *The Guardian*

For the first time the UK's consumer debt exceeds the total of its gross national product: a new report shows that we owe £1.35 trillion. Inspectors in the United States have discovered that 77,000 road bridges are in the same perilous state as the one that collapsed into the Mississippi. Two years after Hurricane Katrina struck, 120,000 people from New Orleans are still living in trailer homes and temporary lodgings. As runaway climate change approaches, governments refuse to take the necessary action. Booming inequality threatens to create the most divided societies the world has seen since before the First World War. Now a financial crisis caused by unregulated lending could turn hundreds of thousands out of their homes and trigger a cascade of economic troubles... These problems appear unrelated, but they all have something in common. They arise in large part from a meeting that took place 60 years ago in a Swiss spa resort. It laid the foundations for a philosophy of government that is responsible for many, perhaps most, of our contemporary crises.

When the Mont Pelerin Society first met in 1947, its political project did not have a name, but it knew where it was going. The society's founder, Friedrich von Hayek, remarked that the battle for ideas would take at least a generation to win, but he knew that his intellectual army would attract powerful backers. Its philosophy, which later came to be known as neoliberalism, accorded with the interests of the ultra-rich, so the ultra-rich would pay for it... Neoliberalism claims that we are best served by maximum market freedom and minimum intervention by the state. The role of government should be confined to creating and defending markets, protecting private property, and defending the realm. All other functions are better discharged by private enterprise, which will be prompted by the profit motive to supply essential services. By this means, enterprise is liberated, rational decisions are made, and citizens are freed from the dehumanising hand of the state... This, at any rate, is the theory; but as David Harvey proposes in his book, "A Brief History of Neoliberalism," wherever the neoliberal programme has been implemented, it has caused a massive shift of wealth, not just to the top 1% but to the top tenth of the top 1%. In the U.S. for instance, the upper 0.1% has already regained the position it held at the beginning of the 1920s. The conditions that neoliberalism demands in order to free human beings from the slavery of the state -- minimal taxes, the dismantling of public services and social security, deregulation, the breaking of the unions -- just happen to be the conditions required to make the elite even richer, while leaving everyone else to sink or swim. In practice the philosophy developed at Mont Pelerin is little but an elaborate disguise for a wealth grab... So the question is this: given that the crises I have listed are predictable effects of the dismantling of public services and the deregulation of business and financial markets, given that it damages the interests of nearly everyone, how has neoliberalism come to dominate public life?

Richard Nixon was once forced to concede that "we are all Keynesians now." Even the Republicans supported the interventionist doctrines of John Maynard Keynes, but we are all neoliberals now. Margaret Thatcher kept telling us that "there is no alternative," and by implementing her programmes, Clinton, Blair, Brown, and the other leaders of what were once progressive parties appear to prove her right... The first great advantage the neoliberals possessed was an unceasing fountain of money. U.S. oligarchs and their foundations -- Coors, Olin, Scaife, Pew, and others -- have poured hundreds of millions into setting up think tanks, founding business schools, and transforming university economics departments into bastions of almost totalitarian neoliberal thinking. The Heritage Foundation, the Hoover Institute, the American Enterprise Institute, and many others in the U.S., the Institute of Economic Affairs, the Centre for Policy Studies, and the Adam Smith Institute in the UK, were all established to promote this project. Their purpose was to develop the ideas and the language which would mask the real intent of the programme -- the restoration of the power of the elite -- and package it as a proposal for the betterment of humankind.

Their project was assisted by ideas that arose in a very different quarter. The revolutionary movements of 1968 also sought greater individual liberties, and many of the *soixante-huitards* (sic) saw the state as their oppressor. As Harvey shows, the neoliberals co-opted their language and ideas. Some of the anarchists I know



would rise from 84 million barrels of oil equivalent (mboe) per day in 2005 to a projected 117.7 mboe in 2030 -- barely enough to satisfy anticipated world demand of 117.6 mboe. Aside from suggesting the degree to which oil companies have ceased being mere suppliers of petroleum and are now purveyors of a wide variety of liquid product, including synthetic fuels derived from natural gas, corn, coal, and other substances, this change hints at something more fundamental: we have entered a new era of intensified energy competition and growing reliance on the use of force to protect overseas sources of petroleum.

To appreciate the nature of the change, it is useful to probe a bit deeper into the Energy Department's curious terminology. "Liquids," the department explains in its International Energy Outlook for 2007, encompasses "conventional" petroleum as well as "unconventional" liquids -- notably tar sands (bitumen), oil shale, biofuels, coal-to-liquids, and gas-to-liquids. Once a relatively insignificant component of the energy business, these fuels have come to assume much greater importance as the output of conventional petroleum has faltered. Indeed, the Energy Department projects that unconventional liquids production will jump from a mere 2.4 mboe per day in 2005 to 10.5 in 2030, a fourfold increase, but the real story is not the impressive growth in unconventional fuels but the stagnation in conventional oil output. Looked at from this perspective, it is hard to escape the conclusion that the switch from "oil" to "liquids" in the department's terminology is a not so subtle attempt to disguise the fact that worldwide oil production is at or near its peak capacity, and that we can soon expect a downturn in the global availability of conventional petroleum.

Petroleum is, of course, a finite substance, and geologists have long warned of its ultimate disappearance. The extraction of oil, like that of other nonrenewable resources, will follow a parabolic curve over time. Production rises quickly at first and then gradually slows until approximately half the original supply has been exhausted; at that point, a peak in sustainable output is attained and production begins an irreversible decline until it becomes too expensive to lift what little remains. Most oil geologists believe we have already reached the midway point in the depletion of the world's original petroleum inheritance and so are nearing a peak in global output; the only real debate is over how close we have come to that point, with some experts claiming we are at the peak now and others saying it is still a few years or maybe a decade away.

Until very recently, Energy Department analysts were firmly in the camp of those wild-eyed optimists who claimed that peak oil was so far in the future that we didn't really need to give it much thought. Putting aside the science of the matter, the promulgation of such a rose-colored view obviated any need to advocate improvements in automobile fuel efficiency or to accelerate progress on the development of alternative fuels. Given White House priorities, it's hardly surprising that this view prevailed in Washington.

In just the past six months, however, the signs of an imminent peak in conventional oil production have become impossible even for conservative industry analysts to ignore. These have come from the take-no-prisoners world of oil pricing and deal making on the one hand, and the analysis of international energy experts on the other. Most dramatic, perhaps, has been the spectacular rise in oil prices. The price of light, sweet crude crossed the long-standing psychological barrier of \$80 per barrel on the New York Mercantile Exchange for the first time in September, and has since risen to as high as \$90. Many reasons have been cited for the rise in crude prices, including unrest in Nigeria's oil-producing Delta region, pipeline sabotage in Mexico, increased hurricane activity in the Gulf of Mexico, and fears of Turkish attacks on Kurdish guerrilla sanctuaries in Iraq. But the underlying reality is that most oil-producing countries are pumping at maximum capacity and finding it increasingly difficult to boost production in the face of rising international demand.

Even a decision by the Organization of the Petroleum Exporting Countries (OPEC) to boost production by 500,000 barrels per day failed to halt the upward momentum in prices. Concerned that an excessive rise in oil costs would trigger a worldwide recession and lower demand for their products, the OPEC countries agreed to increase their combined output at a meeting in Vienna on September 11. "We think that the market is a little bit high," explained Kuwait's acting oil minister, Mohammad al-Olaim, but the move did little to slow the rise in prices. Clearly, OPEC would have to undertake a much larger production increase to alter the market environment, and it is not at all clear that its members possess the capacity to do that -- now or in the future.

A warning sign of another sort was provided by Kazakhstan's August decision to suspend development of the giant Kashagan oil region in its sector of the Caspian Sea, first initiated by a consortium of Western firms in the late '90s. Kashagan was said to be the most promising oil project since the discovery of oil in Alaska's Prudhoe

Bay in the late '60s, but the enterprise has encountered enormous technical problems and has yet to produce a barrel of oil. Frustrated by a failure to see any economic benefits from the project, the Kazakh government has cited environmental risks and cost overruns to justify suspending operations and demanding a greater say in the project.

Like the dramatic rise in oil prices, the Kashagan episode is an indication of the oil industry's growing difficulties in its efforts to boost production in the face of rising demand. "All the oil companies are struggling to grow production," Peter Hitchens of Teather & Greenwood brokerage told the Wall Street Journal in July. "It's becoming more and more difficult to bring projects in on time and on budget." That this industry debilitation is not a temporary problem but symptomatic of a long-term trend was confirmed in two important studies published this past summer by conservative industry organizations.

The first of these was released July 9 by the International Energy Agency (IEA), an affiliate of the Organization for Economic Cooperation and Development, the club of major industrial powers. Titled "Medium-Term Oil Market Report," it is a blunt assessment of the global supply-and-demand equation over the 2007-12 period. The news is not good. Predicting that world economic activity will grow by an average of 4.5 percent per year during this period -- much of it driven by unbridled growth in China, India, and the Middle East -- the report concludes that global oil demand will rise by 2.2 percent per year, pushing world oil consumption from approximately 86 million barrels per day in 2007 to 96 million in 2012. With luck and massive new investment, the oil industry will barely be able to increase output sufficiently to satisfy the higher level of demand anticipated for 2012. Beyond that, however, there appears little likelihood that the industry will be able to sustain any increase in demand. "Oil look[s] extremely tight in five years' time," the agency declared.

Underlying the report's general conclusion are a number of specific concerns. Most notably, it points to a worrisome decline in the yield of older fields in non-OPEC countries and a corresponding need for increased output from the OPEC countries, most of which are located in conflict-prone areas of the Middle East and Africa. The numbers involved are staggering. At first blush, it would seem that the need for an extra 10 million barrels per day between now and 2012 would translate into an added 2 million barrels per day in each of the next five years -- a conceivably attainable goal; but that doesn't take into account the decline of older fields. According to the report, the world actually needs an extra 5 million: 3 million to make up for the decline in older fields plus the 2 million in added requirements. This is a daunting and possibly insurmountable challenge, especially when one considers that almost all of the additional petroleum will have to come from Iran, Iraq, Kuwait, Saudi Arabia, Algeria, Angola, Libya, Nigeria, Sudan, Kazakhstan, and Venezuela -- countries that do not inspire the sort of investor confidence that will be needed to pour hundreds of billions of dollars into new drilling rigs, pipelines, and other essential infrastructure.

Similar causes for anxiety can be found in the second major study released last summer, "Facing the Hard Truths About Energy," prepared by the National Petroleum Council, a major industry organization. Because it supposedly provided a "balanced" view of the nation's energy dilemma, the NPC report was widely praised on Capitol Hill and in the media. Adding to its luster was the identity of its chief author, former ExxonMobil CEO Lee Raymond. Like the IEA report, the NPC study starts with the claim that, with the right mix of policies and higher investment, the industry is capable of satisfying U.S. and international oil and natural gas demand. "Fortunately, the world is not running out of energy resources," the report bravely asserts, but obstacles to the development and delivery of these resources abound; so, prudent policies and practices are urgently required. Although "there is no single, easy solution to the multiple challenges we face," the authors conclude, they are "confident that the prompt adoption of these strategies" will allow the United States to satisfy its long-term energy needs.

Read further into the report, however, and serious doubts emerge. Here again, worries arise from the growing difficulties of extracting oil and gas from less favorable locations, and the geopolitical risks associated with increased reliance on unfriendly and unstable suppliers. According to the NPC (using data acquired from the IEA), an estimated \$20 trillion in new infrastructure will be needed over the next twenty-five years to ensure that sufficient energy is available to satisfy anticipated worldwide demand.

The report then states the obvious: "A stable and attractive investment climate will be necessary to attract adequate capital for evolution and expansion of the energy infrastructure." This is where any astute observer

should begin to get truly alarmed, for, as the study notes, no such climate can be expected. As the center of gravity of world oil production shifts decisively to OPEC suppliers and state-centric energy producers like Russia, geopolitical rather than market factors will come to dominate the marketplace.

"These shifts pose profound implications for U.S. interests, strategies, and policy making," the NPC report states. "Many of the expected changes could heighten risks to U.S. energy security in a world where U.S. influence is likely to decline as economic power shifts to other nations. In years to come, security threats to the world's main sources of oil and natural gas may worsen." The implications are obvious: major investors are not likely to cough up the trillions of dollars needed to substantially boost production in the years ahead, suggesting that the global output of conventional petroleum will not reach the elevated levels predicted by the Energy Department but will soon begin an irreversible decline.

This conclusion leads to two obvious strategic impulses: first, the government will seek to ease the qualms of major energy investors by promising to protect their overseas investments through the deployment of American military forces; and second, the industry will seek to hedge its bets by shifting an ever-increasing share of its investment funds into the development of non-petroleum liquids.

### **The New 'Washington Consensus'**

The need for a vigorous U.S. military role in protecting energy assets abroad has been a major theme in American foreign policy since 1945, when President Roosevelt met with King Abdul Aziz of Saudi Arabia and promised to protect the kingdom in return for privileged access to Saudi oil. In the most famous expression of this linkage, President Carter affirmed in January 1980 that the unimpeded flow of Persian Gulf oil is among this country's vital interests and that to protect this interest, the United States will employ "any means necessary, including military force." This principle was later cited by President Reagan as the rationale for "reflagging" Kuwaiti oil tankers with the American ensign during the Iran-Iraq War of 1980-88 and protecting them with U.S. warships -- a stance that led to sporadic clashes with Iran. The same principle was subsequently invoked by George H.W. Bush as a justification for the Gulf War of 1991.

In considering these past events, it is important to recognize that the use of military force to protect the flow of imported petroleum has generally enjoyed broad bipartisan support in Washington. Initially, this bipartisan outlook was largely focused on the Persian Gulf area, but since 1990 it has been extended to other areas as well. President Clinton eagerly pursued close military ties with the Caspian Sea oil states of Azerbaijan and Kazakhstan after the breakup of the USSR in 1991, while George W. Bush has avidly sought an increased U.S. military presence in Africa's oil-producing regions, going so far as to favor the establishment of a U.S. Africa Command (Africom) in February. One might imagine that the current debacle in Iraq would shake this consensus, but there is no evidence that this is so. In fact, the opposite appears to be the case: possibly fearful that the chaos in Iraq will spread to other countries in the Gulf region, senior figures in both parties are calling for a reinvigorated U.S. military role in the protection of foreign energy deliveries.

Perhaps the most explicit expression of this elite consensus is an independent task force report, "National Security Consequences of U.S. Oil Dependency," backed by many prominent Democrats and Republicans. It was released by the bipartisan Council on Foreign Relations (CFR), co-chaired by John Deutch, deputy secretary of defense in the Clinton Administration, and James Schlesinger, defense secretary in the Nixon and Ford administrations, in October 2006. The report warns of mounting perils to the safe flow of foreign oil. Concluding that the United States alone has the capacity to protect the global oil trade against the threat of violent obstruction, it argues the need for a strong U.S. military presence in key producing areas and in the sea lanes that carry foreign oil to American shores. An awareness of this new "Washington consensus" on the need to protect overseas oil supplies with American troops helps explain many recent developments in Washington. Most significant, it illuminates the strategic stance adopted by President Bush in justifying his determination to retain a potent U.S. force in Iraq -- and why the Democrats have found it so difficult to contest that stance.

Consider Bush's September 13 prime-time speech on Iraq. "If we were to be driven out of Iraq," he prophesied, "extremists of all strains would be emboldened.... Iran would benefit from the chaos and would be encouraged in its efforts to gain nuclear weapons and dominate the region. Extremists could control a key part of the global energy supply." And then came the kicker: "Whatever political party you belong to, whatever your position on

Iraq, we should be able to agree that America has a vital interest in preventing chaos and providing hope in the Middle East." In other words, Iraq is no longer about democracy or WMDs or terrorism but about maintaining regional stability to ensure the safe flow of petroleum and keep the American economy on an even keel; it was almost as if he was speaking to the bipartisan crowd that backed the CFR report cited above.

It is very clear that the Democrats, or at least mainstream Democrats, are finding it exceedingly difficult to contest this argument head-on. In March, for example, Senator Hillary Clinton told the New York Times that Iraq is "right in the heart of the oil region" and so "it is directly in opposition to our interests" for it to become a failed state or a pawn of Iran. This means, she continued, that it will be necessary to keep some U.S. troops in Iraq indefinitely, to provide logistical and training support to the Iraqi military. Senator Barack Obama has also spoken of the need to maintain a robust U.S. military presence in Iraq and the surrounding area. Thus, while calling for the withdrawal of most U.S. combat brigades from Iraq proper, he has championed an "over-the-horizon force that could prevent chaos in the wider region."

Given this perspective, it is very hard for mainstream Democrats to challenge Bush when he says that an "enduring" U.S. military presence is needed in Iraq or to change the Administration's current policy, barring a major military setback or some other unforeseen event. By the same token, it will be hard for the Democrats to avert a U.S. attack on Iran if this can be portrayed as a necessary move to prevent Tehran from threatening the long-term safety of Persian Gulf oil supplies. Nor can we anticipate a dramatic change in U.S. policy in the Gulf region from the next administration, whether Democratic or Republican. If anything, we should expect an increase in the use of military force to protect the overseas flow of oil, as the threat level rises along with the need for new investment to avert even further reductions in global supplies.

### **The Rush to Alternative Liquids**

Although determined to keep expanding the supply of conventional petroleum for as long as possible, government and industry officials are aware that at some point these efforts will prove increasingly ineffective. They also know that public pressure to reduce carbon dioxide emissions, thus slowing the accumulation of climate-changing greenhouse gases and to avoid exposure to conflict in the Middle East, is sure to increase in the years ahead. Accordingly, they are placing greater emphasis on the development of oil alternatives that can be procured at home or in neighboring Canada. The new emphasis was first given national attention in Bush's latest State of the Union address. Stressing energy independence and the need to modernize fuel economy standards, he announced an ambitious plan to increase domestic production of ethanol and other biofuels. The Administration appears to favor several types of petroleum alternatives: ethanol derived from corn stover, switch grass, and other nonfood crops (cellulosic ethanol); diesel derived largely from soybeans (biodiesel); and liquids derived from coal (coal-to-liquids), natural gas (gas-to-liquids), and oil shale. All of these methods are being tested in university laboratories and small-scale facilities, and will be applied in larger, commercial-sized ventures in coming years with support from various government agencies.

In February, for example, the Energy Department announced grants totaling \$385 million for the construction of six pilot plants to manufacture cellulosic ethanol; when completed in 2012, these "biorefineries" will produce more than 130 million gallons of cellulosic ethanol per year. (The United States already produces large quantities of ethanol by cooking and fermenting corn kernels, a process that consumes vast amounts of energy and squanders a valuable food crop while supplanting only a small share of our petroleum usage; the proposed cellulosic plants would use nonfood biomass as a feedstock and consume far less energy.)

Just as eager to develop petroleum alternatives are the large energy companies, all of which have set up laboratories or divisions to explore future energy options. BP has been especially aggressive; in 2005 it established BP Alternative Energy and set aside \$8 billion for this purpose. This past February the new spinoff announced a \$500 million grant -- possibly the largest of its kind in history -- to the University of California, Berkeley, the University of Illinois, and Lawrence Berkeley National Laboratory to establish an Energy Biosciences Institute with the aim of developing biofuels. BP said the institute "is expected to explore the application of bioscience [to] the production of new and cleaner energy, principally fuels for road transport."

Just about every large oil company is placing a heavy bet on Canadian tar sands -- a gooey substance found in Canada's Alberta province that can be converted into synthetic petroleum but only with enormous effort and



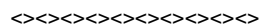
Food production has kept pace with population growth by increasing 50 percent between 1980 and 2000, but it is an open question whether there will be enough food in 2050 with an estimated three billion more mouths to feed... That means more food has to be produced within the next 50 years than during the last 10,000 years combined, he noted... "Global food production per hectare is already declining," said Zafar Adeel, director of the United Nations University's Canadian-based International Network on Water, Environment and Health... There are a number of reasons for this decline, including the fact that soil degradation is producing growing shortages of water. Soil and vegetation act as a sponge that holds and gradually releases water, Adeel explained.

The newest challenge to food production and conserving land and water resources is the boom in vegetable-based biofuels, says Andrew Campbell, Australia's first National Landcare Facilitator... "Soils are under greater pressure than ever before," Campbell said in an interview. "Governments around the world are subsidising crops to produce biofuels." ... Hundreds of millions of square kilometers of farmland will soon be used to meet a small part of the world's rapidly growing thirst for fuel, and even if rainforests aren't being cleared to grow biofuel crops, as is the case in parts of Asia and South America, they offer little if any net environmental benefits, Campbell argues...

Another reason to rethink the stampede to biofuel: These crops use a lot of water. In the future, there will simply not be enough water to grow the food we need, he says... By most analyses, biofuels do little to help out the problem of climate change, but preventing deforestation and soil loss is the quickest and easiest way to reduce emissions of greenhouse gases... Paradoxically, the environmental problem of climate change may finally move the world to act on another long-term fundamental environmental issue -- the protection of soils... Land degradation and desertification may account for as much as about 30 percent of the world's greenhouse gas releases, according to researcher Rattan Lal of Ohio State University. These changes to the land also alter the water, temperature, and energy balance of the planet... and climate change makes land degradation much worse and more extensive, mainly through changes in precipitation and increased evaporation that trigger more extreme weather... Carbon dioxide is the main greenhouse gas and "keeping carbon molecules in the soil and in forests and grasslands is the quickest and best bang for the buck in addressing climate change," Adeel said...

A number of other fundamental policy changes are also needed if conservation of soil and vegetation and restoration of degraded land to ensure humanity's future survival, experts say... Ending the estimated 30 billion dollars in food subsidies in the north that contribute directly to land degradation in Africa and elsewhere, and which force poor farmers to intensify their production in order to compete, would be a good start, Adeel said... For Andrews, a sweeping change in how land use decisions are made at all levels of government is needed. Soil, water, energy, climate, biodiversity, food production are all interconnected, which demands integrated policy making. Decisions and policies are currently set by different governmental departments and agencies with little regard for the impacts on other sectors, he said... Energy ministries will happily spend billions on biofuels without worrying about where the water will come from, or how they will impact soils, biodiversity, and food prices, he warned.

There is also no formal agreement on protecting the world's soils. Delegates at the weekend forum in Iceland will consider propositions for an International Year of Land Care to focus attention on soil stewardship, which affects food and water security worldwide... "We have battled very severe land degradation in Iceland that has taken us 100 years to tackle," Arnolds said... That degradation means one-third of Iceland's 103,000 sq km area is still desert... Iceland should serve as both a warning to other countries and hope that it is possible to restore degraded lands with enough resources, he says. "It is far better to preserve than restore," the scientist noted.



**OUR SUICIDAL PRICE SYSTEM**, by Ron Miller, Authorized Speaker of Technocracy Inc.

The philosophy and ideology built into a Price System is self-centered greed – pure and simple. The first rule of a Price System is the golden rule: He who has the gold makes the rules. A Price System is diametrically opposed to basic human nature. Human beings have always been organized into a cooperative society. That is how it has survived and prospered as a species. The operation of a Price System promotes the concept of

the “rugged individual.” There is no such thing. Those who claim to have done it all by themselves are lying. They have all used the efforts of many in their endeavors.

A Price System is a very clever but natural human invention that promotes commerce and even encourages invention. This has led many to conclude, erroneously, that the existence of a Price System is responsible for creativity and the natural human desire to contribute positively to human endeavor. This myth was thoroughly and completely debunked in “No Contest: The Case Against Competition” by Alfie Kohn. Paying people actually destroys their interest in what they are being paid to do!

There have been many excellent analyses of the Price System over the last several decades. The problem is with the proposed solutions. The article by Richard Cook, “Inflation and The Federal Reserve,” is very good in its detailed analysis of current difficulties. What he proposes is to fix the system. Technocracy Inc. realized decades ago that the system is beyond fixing. All such proposals are similar to a lawyer dressing up a serial killer for a courtroom appearance. Underneath the nice clean clothes he is still the same old killer.

Our problems are physical, and they were created by the Price System. To expect the same system that created the problems to fix them is simply ludicrous. A Price System works well where it was first invented – small, basically agricultural communities. When the same system is applied to a technologically advanced society as ours, it metastasizes into a dangerous and destructive social cancer.

Technocracy realized decades ago that this form of social organization would be destroyed by the advance of technology. The real question is – would we allow it to take us with it? We don’t have to go!

Technocracy understood that energy is the most fundamental constituent of anything physical and that it should be the measure of all operations within a society. Nothing can move without an expenditure of energy. Nothing can be heated or cooled without an expenditure of energy. Human beings are, as are all living things, energy-converting devices. Without energy the universe does not exist.

What Technocracy proposed is that all the energy produced by the society should, within the accounting period of time, be totaled. Energy required for maintaining and operating the social system should be deducted, and what remains should be divided equally among the populace. The energy required for production of goods and services should be measured for each product. When a person consumes an item, say, by picking one up from a distribution center, the amount of energy required to produce it would be deducted from his/her account.

The disappearance of a Price System would immediately have consequences that would be good for human survival. People would no longer be under the control of someone else for their living. For the first time people would really be free. Freeing the society from the constrictions of having to obey economic demands rather than a simple calculation of the physical requirements of whatever one is doing means that the social system has become far simpler to operate.

To fully understand this, one has only to carefully consider Price System operation. The only function of any business is profit and nothing else. The ideal business would consist of nothing but income – an endlessly growing bank account. Every business that operates tries, in every way possible, to minimize costs. To do this it reduces the cost of what it is making: the cost of employees, the costs of marketing, transportation and distribution, and of raw materials needed to produce anything. The only thing of interest is – will it make money? The tobacco industry is a good example of an industry that will eventually sicken and possibly kill their customers. They made quite certain that anything proving this rather obvious fact was kept secret for decades. There is no need to pick on such an obvious target. For decades the automobile industry covered up the fact that the installation of seat belts would save many lives because they didn’t want the added expense. Many products have been introduced that were essentially poison. No testing was done on such things because all that mattered was that they make a profit.

Today we face an energy shortage. The real reason for this is that the faster a resource is consumed, the more money is made from selling it. Although there is now a shortage, natural gas that occurred in oil deposits was simply burned (flared off) because it had no monetary value at the time. Agriculturalists continue pumping water out of deposits that took millions of years to accumulate. Once they are depleted, replacing them is no sure thing and may not be possible without huge energy expenditures.

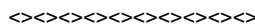
Economists have developed an interesting term – externalization. It means passing the costs of operating the business on to others, usually the society as a whole. Any business that dumps its garbage in someone else’s yard in the middle of the night and walks away is doing just that. Garbage comes in many forms. Some dump it into a river where it becomes the problem of someone downstream. Nations run up huge debts and pass them down to the next generations. Others dump their waste into the atmosphere where it is now poisoning the entire planet.

Armaments come as close as possible to producing nothing while consuming huge amounts of natural resources. Armaments add nothing to the welfare of society although they are necessary to protect the nation. They just sit until they are used, at which time they are mostly used up. They must be constantly upgraded. The technology requires a high degree of training to be effective. Society can no more afford to be without it than they can the fire department.

But, true to form, those who manufacture it have conducted a huge campaign to promote more. The biggest disaster was the end of the “cold war.” Suddenly no really needed anything like the amount of armaments that were needed previously. To solve the problem a whole new class of terrible enemies was created. A war on terrorism was declared. The grand thing about this is that this enemy doesn’t even exist as a state. This means that the war can go on forever, because surrender becomes a meaningless term.

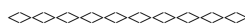
Terrorism is the weapon of the powerless. It is used by people who have only very small numbers and a great sense of desperation. Using the military to attack terrorists is about like using a baseball bat to swat flies. You might occasionally get a fly, but you will do a great deal of damage to just about everything else in the neighborhood. The British have shown the best way to deal with terrorists. Careful, methodical, and detailed police work actually works. There is one thing that using the military will produce that the police usually don’t. It will produce huge profits for the corporations that manage to get lucrative contracts which, of course, they all want.

This Price System is killing us! Vast quantities of all kinds of things we really don’t need are manufactured and cleverly marketed as vital necessities by skilled professionals. The end result is a vast waste of real world resources, which eventually wind up in giant landfills. The profits? They are stored in banking computers as highly secured electronic code, with absolutely no concern how much this process degrades and destroys our world’s natural resources. Money (The Price System) is in control of the mass media to insure no one will understand what is happening. Infotainment has replaced actual in depth-news reporting. All attempts to fix the system is an illusion. No matter how many rules are put in place to make it behave well, it will just return to being a Price System again. People are so saturated with Price System logic that they simply cannot see out of the forest. The real test of human survivability is how do we find our way out of this stupid maze before it is too late. This could well be the last chapter in the human story.



Continental Headquarters of Technocracy Inc. is offering a 50% reduction in price for our newly-updated **Technocracy Technological Continental Design -- Functional Governance for North America** to all who receive this newsletter. If you are seeking solutions for solving the problems created by our civilization on this continent, simply send \$6.00 and the name and address to where you wish to have the booklet sent. There will be no shipping charges to pay. Mail this to:

Continental Headquarters  
Technocracy Inc.  
2475 Harksell Rd.  
Ferndale, WA 98248-9764



Compiled by Paul Cordsmeyer  
Continental Headquarters  
Technocracy Inc. [www.technocracyinc.org]  
Ferndale, WA

Edited by Margaret Mathers  
Member-at-Large  
Technocracy Inc.  
Cleveland, OH