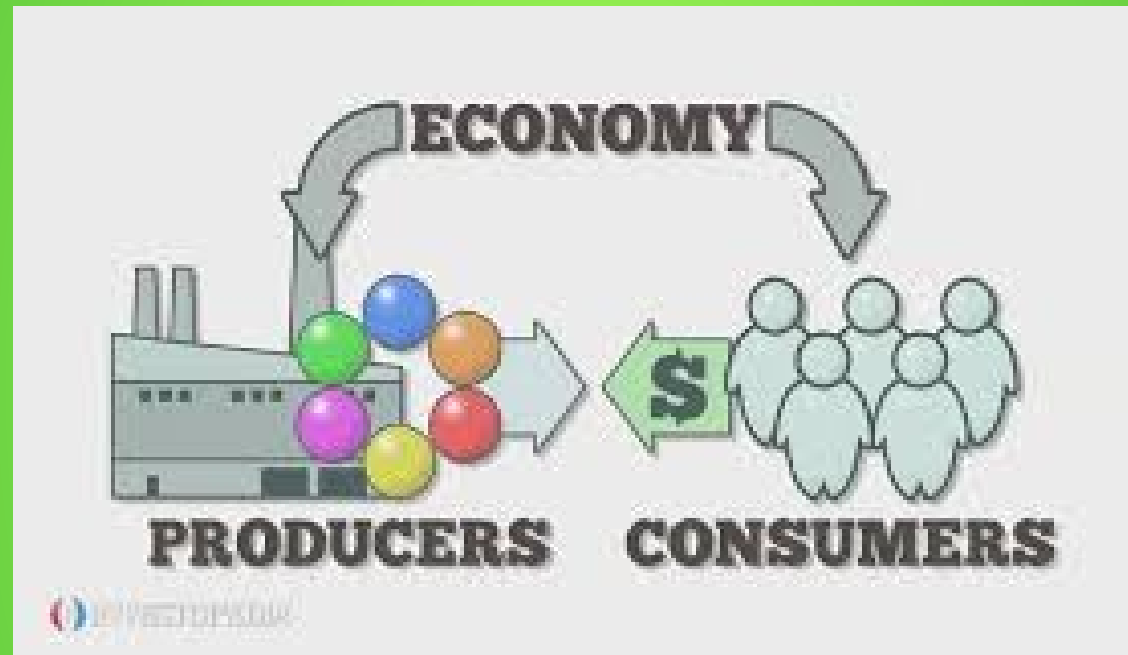


The National Income Equation (Six sectors in all*)



*Data collected for 1929-1993 from the Economic Report of the President showing income for all 6 sectors (shown as 5 components):

http://normbook.homestead.com/Tables/19_The_5_components_of_National_income_-_The_T_Chart.jpg

Income side	Cost side
1. Small Business income	5. Wages
2. Corporate profits	6. Net Interest
3. Rental income	
4. Net farm income	

The correct ratio for a stable economy is:

33.3% INCOME and . . . 66.6% COST.

(This ratio provides enough income to pay costs.)

For income percentages and ratios for 1929 – 1993 see:

http://normbook.homestead.com/Tables/20_comparing_the_costs_to_profits__national_income.jpg

The total income from the four INCOME sectors has to maintain PARITY in order to pay wages and interest on the COST side.



****see Chapters 5 -7, including charts:***

<http://normbook.homestead.com/Raw-Materials-Economics.html>

Parity is all about balance. . .

When the economy is in balance all sectors of the economy advance at about the same rate.



Wilken and the NORM Economists found that raw farm materials production plays a key role in maintaining a balanced economy.



They made three key discoveries . . .

#1. The income side of the NATIONAL INCOME EQUATION has to move at a rate governed by raw materials intake.

#2. A balanced economy can only be achieved when farmers as a group (or in the aggregate) are paid enough for the raw materials they produce to enable them to purchase the things they need. (that way: income side + cost side = NATIONAL Income)

PLUS one last very important thing . . .

#3. The multiplier effect for agriculture is HIGHER than for any other sector. . .

» EACH dollar earned by agriculture translates to . . .

at least SEVEN dollars in Earned NATIONAL income.



\$1 dollar farm income = \$7 National Income

The EARNED savings so achieved can be used to further develop both rural and urban economies, thus building national wealth.



So long as agriculture is able to maintain parity with the other sectors, the nation will prosper. . .

AND . . .

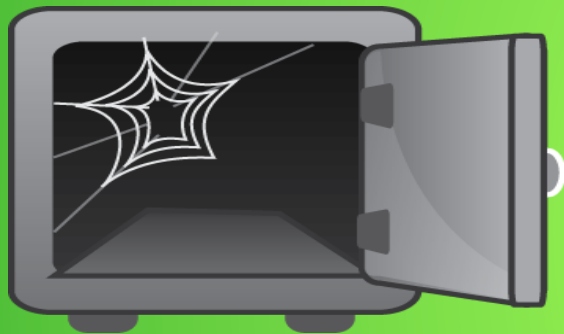
The “domestic exchange economy” can function to the benefit of all.

A domestic exchange economy. . .

Is developed primarily through home grown industries.



This means that . . . a domestic exchange economy benefits from cooperative development achieved via EARNED SAVINGS.



Unlike economies dependent upon debt dominant money systems. . .

. . . a domestic exchange economy does not demand unnecessary growth, over-consumption, excessive risk taking (gambling) on the stock market and seeking unearned profits via unfair trade practices.

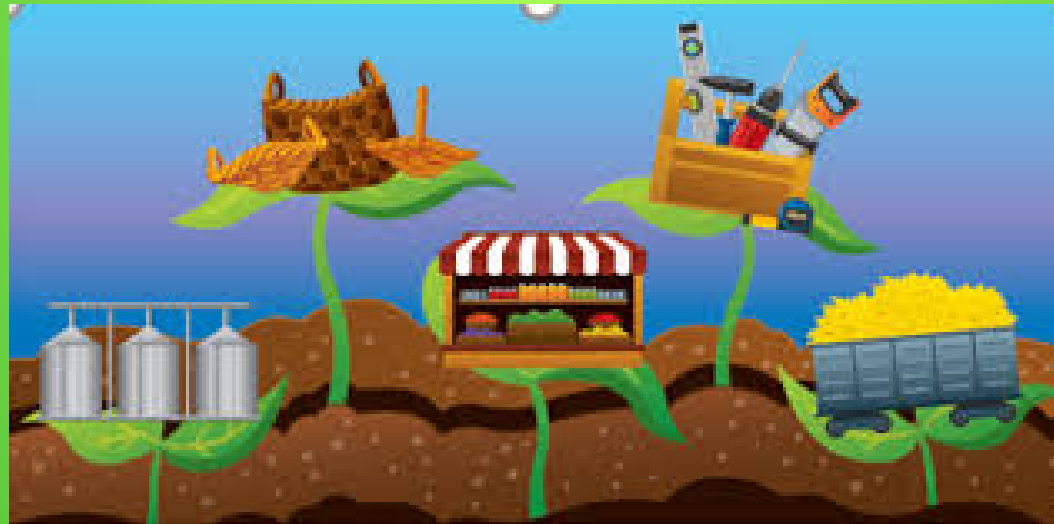
If allowed, a functioning domestic exchange economy. . .

Will develop differently for every nation . . .
depending on types of resources, stage of
development, form of government, social
and cultural mores, and more.

BUT. . .

in every country the same principle applies:

By turning its own raw materials into products,
wealth can be created where none existed before.



A domestic exchange economy can be destroyed . . .

through organized manipulations of WAGES and PRICES, a technique employed for millenia by a relative handful of international merchants, traders and bankers.

The British East India Company is one example. It grew rich by its “cheating” style of trade and its ability to manipulate the money supply.



The British East India Company 1698



East India House, London, circa 1817

. . . . from the Boston Tea Party to the WTO --- and beyond.

For more on Wage and Price Manipulation via “Free” trade and our money supply system see:
<http://www.thetwofacesofmoney.com/index.php/Site/ManipulatingWagesAndPricesViaFreeTradeAndOurMoneySupplySystem>

A domestic exchange economy. . .

Depends upon parity, which is all about balance.

Such an economy is “able to earn its own way”
- so long as farmers as a group are paid a living wage for their labor.

Two things are needed
to ensure parity for agriculture, ie farm parity



#1. Overall income cannot be expanded by debt.
(Another way to say this is that there should always be enough money in the economy to pay off overall debt.)

#2. The “domestic exchange” price structure is not ruptured by “free” international trade.(This in no way negates the importance of fair exchange of goods and services between peoples of different nations.)

BUT if these two requirements for farm parity are NOT met. . . .

. . . . an entire economy will starve in the midst
of plenty



NEEDLESSLY!