FREE TRADE'S GIANT SUCKING SOUND:

<u>THE</u> cause of poverty, and spawning ground for all forms of slavery around the world

During the 1992 Presidential debates, candidate Ross Perot made a name for himself by pointing out the obvious about "free" trade:

- when you have a 7 to 1 wage (or price) differential between countries, the best that can be expected is a giant sucking sound of lost jobs and income, forcing nations to compete in a "race to the bottom" – all while the savings and profits of all participating nations gets funneled into the investment class and investment banks.

Most of us get this. . . .

WHAT IS THE BASIS

FOR “FREE” TRADE . . .

AND WHO BENEFITS?

In 1769 Benjamin Franklin observed that there are only 3 ways a nation can become wealthy:

#1. It can engage in war and war profiteering.

#2. It can reap unearned profits through exploitation of wage and price differentials, under cover of “free” trade.

#3. OR, it can create *new*, *earned* wealth through a balanced domestic “exchange” economy

So. . .

What is the source of new, *earned* wealth, and how does it differ from *unearned* wealth?

Benjamin Franklin and the American colonists as a whole adhered to the basic principles of the early French physiocrats, who created the first strictly scientific system of economics.

The most significant contribution of these physiocrats was their emphasis on productive work as the source of national wealth.

Their basic axiom was “All new wealth comes from the land, and labor enabled its production.”

In contrast, classical economists such as Thomas Malthus and especially the ever-popular Adam Smith held that a nation's wealth came from international trade. .

The kind of trade that emphasized national specialization in products in which one nation had “absolute advantage” over another nation, thereby allowing for economies of scale and increased efficiency. . .

. . . And cheaper prices.

The American colonists not only learned from the French Physiocrats - they also learned through first-hand experience that a nation's economy creates new, *earned* wealth out of production, not trade.

They understood implicitly that each year's production of goods and services should create the income needed to operate the nation as a solvent business able to consume its own production.

They also knew that a country that wants to maintain national income sufficient enough to keep its own people producing *new, earned* wealth cannot afford. . .

1) to import cheap products,
2) to export products below cost or
3) Allow more foreign products into their markets than those markets could absorb at the same prices obtained by their own domestic producers.

In other words, protecting the domestic economy of any country and its producers requires tariffs, quotas and similar measures.

“Free” trade advocates say that farmers (or other businesses) who can't compete with “cheap” world prices *should* go out of business.

They call this “competitive advantage” resulting in increased “efficiency” (the god of “free” trade).

And, fortuitously enough for those with adequate finances, farms (or businesses) forced out of business become “investment opportunities” . . .

. . . that involve picking up farms for the proverbial dime on the dollar - - -

then turning them into more “efficient” industrial-style farms, never mind the laws of biology, or the needs of the soil or of the people.

Foreign investment opportunities are also a key part of “free” trade.

BUT . . . loans from a high income nation to a low income nation cannot be repaid –

UNLESS. . .

The low income borrower nation manages to sell enough of its own cheap goods to higher markets – all at the cruel and unjust expense of its own people.

The domestic economies of every nation differ – sometimes radically - in terms of resources, stage of development, labor costs, and so forth.

But the kind of trade that exploits wage and price differences means that the economies and earned income of all participating countries will suffer. . .

. . .even if investors, *as a class*, are able to reap huge rewards. (Financiers always reap rewards since their profit comes when a deal is put together.)

“Free” trade reduces national income because it destroys the internal, domestic “exchange” economy in rich and poor nations alike

International trade ***should*** be about trading in a way that respects the internal economy of every nation.

This way, NO ONE profits through exploitation and *everyone* is better off!

For all non-exploitative economies, the economic cycle boils down to two operations:

1. Payments by producers to their employees and themselves for producing new wealth.

2. The payment of the *same* money by the *same* people (and other consumers) to get the wealth out of the production system after products are made.

By way of a crude example . . .

Raw materials, such as wheat that is used to make bread or the iron ore that is used to make steel, are the first and most important stage in the wealth-production process --- because it is here that national income begins to be built.

This is especially true of agriculture for many reasons, including the fact that everyone of us must eat at least once every single day and we all must be fed from birth till we reach working age when we can contribute to national income.

So, here is the way it works . . .

. . .when a bushel of wheat is sold to a miller and turned into flour and then the flour is sold to the baker and turned into bread, and the bread is sold to a consumer --

each exchange (or trade turn) adds to the price of the initial bushel of wheat but not to the product.

Keep in mind that at each point in the production process, tools, machinery and/or utensils are required, adding still more “trade turns” to the income building process. . . . . .

. . . when all these transactions, or trade turns, are added together we get national income.

In short . . .

The total national income has to be the sum of its parts. A cost to one segment is income to another (and vice versa).

So long as the internal price structure of the domestic economy is not destabilized by “free” trade or excessive debt, we can have a balanced domestic “exchange” economy from which all can benefit.

BUT . . .

when raw materials prices, and wages, are kept low - as is the case with “free” trade - an economy is forced to borrow in order to consume its own production.

So it is that the banking industry – as a whole – is a chief beneficiary of “free” trade.

Evidence for this. . .

Around 75 years ago, one diligent U.S. Senate committee found that 40% of the profits of the four biggest banks came from international transactions rather than domestic transactions. These banks made their profits on international trade and differences in exchange.

The Senator heading up the committee was Homer Capehart, who was a U.S. Senator from 1945-1963.

Per Charles Walters, trained economist and founder of Acres USA:

There are four conditions under which free trade or laissez faire economics has to operate, and fulfillment of these conditions is always fatal to world economic stability.

Condition #1: “Free contracts between employer and employee.” This is code for LOW WAGES and No Unions, No Trade Guilds, No Farmer's Associations or Cooperatives.

<u>But</u> . . . on the firing line of business, LOW WAGES simply mean that workers can not consume the production their economy accounted for.

Thus LOW WAGES make necessary the trader nation, the one forever on the hunt for markets elsewhere.

Condition #2: “Free exportation of goods.” Free export is necessary when too few of a nation's own people can afford what the nation produces (a condition *caused* by low wages.)

Free import of goods (made attractive because of low wages) *requires* the reciprocation of free export.

Condition #3: “Free export of capital” – whereby existing capital (representing savings) is turned into financial instruments (which are often expanded by debt) to be used to speculate in foreign markets. The fruits of this activity yields *unearned* income and paper claims to wealth earned by others.

The results. . .

. . . Local capital markets become starved for capital in the same way that low wages and low farm income starve local markets of money.

Condition #4: Implementation of an international monetary/financial system – which makes free export of local capital a working reality.

During and after World War II a concerted effort was made to centralize the international monetary/financial system, via:

**The Installation of central banks throughout the world.

**The establishment of the Bank of International Settlements which "*fosters international monetary and financial cooperation*"

**Creation of various organs of the United Nations including the World Bank Group and the IMF

**Free trade agreements unified by their explicit authority under international law to decide which local and national laws are in violation of its trade rules.

The General Agreement on Tariffs and Trade (GATT) was initiated in 1948, after the House Ways and Means Committee of the U.S. Congress rejected the proposed International Trade Organization (forerunner to the WTO).

In 1994, the World Trade Organization (WTO) replaced GATT. This was quickly followed by NAFTA, CAFTA, etc. with the TTIP and the TPP being the latest in a long line of such agreements.

TTIP and the TPP will not be the last such proposals unless we change the international financial system - by first reforming our own monetary system.

Our international trade and financial/monetary system has existed in rudimentary form throughout the ages, and was once guided by something called the unwritten Law Merchant, or Lex Mercatoria. Also known as mercantile law, this body of law has been described as the law of the high seas, the law of the international market, the law of no nation in particular, but the law only of the traders and the corporations.. . .

Today a “new” Lex Mercatoria is emerging in the form of a parallel system of international commercial law governing international trade, which exists outside a nation's own set of laws.

As it happens. . .

The U.S. Constitution grants *Congress* – and <u>not</u> an amorphous international body of tribunal courts - an express power to govern the traditional "Law Merchant" through the Commerce Clause. . .

i.e., *"The Congress shall . . .regulate Commerce with foreign Nations, and among the several states, and with the Indian tribes. . ."*

In the Commerce Clause, the legal meaning of the word “Commerce" embraced the actions of international merchants, factors (commodity brokers), carriers, traffickers with foreign nations, and consignees.

The “Commerce” power given to Congress by the Constitution did *not* include domestic agriculture or manufacture – or land use. That was the domain of the separate states and Indian nations.

**The Legal Meaning of “Commerce” in the Commerce Clause*, by Constitutional Law expert Robert Natelson.

Today, we fail to understand:

-that a nation's wealth is derived from the income that is earned by its own people

-that new wealth originates in the natural world, and man's activities simply add value to Earth's products.

We also manage to confuse ourselves . . .

With common economic terms that distorts our perceptions about national income and the true source of our wealth. . .

Terms like velocity of money, double-entry book-keeping, financial capital, financial assets, yield curve, dispersed costs, consumer price index, inflation, stagflation, deflation . . .

None of these terms tell us anything useful about the true source of a nation's wealth.

The source and creation of new wealth of a nation boils down to two parts:

1. The income people earn through production of goods and services for human use.

2. The price goods sell for at the consumer level.

Stated in monetary terms:

Production x Price = Income

Income is the monetary measure of value.

This money then delivers the ability for all participants to exchange the products (and services) the "exchange" economy as a whole produces. The amount left over after deducting production costs enables you to make future investments that benefit you and your community.

Creation of *new, earned* wealth is the true source of savings and profits within a nation, not paper profits gained through speculation and gambling on the stock market.

But . . .if wages or prices are kept too low – as is the case with “free” trade, production of new wealth drops and national income falls.

This forces government, business, and people to expand income with debt.

And. . .the more debt we have the more future income must be used to pay the debt.

As debt accumulates . . .

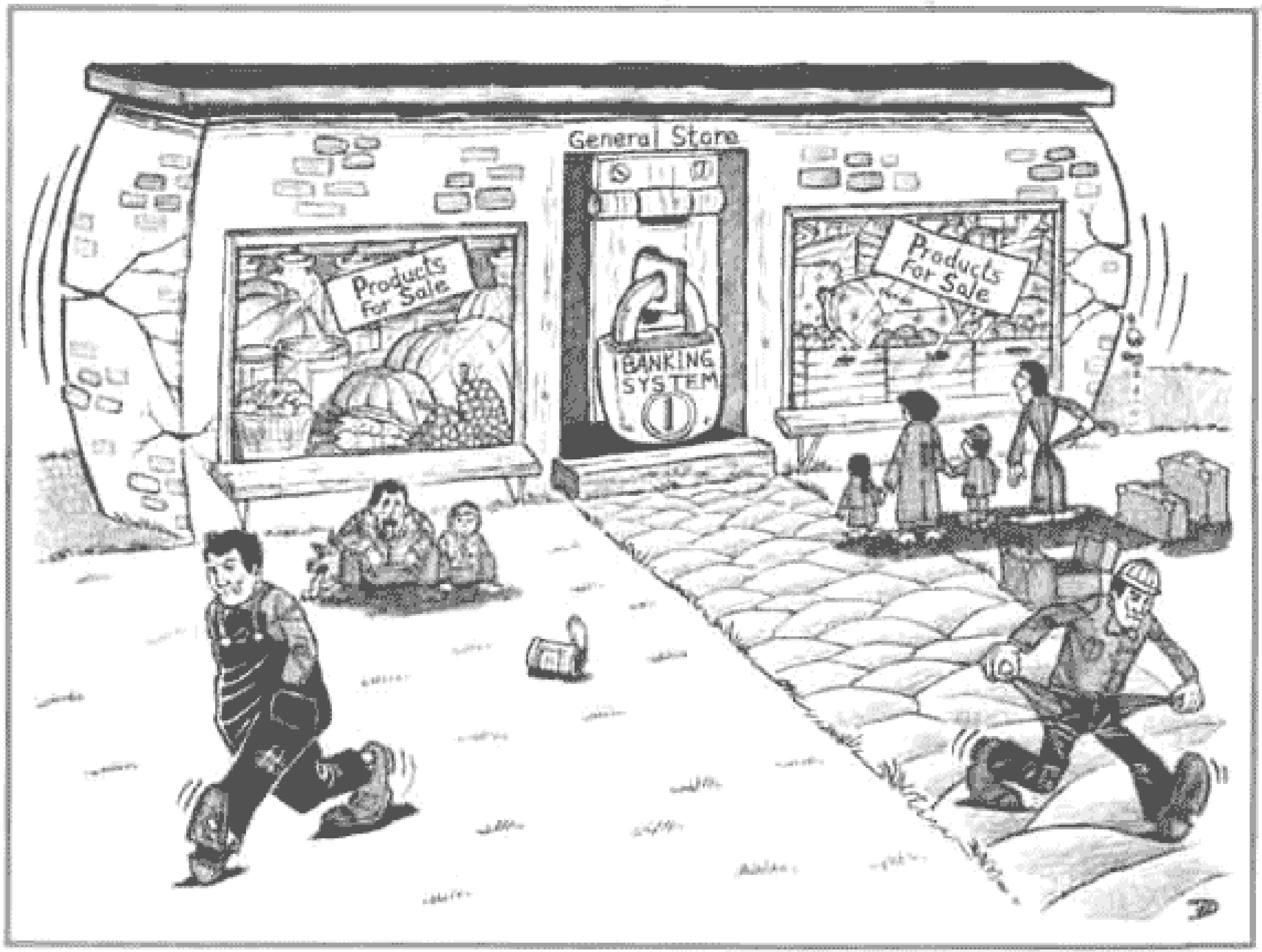
Governments will seek to reduce costs via austerity cuts, and seek to increase revenue via higher taxes, privatization of public assets and other means.

At the same time more and more ordinary people and businesses will go deeper into debt, go bankrupt, lose factories, homes and jobs, find ways to do without – or when desperate enough, find other ways to survive.

Debt Reliant Money Systems Create CHRONIC MONEY SHORTAGES

"While economic textbooks claim that people and corporations are competing for markets and resources, I claim that in reality they are competing for money - using markets and resources to do so. Greed and fear of scarcity are being continuously created and amplified as a direct result of the kind of money we are using. For example, we can produce more than enough food to feed everybody, and there is definitely enough work for everybody in the world, but there is clearly not enough money to pay for it all. In fact, the job of central banks is to create and maintain that currency scarcity."

Former Central Banker Bernard Lietaer in an article titled "Beyond Greed and Scarcity," *YES! Magazine*, Summer 1997.


General Store
Products for Sale
BANKING SYSTEM
Products for Sale

In a world characterized by a growing scarcity of money and increasing levels of debt - - -

greed, fear, corruption, aggression, abuse and other dark elements of human nature emerge. . . .

The truth is that. . .

Expanding income through debt creates only the illusion of prosperity.

It also encourages us all to live beyond our means - and beyond what the environment can bear.

Growth through debt instead of savings boils down to spending next year's income today. Following the mathematical law of increase, debt piles on top of debt forcing us to borrow further and further into the future.

The truth is that. . .

We have a systemic (and growing) shortage of “money” relative to debt due to our money system (which allows banks to create debt that serves the purpose of money).

This means that our debt will eventually become unpayable, due to the well known mathematical law of exponential increase.

What is Money?

Money is an invention of the human mind. It is a very intellectual way of handling a barter system. We provide wealth first, then the tokens to represent that wealth.

Will Abrams, Canadian monetary reformer

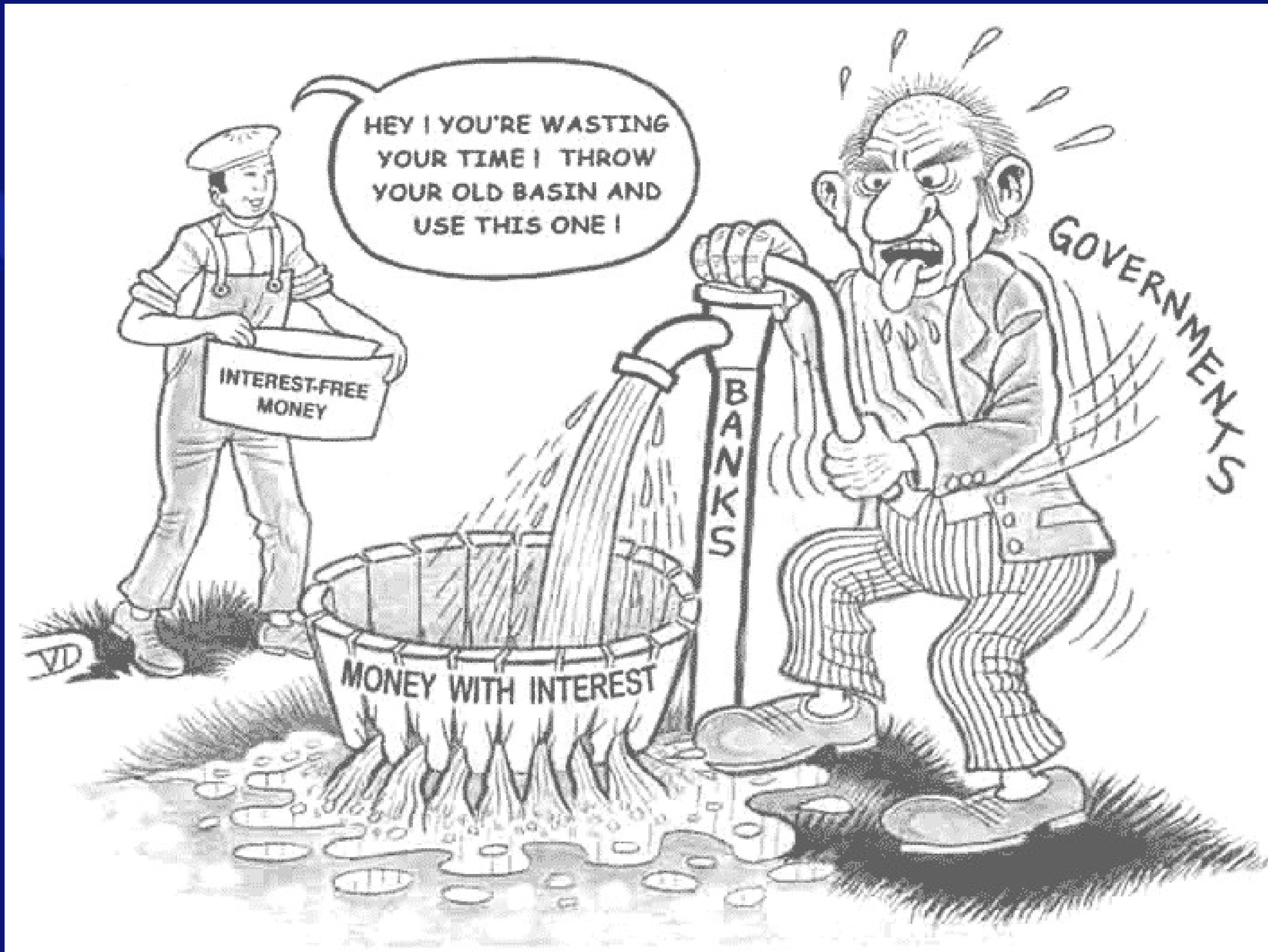
Money is not intended to create wealth, or the objects of commerce, nor is it able to do either. Its office is to represent and *exchange* them.

John Taylor of Caroline, in 1814 (himself a “Jeffersonian”)

Money is simply a device, or ticket system if you will, for the distribution and exchange of goods and services, a concept that makes it self-evident that money must therefore be an abstract power based in law.

“Sovereign money” is characterized by its ability to be used in payment of debt and taxes.

To ensure free flow of goods and services and its employment in the payment of debt and taxes, “sovereign money” should be of uniform value throughout a nation. This is why the Constitution gives the U.S. Congress the responsibility to create and regulate the nation's money, and foreign money. And why it limits what the states can use as money.


HEY ! YOU'RE WASTING YOUR TIME ! THROW YOUR OLD BASIN AND USE THIS ONE !
INTEREST-FREE MONEY
BANKS
GOVERNMENTS
MONEY WITH INTEREST

No private entity should be given a monopoly to profit from the creation of a nation's money, nor should debt be allowed to serve the purpose of money - Hamilton's “implied powers” notwithstanding.

And no one should be able to make paper gains obtained via exploitation of wage and price differentials between countries or temporary differences in currency prices.

Debt that is created through the banking system and then allowed to serve the purpose of money is no substitute for *earned* money . . .

but “free” trade forces us all to rely on ever-increasing amounts of borrowed money!

“Free” trade and debt/money are part of the same package, each feeding off the other.

The result of the current system is “creative destruction” that must occur after each economic downturn . . .

Which, as described by one investment advisor after the 2008 meltdown, results in . . .

"The planet is being remade. Entire nations are withering, entire neighborhoods are dying, and for millions of people left behind, the future will not exist in any meaningful way. . .

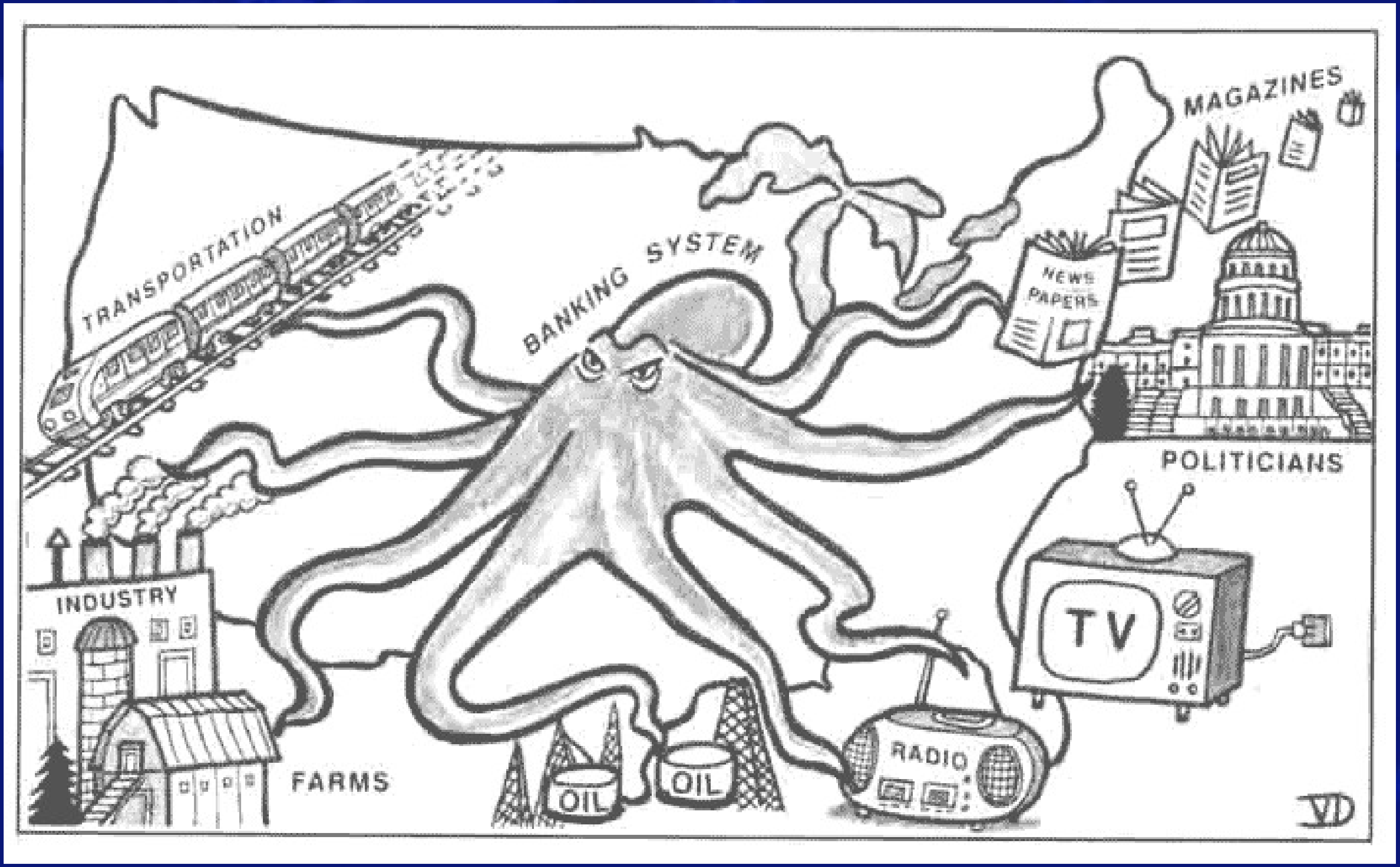
For every householder trapped in a suddenly unsupportable monthly mortgage in a dying neighborhood, in a shrinking economy . . .there is another householder living debt-free in a burgeoning township, in a booming economy, sporting a portfolio bulging with stocks picked up for pennies on the dollar."

Public policy that supports “free” trade instead of protecting the domestic “exchange” economy keeps wages and prices low, forcing people, businesses and government to borrow from private banks.

This allows the banking sector to grow in size and influence since it determines who gets money (in the form of loans), how much they get and what the terms of repayment are.

As Napolean Bonaparte once said in reference to the banking system . . .

The hand that gives is above the hand that takes.



We need to understand that when all the sectors of the economy are in balance and able to earn their way, people have profits.

They can be their own bankers.

Paraphrasing Abraham Lincoln:

I don't know anything about tariffs, I don't know much about rails. But here is one thing I do know: if we buy the rails for our railroads from foreign countries they will have our money and we will have the rails. But if we buy the rails from ourselves, we will have both the rails and the money.

The U.S. Constitution, in its “power to coin money” phrase, gave Congress the power to provide a monetary system independent of the monetary systems of other countries. . .

And to regulate the value of the dollar – which is our own monetary measure of value – through tariffs, quotas and other means.

This means that. . .

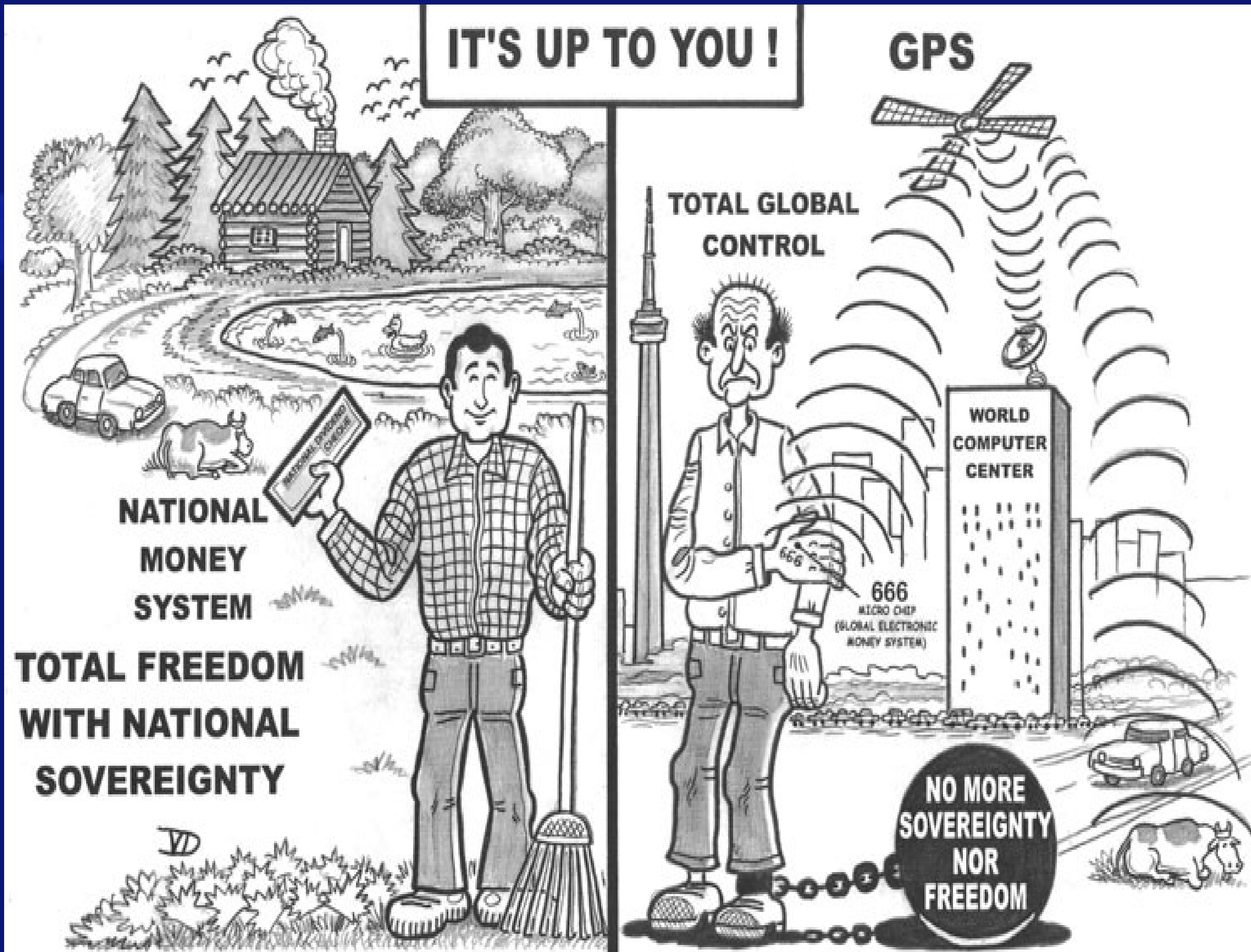
There is a solution.

It's called “debt free sovereign money” - “tickets” if you will created specifically to PAY into circulation (on a per capita basis via the individual states) what is needed to create duly authorized and achievable public projects.

The basic parameters for this money system have been in the U.S. Constitution all along.

Money is the agent by which modern nations will recover their rights.

(Thomas Jefferson.)


IT'S UP TO YOU !
NATIONAL
MONEY
SYSTEM
TOTAL FREEDOM
WITH NATIONAL
SOVEREIGNTY
GPS
TOTAL GLOBAL
CONTROL
WORLD
COMPUTER
CENTER
666
MICRO CHIP
(GLOBAL ELECTRONIC
MONEY SYSTEM)
NO MORE
SOVEREIGNTY
NOR
FREEDOM