

Profit

by
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Introduction

In any search for the truth there will be obstacles large and small to overcome. The truth about profit is no exception. Though in uncovering profit's true nature many knotted strands need to be disentangled, a greater obstacle lies ahead and that is the challenge to counter the resistance of those who would prefer that the truth remain hidden.

Truth sometimes is painful, as is change. When the import of the truths we have found is grasped, the changes they foreshadow will be met with resistance also. But all growth involves change and if we advance because we grow, then the discomfort of change is worthwhile. The changes brewing on our horizon will come whether or not we foresee them. Our observations are made in an attempt to equip ourselves with knowledge that we may use to ease our way into the future.

Ahead, we will discover what profit is, where it

comes from, how to measure it and how to get some. Most people have a vague notion of what profit is, but pinning down its actual composition is trickier than one might suspect. Here, for the first time, is an intimate look at profit. It is not anything like the common definitions in dictionaries lead us to believe. Nor does it carry the subtle notions of evil sometimes assigned to it. In fact, profit's importance and necessity are vastly underrated.

Following the proper definition of profit, we will endeavor to track its course through the economic systems we encounter in our everyday life. We will investigate transfers of value both as represented by currency and through property. We will try not to become bogged down by statistics, but when attention to detail can clarify what would otherwise be muddy waters we will take great pains to see that we overlook nothing. This will especially be the case regarding the ownership of property, for there appears to be a substantial oversight taking place in our daily dealings. Ownership is the subject of an entire chapter.

No discussion about profit and its place in an economy would be complete without devoting some space

to the area of employment. We have not shirked our responsibility here. Anyone wishing to experience a new tack on employment should find plenty of food for thought as we broach this matter. Here, too, we won't be concentrating so much on numbers as on ideas. The idea of employment as an institution rarely gets much air time. We will give it its due.

Since the citizens of this country do the labor, we will benefit by studying laws that encompass the rights of these individuals. A chapter on contracts and one on the morals that form the base upon which laws rest have been included to deal with this issue. Both our strength and our direction are dependent upon the labor of the work force. Each day in the U.S. we exert human energy equivalent to the labor required to build two Taj Mahals. What did today's two Taj Mahals worth of labor accomplish? We will address the question of what work is chosen.

Can Capitalism or Communism be improved upon? We will be showing that as far as differences that matter are concerned, these two systems don't differ and that neither system can endure. The missing ele-

ment that an economy capable of surviving must contain will be pointed out. As side benefits, this new form of economy will supply a higher standard of living, for a more stable society, with more freedom and decreased need for governmental intervention. Why this is so can be found in the pages that follow.

The ideas in this book were conceived in an attempt to understand the world as it stands. Along the way we discovered that the world would be better off if it conformed to our vision for it. If only enough people concur with this vision, our attempts to understand the world will be met by much less trouble.

Chapter One

Profit

This book grew out of a wish to understand an apparent paradox regarding profit. In resolving that problem we encountered many intersections between our economy and the true nature of profit. This chapter will deal with the essence of profit, while succeeding chapters will show how a proper understanding of the true definition of profit affects the economy of this country. We will explain, apparently for the first time, what profit actually is, and how we can use this new knowledge to cure many of society's ills while concurrently increasing our standard of living. Though this chapter is not very long nor even complicated, there may be passages that the reader will find arduous. We are confident that the reading will become easier as you progress. The foundation upon which many of the assertions and comments throughout this

book rest, is laid in the formulation of the description of profit that is to follow. For this reason we have gone to some lengths to square and plumb this base. Of greatest importance to us all are the points made in chapter two concerning the flow of profit after its creation.

We will be establishing a chain of findings which point to conclusions many may find startling. Each link of the chain will be firmly established as we go. First we will discover that all value in an economic system arises through a rearrangement of the energy of the universe. In tracing the paths of that energy we will establish that the ownership of value resides initially in the hands of the working person. We will then find that the common means by which that value changes hands is an illegal transfer under our laws, resulting in the fact that employment is an illegal act. We are somewhat reluctant to point out this conclusion since it is too difficult a concept for many to grasp, but rest assured it will be shown to be a logical and required outcome of truly understanding the definitions of ownership and profit. Further we will show that unless we take these findings to heart, we will seal the fate of our economic system just as the flaws

in other systems have already spelled their dooms.

We urge you to conserve your strength in this first chapter. There is much new information, some new terms to describe previously unnamed phenomena and many unusual ideas that could tax you nearly as much as the government, leaving you in a weakened state. A clear understanding of this chapter however, will pay dividends both throughout the rest of the book and for the lives of working people in general.

The Paradox

Since a focus of this book is profit, we must delve into the meaning of the word. Does profit really exist and if it does, what is it, where does it come from and how do we measure it?

In business we usually say that profit is the net after subtracting all the expenses; money we receive above and beyond our costs. Or a reward for having taken risks. A greater value that appears when we invest our money wisely.

Isn't the idea of profit counter-intuitive? We are

taught that you can't get something for nothing, that there is no free lunch. Yet profit in the marketplace seems to fly in the face of this concept. We add up our costs, then raise the price and miraculously end up with more than we began. Where did this money come from? Why, in fact, if money can apparently just appear from nowhere, did we have to do all the work in the first place? Why couldn't we simply summon up that extra money from wherever it dwells and dispense with all the preliminary work?

Consider the sale of a car. Suppose all the expenses to deliver a car add up to five thousand dollars and that it then sells for ten thousand dollars. We then have five thousand dollars in expenses and five thousand dollars of profit. What would happen if, when the customer came into the showroom, the salesman said he was willing to take five thousand dollars off the sales price...but he couldn't include the car? That is, he would collect only the profit portion of the price in return for nothing. Isn't this after all, our interpretation of the word profit: cash received that doesn't really represent any value? (Otherwise, why would we feel justified in haggling over the price or cheated somehow if we were to pay full price?) The customer, of

course, would decline the offer. So, why if the salesman throws in the car at a value of five thousand dollars is the customer then willing to part with an additional five thousand dollars for nothing extra? What is actually represented by this five thousand dollar increase over the cost to produce the automobile? We know that business professes to produce profit and the government even taxes it, but what light does this shed on the true nature of profit? Is it representative of real value or simply a whimsical attempt to exchange fluff for cash?

Now consider the entire automobile industry. Legend has it that Henry Ford wanted to build cars so cheaply that each factory worker could afford to buy one. That goal seems simple enough. But suppose that he wished to build the cars so cheaply that the workers could afford to buy *all* the cars they built. Is this goal achievable?...No, this cannot happen, because they could not earn enough money to do it. The cost of the cars includes their pay (in addition to many other costs involved in constructing a vehicle). Collectively, the people working to produce the cars earn substantially less money than the cost to produce the vehicles. No matter what the workers earn, the price

of what they are building will always exceed the workers' pay because their pay is a portion of the price of the finished vehicle. So what? The vehicles are destined for sale to the public, not to only the people constructing them. But here's the paradox: This is true for every sector of an economy. Each industry or service is unable to afford the results of their own work. Wages are always a fraction of the final price. Doesn't this mean that collectively we cannot buy what we have produced; that our total income is insufficient to purchase our output?

It must be so. The total income of working people is *always* merely a part of the total final retail price. We can't afford it all! The economy must grind to a halt with most goods never sold. This is a troublesome development.

We must be overlooking something. Though the economy has its ups and downs, it at least seems to keep on moving, however anemically. Much of this chapter will be devoted to unraveling this mystery. Its solution will reveal the nature and importance of profit.

Ahead we will show that the force that keeps things rolling along is, after all, profit. Real profit exists and we tap into it every day. In fact, there is more than one kind, though we'll explore the types later. Profit's true composition is little like what we are commonly led to believe.

Now let's tackle the question of whether or not profit really exists? As a first step, we will study profit's origin.

What is Profit?

Let's pose another example. Suppose a business produces hammers. The costs involved include: materials, labor to assemble, marketing, overhead and so forth. Assume the final cost to the business for one hammer is five dollars. Assume the hammer is then sold for eight dollars. The profit then is eight minus five, or three dollars. Now let's talk about value. Is the value of the hammer eight dollars or five dollars? The market value is eight dollars. The market value, for the purposes of understanding profit however, is a misleading and subordinate consideration. The value of eight dollars is composed of the cost value of five

dollars plus the profit value of three dollars. What is the origin of those three dollars? How is it that something that costs five dollars can suddenly be worth eight dollars? Is it possible that the hammer was worth eight dollars all along? Can something be worth more than it costs? To understand how the three dollars figure in the eight dollar market value of the hammer let's consider just the hammer's handle.

We will make the following assumptions:

1. The hammers have wooden handles.
2. The handles come from one supplier.
3. The supplier is a one man operation.
4. He has no expenses for tools, overhead etc.
5. He owns his workplace and pays no taxes.
6. His own wood supplies his handle making needs.
7. He grows all his own food on his property.
8. He makes the handles by hand.
9. He sells the handles for one dollar each.

These assumptions will help us to isolate the true composition of profit by uncovering its source.

Profit's Genesis

Now let's go through a typical day in the life of the handle maker. He wakes up in his own home, prepares one of the three meals of the day supplied by the food produced on his small farm. He begins working on his trees to turn them into hammer handles. He works eight hours and manages to produce ten handles in a day. This includes all phases of work from the felling of trees in the woods to completing the finished handles ready for shipment. All of the work was done by hand.

In addition to making his ten hammer handles he must operate his homestead, tending to needs which make life possible. At the end of the day he has produced through his own initiative, ten handles, worth ten dollars of profit. What is represented by the ten dollars he receives when he sells the handles? Did this money spring from nowhere, as the five thousand dollars in the automobile showroom seemed to? No.

The ten dollars actually represent as precisely as possible the energy expended by this person. Like most of us, he requires 2500 Calories or so to get through a

day. These 2500 Calories he absorbed through his food. The food in turn absorbed it from the sun. He could not convert all 2500 Calories to dollars however, because he needed to sacrifice some in order to go on living. Some portion of his available energy had to be used to ensure that he could continue to work the next day and the day after that, by maintaining his home and ensuring a food supply. If he was able to devote 8 hours to hammer handles, that would constitute one third of his day or around 800 Calories. The other 1700 Calories are those that must be lost to time away from solely producing profit.

This individual's profit is about as pure as we can get it. There is no step in between his use of Calories and the production of greater value. He expended 800 Calories to generate ten dollars. The profit was generated through the reasoned direction of his efforts to fashion matter under his control into that which had value to other people. His costs were as close to zero as is possible. The surplus 800 Calories were Calories available to be expended however he saw fit. There is no impact on the energy he was required to use to sustain his life. He chose to convert them to dollars by transforming what he owned (wood) through effort

that was his own (his Calories) into something desirable. He could have very easily frittered away these extra Calories in some way that had no value to others.

We will term the increase in value he created *distal profit*. Shortly, we will identify additional varieties of profit. Though the marketplace can influence the number of dollars he will be able to receive for his production, that influence is secondary. Market forces occur after energy is directed to create distal profit. All distal profit in any type of economic system is an expression of solar energy channeled through people. Without the exertion of mind and body the changes that later become value would not take place. We are not, for the moment attempting to assign a dollar value to distal profit or Calories. The origin of the new value in the universe is of great importance, however.

Distal Profit = Value Created When an Individual Devotes Calories to the Fashioning of Something Desirable to Others.

Note: There are a couple of factors in this example that need emphasizing. If we can figure out a relationship between incoming solar energy and the profit we have identified above then we can ultimately determine the highest sustainable average standard of living for the world's population at a given level of technological development. The quantity of distal profit we produce has an upper limit defined by the number of people directing the expenditure of Calories toward producing that which we desire. Therefore, the highest standard of living we can hope to achieve is dependent upon that maximum number of Calories.

Secondly, we must keep in mind the individual responsible for accumulating the profit. There doesn't seem to be any question regarding who owns the value created when handles are made by the handle maker. Later we will see that this simple assumption has far reaching ramifications.

Returning to the perplexing three dollars above, we see a slightly clearer picture of what has transpired. There is a good chance that the hammer was actually

worth eight dollars all along. It contained energy from a multitude of sources. If one or more of those sources was to be a person imbuing the hammer with distal profit for which that person received an exchange of lesser value, then the hammer could attain its eight dollar value from the outset while only costing five dollars to produce. Something *can* be worth more than it costs. We will look at this situation in greater detail ahead, but for now let's concentrate on profit in its many guises.

Types of Profit

Let us explore some of the types of profit. The appearance of profit as described above we have termed distal profit. An even more direct form of profit is exemplified by the wood used to make the handles. Trees, belonging to the plant kingdom, have the capacity to grow by collecting energy directly from the sun. This energy is all they need to sustain the life process and indeed extend their range through the consumption of inanimate matter. There is no need to rely upon energy contained in some external life form. The inclusion of energy through the life process caused an increase in value to people. When a sapling

grows into a full size tree more wood is produced and there occurs an increase in value without the need for human direction or control. Because this profit is closer to the source we will call it *proximal profit*.

People on the other hand belong to a kingdom that is parasitic by nature. In order to survive at all, it is necessary to seize previously collected energy. Members of the animal kingdom depend on plants to capture the energy it takes to sustain life. Plant life is capable of direct capture of the power of the sun. Proximal profit is seen in the operation of life in its basic form as exhibited by the plants. Substance of the earth is elevated to a more complex and higher potential energy in a system without needing to draw energy from other forms of life.

Though biomass is able to produce proximal profit, it is not the only means by which proximal profit arises. Some other occurrences of proximal profit are: oil (former plants), hydroelectric power, and wind power. These forms of energy can't quite so easily make their way into the economy because there is an associated distal profit cost when we must devise and implement processes to make that energy available. There can be

a net gain despite the associated costs. That net gain becomes another increment of proximal profit.

Most valuables in an economy will be a combination of proximal and distal profits. Much that is valuable however, exists irrespective of human attention. Trees become more valuable as they grow. Oil is more valuable than the constituent atoms unattached. A wire with a flow of electrons is more valuable than a wire at rest. These are all examples of value that can exist independently of distal profit. Anytime value is attained without assistance from people we have proximal profit. This is especially true in cases where energy of the universe is concentrated in matter. Trees incorporating potential energy in their chemical bonds, oil containing a similar inclusion, water raised to higher elevations and available to turn turbines and global differences in temperature or air pressure that can be tapped as equalization takes place are all examples of proximal profit.

Proximal Profit = Value Accruing without Reliance upon Distal Profit.

Proximal and distal profit are the two incarnations of *true profit*. What is common to both forms of true profit is that a part of the universe has become more valuable to people after a change has taken place. In the case of distal profit, the subject of the worker's attention has been changed, hopefully made more valuable, but altered from its state before the attention was focused. So, regarding the hammer handle, a block of wood has been changed from its raw form into a shape that has more value than did the block. In the case of proximal profit, change has also taken place. Regarding plant life, the substance of the earth through photosynthesis and associated processes, becomes a tree. The tree has more value than the unorganized matter.

Now may be a good time to reward yourself with a breather. Though these definitions are not complicated, there are a few more coming up. So rather than risking confusion the reader may find it helpful to become fairly comfortable with what is meant by proximal or distal profit before trying to take on any more new definitions. The reasons for taking the time to invent these new terms will eventually become apparent, though for the present you may need to take it on

blind faith that they will be needed.

Though neither form of change that occurs in the creation of proximal or distal profit is guaranteed to yield an increased level of value, these are processes that on occasion do yield a greater value. But proximal and distal profit are forms of true profit, and they are generally manifestations of energy incorporation into the economy. True profit will be distinguished from false profit.

False Profit

The last form, *false profit*, will be defined as profit that is not dependent upon proximal or distal profit. It is an exchange value assigned to a valuable in a separate step *after* the proximal or distal profit becomes part of a component of an economic system. Desire, being the fickle force that it is, can wreak havoc on value when it reaches the marketplace. If all the hammers in a store are sold but one, and ten people show up wanting a hammer, the value of the last hammer can instantly jump from eight to eighty dollars. If the hammer's true profit content was eight dollars and it was to sell for eighty dollars, the seventy-two dollar

differential is an example of false profit. Any time money is spent to buy something that has a price higher *or lower* than what would accurately reflect its proximal and distal profit content, we see false profit. Overpriced hammers, licenses, permits, gemstones and precious metals all are replete with positive false profit. Auction or distress sale prices might contain negative false profit.

In contrast to true profit, where a change takes place when Calories are invested into the item that enters the economy, no change in state takes place in the case of false profit. There occurs an increase or decrease in exchange value which is unaccompanied by any alteration of the object's state of being. True profit measures internal change in the subject of attention. False profit measures external influences.

As in the search for sub-atomic particles, further study may uncover more forms of profit. For our purposes the three types we've named should be adequate to describe all events that take place in an economy.

Again, they are;

1. Distal Profit: Human Energy Directed to Increase Value.

2. Proximal Profit: Value Accrual without Reliance upon Distal Profit.

3. False Profit: Price Variation From True Profit Content.

Anytime money changes hands there can be any or all of the types of profit just identified contained in the exchanged property. Because these various types of profit can find their way into any transaction, confusion as to the real value contained in exchanged property can arise very easily.

Profit does exist. Proximal and distal profit do not simply arise because we would like to receive more money than we have spent to produce something. A real increase in the value of substance on earth has occurred when an economic system is infused with proximal and distal profit. The marketplace persists because free sources of power persist (chiefly the

sun). That power allows for the rearrangement of matter *at no cost* and so is a daily inpouring of profit made possible through the work force.

The true value of anything created is measured by the Calories invested, both proximal and distal, during its creation. A hammer handle worth one dollar, a hammer worth eight dollars or a car worth ten thousand dollars all received their values because of the Calories that went into them.

Distal profit is evident in nearly all the exchanges in our economy. The hammer handle maker incorporates distal profit into each handle. He also makes use of proximal profit when he relies on the trees to do the assembling of molecules into a form that can be shaped to the final product. If he wanted to create hammer handles without the use of proximal profit, he would be required through some sort of sorcery to fashion wood from dirt. This would severely impinge upon his available time for fashioning handles. Through the use of his Calories he is creating distal profit and is able to raise the value of one tree which may have been worth only ten dollars to perhaps five thousand dollars.

Core Value

All production that has value in any economic system contains proximal or distal profit, or both. The sum of the two forms of profit will be known as the *core value*. The core value of the hammer handle is the combination of the proximal profit contained in the raw material of the tree plus the distal profit infused into the handle by the attention of the maker.

$$\text{Core Value} = \text{Proximal Profit} + \text{Distal Profit}$$

Extrapolating, we find that the core value of all the production in any economic system is the sum of all proximal and distal profit in the system. This is the true value of what we produce and exists regardless of the introduction of false profit. False profit is a monetary marker not linked to the proximal or distal profit or energy investment into the product. False profit is an influence exerted on a product after, and in a distinct operation from the establishment of the true value we have called the core value.

The aggregate core value of any system is the total of

all proximal and distal profit in the system, which is an amount in a state of constant flux. Each day we add, potentially, say 120 million times eight hundred Calories in distal profit to the total in the U.S. Each day we deposit a large allotment of proximal profit in the form of fossil fuels, other sources of power and vegetable matter. The running total of core value is all the value we have to exchange and is a measurable quantity. Because each day we deposit into the total core value amounts resulting from our labor and power sources, there actually is an increase in profit each day.

Until an enterprising government manages to set up some kind of toll booth on sunlight we will receive a free increment of profit every day. (This toll booth scenario is not farfetched. All that would be required to charge for sunlight, is to tax food. Most other sources of proximal profit are already taxed.)

The Paradox Revisited

We need not fear encountering a state of affairs where we cannot buy all that we produce, because the total profit that is embodied in the core value of our pro-

duction is the same total as the profit we have to trade. That total is the basis of all our exchanges. There would be no value without that energy we have mined. There is no more or less energy than we have accumulated, available to be exchanged.

When the car in the show room sold for ten thousand dollars it wasn't because five thousand dollars appeared from nowhere. The car's core value in conjunction with a popular decision to allot the requested value, supported the ten thousand dollar price. If it was possible to deliver ten thousand dollars worth of core value in the form of an automobile to the show room for five thousand dollars, it was because some means was found to impart ten thousand dollars worth of proximal and distal profit while only paying five thousand dollars for it. We are not referring to market value. We are discussing the true profit content of the product. This idea of core value separate and distinct from market value is hard to grasp at first since we are so accustomed to thinking of "what the market will bear." We will rehash this a bit before the chapter ends and some more in other chapters.

One More Time

Starting at the top, let's go through this again to firm up our understanding of these new terms. Any product or ware in an economic system must have value to people. There exists a core value for any given item that is separate and distinct from the market value that the item takes on when it enters the marketplace. The core value can be broken down into its constituent parts. Those parts are proximal and distal profit, the two forms of true profit.

Proximal profit is in close *proximity* to the source of energy. When a plant absorbs energy from the sun and uses that energy to form substance which has value to people we see evidence of a gain in worth to people. Food, trees, oil, cotton and other forms of plant derived solar absorption exhibit worth which can enter our economy. This is profit in its most basic form. We can emulate the plants by constructing mechanisms for inoculating our economy with solar energy. These include wind power, photovoltaic power, hydroelectric power and means of extracting

heat from the oceans. We try to mimic the sun by harnessing atomic energy. That power enters the system and is available to raise value. We try to capture gravity by tapping into geothermal energy or engaging the tides. However the profit is collected, if value accrues without the need for human assistance in the creation of elevated value, the profit is to be called proximal. On occasion, core value is 100% proximal profit: Standing timber for example. For the most part however, core value also includes distal profit.

Distal profit is more *distant* from the source. People by their actions alter the state of the universe in an attempt to rearrange it in such a way that it will then be of greater value to other people; then exchanges for other valuables can be made. Because people are not able to absorb power directly from the source, the profit made possible by their actions is of a different character. Significantly, the uses to which people can put their energy are more complex than that which can be accomplished closer to the source. Thus we can create sundry machines and structures that otherwise would not occur were it not for our attention to the manipulation of energy and matter. Examples of core value composed of only distal profit might in-

clude: piano tuning and computer programming.

Proximal profit + distal profit = core value: the total and maximum value we can attain. We cannot imbue any product with profit from any other sources. Our creations, the carriers of exchange value, are imbued with energy that formerly was outside the system. Thus real profit has found its way into the economy. This is the elusive free lunch we have sought. Though there is not in a strict sense a creation of something from nothing, there is no associated cost to total core value for the energy that finds its way into the economy from sources that are free. The economy's core value behaves as a closed unit bounded by a semipermeable membrane. There are some means by which value can cross that barrier, either to become a part of that core value or to exit.

Solar energy enters freely. The sources on earth that we tap, when they yield a surplus, give to us some free energy as well. For example, a bee's nest in the wild containing honey. This honey has value that can be retrieved, but there may be an associated distal cost to obtain that value. If the cost in Calories that corresponds to the distal profit retrieval cost is less

than the yield of proximal profit, then the economy has experienced another proximal profit gain.

One important facet of core value is that it puts to rest our concern over how the economy can continue to operate when it seems there is no way we could buy all that we produce, if each segment adds profit on after totaling its costs. As a group we make decisions to exchange our individual portions of the total core value. That total core value is all that we have to exchange. The value available for exchange is the same value we have produced. They are identical quantities viewed from two vantage points. The profit that appears to be added after a product is completed is a phantasm. The product has a core value, and so incorporated profit, before any number representing its market value is assigned. The product can support a price because it already has value due to the profit that was imparted to it. Collectively we make individual and group decisions to apportion our total core value, using our emotions as a guide. We assign the appropriate proportions of our value (represented by exchange medium) to the objects of our desire.

The possibility exists, because of the nature of em-

ployment, for a product to attain a core value in excess of its actual cost in dollars because the number of dollars paid out to employees may be lower than the core value of the distal profit the employee yields. Each employee uses Calories that imbue the finished product with distal profit. If the employee receives fewer dollars than it takes to represent the true value of that distal profit, then the product has climbed to a higher state of core value than the number of dollars spent would suggest. This does not mean profit came from nowhere, but it does mean that in the marketplace, a greater number of dollars can be gathered than it took to produce the ware.

More to the point, the preceding does not mean that there won't be enough dollars to buy what was made. (We are witnessing the first step in a transfer of value. The core value that found its way into the economy through the actions of a working person became the property of people other than that person expending the Calories. This transfer of value will be the subject of much of the rest of this book.) The economy's total core value, regardless of the assignment of dollars representing that value, is still only what can be obtained through investing proximal and distal profit.

The question of who controls the ownership of that core value is irrelevant to the core value's magnitude. We cannot increase that total value beyond what we are able to gather and impart to production. We can only exchange for one part of the total core value, another part of that same aggregate core value. We have a closed system. The only entrance to the system is to become a part of the core value. The only internal movement is through exchange of core value. The only exit is through the dissipation of the energy; the breaking of the bonds and associations that made for value: the burning of oil, rotting of wood, rusting of metal, obsolescence of ideas and the waning of desires.

Before moving on let's state what we have covered as succinctly as we can. True profit exists and can be described as follows.

1. Proximal profit is the incorporation of value directly into the economy without dependence on distal profit.
2. Distal profit is a derivative of proximal profit

wherein people expend Calories to rearrange the universe towards greater value.

3. Core value = proximal + distal profit. It is the total value of all that persists in an economy. It sets the totality of the medium of exchange.

More on Handles

Now let's investigate what takes place in an economy. First, we return to the handle maker. He had 800 Calories available to expend creating distal profit. In combination with the proximal profit he owned by owning the trees on his land, his expenditure of Calories caused what had been a piece of wood of negligible value to have a core value of one dollar. The total core value of the economy was increased by one dollar when that handle entered the economy. If he had not used his Calories to augment the economy's core value, the economy would have remained one dollar poorer.

What happens in the case of the finished hammer? Contained in a hammer is a more complex assortment of proximal and distal profits. The combination of

profits found in the handle is likewise contained in the hammer because the handle becomes part of the hammer. In addition to this, we see that the hammer head is made of steel. In order to fashion a steel hammer head, people had to find ore, purchase the rights to the ore, remove that ore, make it into hammer heads and get them to the hammer maker. There is quite a mix of profits in this process; from fuels powering machines to mine ore and transport it, transportation of miners, energy to power the blast furnace, numerous people working, driving, selling and ordering.

Once the hammer maker has his heads in his hands, he must assemble these to the handles. Here we will see more distal profit invested and more still, to market and deliver them. Contributions to the core value are so many and varied that the true core value is easily obscured.

An event or series of events can occur where the finished hammer receives eight dollars worth of core value while only five dollars are spent to make this happen. Three dollars of profit are not added to the five dollar cost of the hammer to bring the total to eight. What possibly has happened is that the ham-

mer's eight dollar market value is composed entirely of core value. If the hammer has achieved an eight dollar core value while only costing five dollars, then the hammer maker simply has had the business acumen to put together eight dollars worth of core value while only spending five dollars for it. His customers reward this accomplishment with their patronage. He keeps on making the hammers because he gets to keep the three dollars of core value that someone else did not receive.

Finally, we have the car. Though receiving a much more complex assortment of profits, the bottom line is the same. If somehow the car ends up in the showroom after the expenditure of only five thousand dollars, but it has a core value of ten thousand dollars, then that differential is due to unbalanced exchanges that contribute to core value while costing fewer dollars than it takes to accurately represent that core value. The most likely source of underpriced core value is employment. Employment is not the only possibility though. If somehow the sun was harnessed to do the entire job of fashioning a car from scratch, the car could contain a ten thousand dollar core value without spending a cent. Then the lucky business per-

son would gain a ten thousand dollar profit.

The Money Supply

One more concern we have relating to profit is the money supply. For events to unfold as they should, the money supply must be sufficient to permit the exchange of all value contained in the system. This is an ever changing quantity. Every day value enters the system through work and proximal profit direction by working people. Every day value exits the system as value subsides. The total value needs to be monitored and we must tether the volume of the money supply to that total value to prevent distorting pressure from inadequate or excess money in circulation.

Aristotle said that money is naturally barren and cannot breed. This was in reference to interest being charged for the use of money. It applies to our concerns about profit in the following way. The money supply must be a numerical reference for what harbors value and remains in the system. Because value is a permutation of the energy of the universe, it can dissipate as entropy coaxes our creations back to randomness. Money represents the state of affairs as they

stand. Money does not have value, it represents value. In this way it is barren. It cannot increase on its own because it is only a measure of what exists. Though market forces can prompt people to expend the value they have in ways that upset a predictable correspondence between the actual core value and an accurate representation of that value in dollars, the total number of dollars must be anchored to the total core value of the system, so that core value can exchange completely if the people so desire.

When establishing the volume of the money supply to represent the total core value of the system, we must adjust the total after considering the daily increases in value attributable to distal profit, plus the daily portions of proximal profit that enter the system, plus any core value that continues to need representation because previous creations still are desired and traded.

Profit Entering the System

What happens to value after it is created? Not every equal expenditure of Calories results in an equal number of dollars. Why is this the case? Should not each person's energy be worth the same amount since the

value of a Calorie is constant? The answers to these questions will lead us into complicated territory.

If two people were to make hammer handles, and there was enough demand to keep them fully occupied, and their expenses were the same, it is still possible that one person may produce more profit than the other. One person may be more skillful or more efficient. If every minute detail of the operation is *identical* though, they will produce exactly the same amount of profit. One person's energy *is* equal to another's. There will very rarely develop a situation where two people produce under identical circumstances. One person may be better able to focus, or may have fewer competing demands, or may have more innate skill, or have developed greater proficiency, or may have superior endurance or dire need. Why, people's metabolisms even differ.

Though the details may be jumbled by these pressures, the underlying process, through which Calories are manifested as value, will not. Because Calories are of a constant value, the effort that becomes part of value is measured on a constant scale. Thus the effort it takes to make a hammer handle equals the effort it

takes to write a book that simply everyone must have, if the number of Calories expended is the same.

This is not to say that equal expenditures of Calories result in equivalent prices down the road. Before market forces can have any effect on the value of what we produce however, each and every product has a core value that is comprised of the proximal + distal profit. Products are then set loose into the whirlwind of the marketplace where anything can happen to the initial value the product had. So, even though two products may have identical core values, their values in the marketplace may differ.

As a group, there is an upper boundary to the total value we can amass. This total value is the combined total of the core values of our output. The net effect of market forces is to apportion that total available core value, allotting our popular creations a greater share than the core value warrants and our disdained creations a lesser share. We now see more clearly still how the hammer came to be worth eight dollars. We as a group consented to allocate the portion of our total effort that corresponds to eight dollars. This kind of decision is subject to constant revision. The three

dollar profit value that we previously named could be thanks to market forces, it could be proximal or distal profit invested by workers but not compensated for or it could simply be the actual core value of the hammer.

The market value of something sold is the core value adjusted by the introduction of false profit. False profit can be positive, negative or zero on individual items, but the net effect of false profit is zero. Revisiting our paradox, (can we buy all our production?) we find things less confusing, too. If we have a supply of money accurately sized to exert no influence on our exchange patterns and which is representative of the true core value of our production, we will have enough money to buy everything because the cost of what is for sale will be equal to the value of what we have invested which in turn is equal to that which we have to trade. This doesn't mean we will buy everything we have made though, because it is possible we have made things that nobody wants or not enough of things for which people will opt to wait.

There is a pervasive interdependency among us. Were

too many people to engage in activity which infused profit into products that nobody wanted, the balance we need to maintain for an economy to operate could be compromised. The level of advertising needed to keep a line of work viable is a measure of that line's indispensability. Thankfully, the line of work that is most important to the prosperous performance of an economy, i.e. farming, has our growling stomachs for advocates.

We have shown that far from being unjustifiable fluff attached to the cost of doing business, profit is a reality. In fact, all of the value of any production is profit. Anything for sale in an economic system has a core value comprised of proximal and distal profit. Sometimes all of one type of profit and sometimes both types, but never neither.

There are some expenditures that appear, at first, to be exceptions to this rule that we will go over for completeness. Sometimes purchases may seem to be wholly composed of false profit. When people collect old coins and are willing to spend money for them, what is the situation as regards the three types of profit? The coins contain vestigial distal profit in the

metal that had to be removed from the earth and made into coins. The major portion of the price that collectables command is false profit. Can the price of something be only false profit? Strictly, no, because at a minimum we have a distal profit investment involved when people complete a deal. But suppose a person was to happen upon a desirable gemstone that required negligible distal profit to pick up and sell to another. We see, for the sake of argument, only false profit. This gemstone can only exact core value at the expense of some other valuable in the system. Land and mineral rights are in a similar situation. (Mineral deposits actually might contain some stored proximal profit. The concentration of one particular element can be effected by the action of energy driven processes on the planet.) Some items in an economy cause people to devote core value to their purchase even though those items contain minimal distal or proximal profit. We are able to accommodate this behavior because real profit does exist. We can use the excess energy available to expend it for matter devoid of true profit.

The world of false profit exists only as an outgrowth of the world of true profit. Most of the interactions in

an economy sprout from the value created through distal profit. Proximal profit supplants the need for constant human attention to value creation but is directed generally to multiply the effects of distal profit. The bulk of interchange that takes place in an economy will be exchanges of core value. False profit only enters as an indicator of our emotions *after* value is created in sufficient quantity to allow us to transcend a level of mere subsistence.

The paradox has illuminated the true meaning of profit. Energy of the universe finds its way into our economy through the human body among other ways. The value thus created is traded in more often than not unequal exchanges of core value. Because the total core value is conserved however, every exchange that yields one trader excess core value is balanced by other exchanges that leave a trader in a state of reduced core value. When it appears that something sold includes a gratuitous price increase in exchange for no value, what we have witnessed is an embodiment of uncompensated core value.

Eons ago, it seems, we made reference to the handle maker's ownership of the ten dollars worth of distal profit created through his effort. This innocuous assertion sets the course for the rest of this book. Now that we know where profit comes from, the paths it takes after its creation may be of some interest to the reader. Of *paramount* importance to the wellbeing of an economy is the management of the ownership of the value created through work.

Chapter Two

Ownership

Many are the differences between Capitalism and Communism. Adherents to either cause have been known to harbor great disdain for the other. Regarding the most important feature of an economy however, the two systems are identical.

As concerns the indulgence given the owners of distal profit, both systems deny the creator of value the specific right to retain and control all increases in value attributable to that individual. This fact far outweighs any other differences the two systems may possess. Due to this lack of recognition of the worker's property rights, neither system will endure. When a system is devised where worker's proprietary rights are acknowledged, stability of the economy and hence the interlocking government's cohesion will be achievable.

This new system can incorporate attributes from Capitalism and Communism that are desirable and workable, but it will be a wholly different arrangement because of the assignment of distal profit to the true owner.

We will harp on ownership because of its central importance to both society in general and the operation of an economy in specific. The handling of ownership rights concerning distal profit is the single most important determining factor in the durability of an economy. When we mishandle ownership rights, what begins as an economic injustice quickly escalates to a force evincing social ills. Crime, class division, revolution and other social traumas stem from our failure to attend to and our improper assignment of ownership.

If we are possessed of such an abiding faith in the altruistic nature of the majority of citizenry that we believe they willingly part with their property each day for the good of the company then we should not fear an all out campaign to inform those ignorant few of the gifts they are bestowing. If on the other hand, we do not believe that people would knowingly donate

the value they generate, then we must admit that a deception is taking place and therefore an immoral act of appropriation as well. With that said let us now examine in some detail what it means to own something.

Ownership

What is it that causes the creation of the artist to belong to him? As with the handle maker, the expenditure of Calories that belong to that body establishes original ownership by that individual as well.

The body is an inviolable unit. We cannot sedate someone and extract their blood or organs to then sell. Those cells and the *changes they produce* as metabolism takes place are off limits; unwelcome taking of either is theft. Thus the painting of a still life, the carving of a hammer handle and the tightening of a bolt on an assembly line are all examples of changes wrought in the universe through the use of Calories during metabolism in an individual's body that secure original ownership of the increase in value attributable to that expenditure.

Suppose the artist is commissioned to paint a portrait. Someone other than the artist is responsible for both the initiative and the subject matter. This does not cause the original ownership to be anyone's but the artist's. The ownership of the work produced must transfer from artist to commissioner. If the handle maker receives a request to make handles for some hatchets instead of his usual hammer handles, the results of his work still belong to him, even though someone else has provided the idea and he is manipulating matter in a manner other than he might have chosen. The line worker is in a similar situation. It is not his idea to tighten the bolts. This does not mean that the Calories that are his belong to those representing the thought of tightening the bolt...even if they own the bolt and the wrench. Ownership of the work-piece or direction of what attention is given to the work-piece does not imply ownership of the Calories in a person's body that are used to do work.

The artist needs not own the canvas or paint or subject matter to be the owner of the creation: the rearrangement into something more valuable. As regards the line worker: *the increase in value* of that thing with the bolts—that distal profit investment—belongs

to him. The ownership of that increase in value must change hands for someone else to collect money for the finished product. Please take some time here to absorb the full import of this last point. Critical events stem from this easily overlooked fact.

This change in ownership is the root of many an economic crisis. We will be showing that the method by which this change in ownership occurs appears to be an unlawful act within our legal framework.

More on the Artist

Even when an artist creates a painting using materials belonging to others, the painting belongs to the artist. The ownership of the materials used is not related to the ownership of the painting. Simply by supplying materials one cannot claim their rearrangement. The value of the painting is contained in the effort and skill which engender desire on the part of those who view it. Otherwise any placement of the paint would have equal worth.

Let us consider the writing of a song. Another person cannot assert ownership of a new melody by supply-

ing an instrument or providing paper on which to write the sequence of notes. Nor does the fact that each note has been heard in different contexts or another order deny the writer true ownership. Once again, it is the effort made by an individual that has imbued the end product with a greater value.

A new relationship of the constituent parts was envisioned by the mind and accomplished by the body. This process, operating through the use of the Calories contained in the body, is what raised one state of existence in the universe to another of increased value. The individual who owns those Calories owns the augmentation.

Working People

Because it is the effort made in any endeavor, artistic or not, which generates value, that value accrues to the one who makes that effort. The working individual owns the Calories and so the working individual owns the value that appears as a result of their efforts. (In order to avoid the mixing up of independent events, it is important not to jump ahead at this point by considering the fairness of employment or debat-

ing the just rewards for operating a company. We will discuss subsequent owners of this value at a later time. Here we are ferreting out the identity of the initial owner of newly created value.)

When we take a broken TV to a repairman, the value of the TV is increased upon the completion of repairs. The repairman owns that increase and so must be paid if we expect to get the TV back. The owner of the substance or ideas upon which another person works is not the owner of the new greater value. Thus we are not surprised to learn that we must pay for repairs even though we own the TV. We must dispossess the repairman of that increase in value because that portion of the value is his.

Company Profits

The proprietor of a company manipulates materials, machinery, ideas and people in an effort to generate profit. We wouldn't think of denying the owner of the company any profit created. We already associate the exertion of effort with a corresponding reward. To withhold that profit from the owner of the company would chafe our sensibilities. Of course there is now

apparent a glaring double standard. The proprietor is entitled to the full measure of the consequences of effort, the line worker is entitled to less.

This happens due to the oversight of the worker's property rights. This oversight occurs on the individual level and systemically. Companies are not prevented from conjoining an individual's distal profit with their own. We permit this activity, in part, because of our parasitic nature previously alluded to. By taking the energy of another entity, a parasitic organism survives, and so when this behavior takes place in the working environment it is not immediately regarded as abnormal. Indeed, we habitually claim the proximal profit all around us without a second thought. Anyone (present company excluded) who suggests compensating trees or cotton plants will probably have their sanity questioned.

In any other context a transfer of value occurs only when the parties involved are cognizant of that value and agree to exchange knowingly. In the working world we relax the constraints that would otherwise constitute larceny.

Larceny

What are the conditions that define larceny? How do we determine what acts are considered larceny in order to outlaw them? William Blackstone in his *Commentaries on the Laws of England*, fortunately, identifies the components of the act of larceny.

- 1) There must be felonious intent.
- 2) Something of value must be removed from a person's control.
- 3) A negative change in net worth must be suffered.

We will study an example to see how these three factors are evidenced to qualify an act as larceny.

Consider shoplifting. When a person enters a store, intentionally picks up something of value and exits without paying, larceny has been committed. All three conditions have been met. We had:

1. felonious intent.
2. removal of value and
3. a reduction in net worth for the store owners.

Were we to change any of the three parts, we no longer would have larceny:

1. Without felonious intent, that is, if it was agreed by the parties involved that the valuable was taken by accident, then even though we may have had removal of value and a net loss, intent is absent. Larceny did not take place.

2. Likewise, if a person intended to steal but entered and exited without removing anything of value, there is no larceny because there is no removal of value. Or, even if something is picked up there is no larceny until the shoplifter actually leaves the premises thus causing the removal and reduction of net worth.

3. Finally, if a thief intends to steal but only manages to remove something of no value to the owners, there is no crime. If he were to inhale deeply while in the store and saunter out with more oxygen than when he entered, he has intentionally removed something he

felt was of value to the store owners but their net worth remained constant. The three conditions have not been met, larceny was not committed.

Now let us apply these standards to the events taking place in the employer/employee relationship. Can what transpires here be construed as larceny as well? Are all three conditions met?

1. Do we see felonious intent?

That is, does the employer intend to take something of value from the employee? In order to answer “No.”, we would have to show that the opposite is true; that the employer intends for each employee to receive as much value as that employee yields. Does the employer intend to assign to each worker the profit produced by that worker? Certainly not. He intends to divest each and every employee of as much distal profit as possible. So, yes, the employer intends to take value from another. As to the qualifier “felonious” we will for the present discussion assume the intent to be illegal in nature. The upcoming chapter on awareness will deal more thoroughly with the states of mind of both the employer and the employee.

2. Was value removed from the owner's control?

Yes. The destiny of the distal profit created by the worker's effort is lost to the employer.

3. Was the worker's net worth negatively affected?

Yes. We have found that the creation of profit is a result of the exertions of an individual. A transfer of this property takes place enabling the company to sell the value which the workers created. The company has acquired more core value to offer for sale after it takes value from the employees. The company gained net worth to sell because the workers have lost value.

Thus all three conditions have been met. The employer has **intentionally, removed value** from the employee's control, leaving the employee in a state of **reduced net worth**. This development challenges the legitimacy of the employer/employee relationship.

Central to this line of reasoning is the assertion that the employee owned the profit in the first place. This assertion must be subjected to further scrutiny.

Further, should it turn out that employment is a form of larceny, what does this forebode for a government

that not only permits the crime to occur but encourages it and collects a boodle? Let's tackle this second idea first.

The Government

Like living things, organizations, especially governments, wish to survive and grow. The support of the people is vital to the government's survival. The energy the government needs to survive and grow is also obtained in the way of the parasite through taxation.

There are two risks in this method of survival. The host can shake off the parasite if its presence becomes too much of an irritant. For this reason some behaviors, such as over regulation or exorbitant taxes, can threaten a government's position, especially if the people are experiencing concurrent burdens from other sources. Secondly, a parasite can kill the host by exceeding the load the host can bear.

The workers of this country are approaching this threshold where the structures in place exceed the population's capacity to supply the demands placed

upon it. The drains upon the populace are abundant and pernicious. We have federal and state income taxes, sales taxes, real estate taxes along with common nongovernmental burdens such as bank card interest, mortgage interest, car insurance, health insurance, life insurance, legal fees and more all in addition to the over-arching initial loss of an individual's distal profit in the work-place. A parasite cannot be blamed for its natural conduct, but a wise government striving to survive will be vigilant in protecting the source of its energy, that is, the people.

We are no doubt witnessing not a process of evil intentions but of ignorance on the part of our authorities. We, after all, are the government and so can ultimately control what happens to us. Thankfully our wishes can and for the most part do find their ways to the law books. If those wishes are grounded in an informed understanding, they will have the greatest chance of becoming reality.

Economic systems most likely are subject to a form of Darwinism. Different theories will have their days and the successful will eventually flourish. What will spell the doom of any system will be the disgruntle-

ment and finally intolerance of the people who do the work. If the first step taken in the creation of value is to separate the working individual from what is rightfully theirs, the rest of the journey whether long or short can only be to a dead end.

If we wish to have a system where a person truly has the option of making progress in our economy, the ownership of the profit generated in the work environment must be recognized and respected. This means specifically naming an individual's distal profit as private property and protecting it like any other property. Failure to take this step will in the end seal the fate of our system, as we can depend on the various parasitic pressures to force us to one of the two eventualities noted above. The initial weakening suffered by the loss of profit is too staggering a blow for a person to be able to withstand the forthcoming insults down the road. Thus we return to the doorstep of our inquiry: Who owns the profit a person creates on the job?

The Moment of Creation

The moment that the energy of a worker converts to

distal profit, there appears in the universe a new value that had never before existed. Though ownership of this profit passes from the originating person, these subsequent transfers are irrelevant to the matter of initial ownership. In time we will deal with such questions as whether or not a worker is justly compensated for what they have accomplished or whether or not workers are capable of monitoring threats to their well-being.

When the substance of the universe becomes part of a person's body, there is no other person who can claim ownership of that substance. We cannot recover air that has been breathed in or food or drink absorbed by the body. Further, because slavery is illegal, this means a body cannot be owned by another; not all the cells at once, or one cell at a time, or the cells' interactions. As the cells of our bodies do their duties, energy is expended that no other person can own without also owning the body. When we work, we use our cells, whether our minds or bodies are put to use. No one can own the operation of those cells without owning the body that oversees that operation. If those cells change the universe in such a way as to cause an increase in value, that change is a manifestation of the

body's energy and can belong *at the moment the value is created*, only to the body that did the work. This first moment of existence of distal profit is critical to establishing ownership of that profit.

To get a different perspective on this, let us now approach this from the point of view of the employer.

More on the Boss

The boss would have us believe that because a person takes a job, all rights to the distal profit that that person creates, if indeed it could be considered private property, are forsaken upon accepting employment. The worker is an adult and able to make decisions. It is not the duty of the employer to safeguard the well-being of the employee any further than to maintain work conditions that comply with government regulations.

If we investigate this position carefully many questions come to mind. Because distal profit is created by the energy expended by the employee, we will assume the boss does indeed own the energy that becomes distal profit. Does the employer also control

the energy the worker expends to breathe and maintain the pulse of his heart, to blink or to scratch, to think of his family or talk to himself, to swallow... or sneeze... or sigh when the work is done (or often before)? If so, if the energy used in these ways is the property of the employer, then must not the employer also assume the responsibility to see to it that these activities are carried out properly? If the worker's heart stops, is it because the employer supplied inadequate energy to that organ? If the worker mumbles something to himself that causes coworkers to fly in to a rage and assault others, is the employer required to make amends for misdirecting energy? Is the employer liable for the spread of germs that were transmitted on the winds of sneezes powered by his energy?

There is no way to discern which energy is the employer's and which is the employee's. All the energy made use of in a person's body is owned by that body and no other person. The employer could not be held accountable in any of the above examples because he never owned the energy that caused the actions. Likewise he does not own the energy that makes profit

possible and so does not, at the moment of its creation, own the profit.

More on Creation

Ownership comes about when a person claims from the wilds of nature that which has no obstruction to being owned or purchases from another that which has already been captured. Concerning distal profit, we see the following defining event. Farmers extract from the sun, energy that later becomes part of a person's body, thus forging the first link between nature and distal profit. The potential energy contained in our bodies is something that was captured from nature. Other items in which original ownership can be claimed include: fish from the sea, animals held captive or taken from their native habitat, oil when pumped out of the ground and trees when taken from the forests. This is how ownership begins.

Someone, as a first claimant, must take property which had no owner, for their own. After this, ownership of the property can change hands. In our society those who have taken on farming are among the first to lay claim to the energy of the sun. We purchase

from them through various representatives and after numerous transformations property that then becomes our life's blood. This sequence of transfers forms an unbroken chain from the sun to the operation of our bodies, by the use of which, our owned property creates profit. An individual's Calories are private property. Distal profit will not arise without the expenditure of that property. At the moment the distal profit appears, there exists a new value in the universe. That new value is the property of the body that created it. Only by owning the creating body could another assert a prior claim to that newly made value at the moment of its conception.

That new value can only become the property of the boss by the occurrence of a transfer of ownership. Of course we now are obligated to take a careful look at the transfers of that created value taking place on the job.

Transfers of Wealth

We have, more or less by default, chosen a method of redistribution of the wealth created by the people who

work. This redistribution favors the personality type that is comfortable with and capable of gaining at the expense of others. This is not the only way our fortunes can be divided up, if in fact they need to be redistributed at all.

We have established that at its inception, distal profit is the property of the individual who used personal Calories to increase the value of the subject of their attention. How did this value become the property of the company? Any transfer of property can only take place if there is agreement by the parties involved. In the workplace this agreement takes the form of a contract. Is it the case that simply by taking a job, we tacitly concede all gains to the employer? No. Though the goal of this writing is not to delve deeply into finer points of the law, we must at least investigate contracts.

Contracts

Imagine we are back with the handle maker. One morning he receives an order for twice as many hammer handles as he is accustomed to making. Wondering what to do to fill the order so he won't lose the

extra money, he resolves to hire his neighbor. Rather than paying a dollar each for the handles, he figures he can end up with more money if he employs her for five dollars per day, hoping she will carve out ten handles in a day. He calls her up, makes the suggestion and she agrees to give it a try. Has anything immoral or illegal taken place in this arrangement?

Not if they have a contract, we might be prompted to say. Contracts state the terms of an agreement, spelling out what each person is to do and what money will be changing hands. If they have a contract outlining the intended relationship, then isn't it all perfectly legal and above board?

What are the rules that contracts must obey? We cannot make contracts that involve illegal acts or between individuals one of whom does not comprehend the meaning of the terms to which they must agree. In fact, there are many situations in which contracts cannot be formed and there are certain requirements that must be met to form a valid contract. To treat the area systematically, we will identify those conditions which must be satisfied for a contract to be permissible.

Here are the constituent parts of a contract:

1. There must be two or more competent parties.
2. The actions agreed to must be legal.
3. There must be consideration—that which induces the agreement.
4. The parties must assent to the terms.

Now let's presume the handle makers have a written contract concerning the planned action to meet the order for more handles. (Many times in the real world the contract is only implied, but we will assume it is written here.) Can their intentions be the basis for a properly formed contract?

1. Are the parties competent?

We cannot answer this question easily. In fact, in the next chapter we investigate awareness. The issue of that chapter however is that we cannot be assured that either the person accepting or indeed the person offering employment, is aware of the consequences of that decision.

2. Are the actions agreed to legal?

We have found that there is a good chance the uncompensated transfer of distal profit meets the definition of larceny. This does not bode well for the legality of the intended actions called for in the contract.

3. What induces the agreement?

We do see some consideration in the form of payment inducing the worker to exchange labor for money. The employer anticipates the gain of distal profit.

4. Have the parties assented to the actions?

Though they may have assented, the ability to assent depends upon competency to understand the contents of the contract. Additionally, certain constraints govern the allowable form of assent.

The problem of awareness now becomes a stumbling block to the resolution of the above sticking points regarding larceny and competency. We become mired in a cyclical conundrum. If the employee is aware enough to be cognizant of the transfer of property taking place in the employer/employee relationship, then that loss is not really larceny. But a competent person most likely would not agree to forfeit the quantity of value that changes hands. There is a need to study

awareness in some detail and the mechanics of contract formation.

We have come to the end of this chapter because no more ground can be covered regarding transfers of value until we resolve questions surrounding awareness. Ownership of distal profit, we have found, must be initially assigned to the person who does the work because that person has reorganized the universe into a more valuable state through the expenditure of personal property. The ownership of that distal profit can only change hands if it occurs through a valid contract. The contract made is only valid if both parties are competent, no illegal activities are sanctioned and there is consideration. Though we customarily assume that an adult who suffers no hindrance to average awareness is competent enough to make contracts such as we find in the workplace, we soon will be demonstrating that this assumption is unfounded.

By the time we finish this book, we will have suggested some guidelines that will allow the true owners of profit to keep their property and for our economy not only to continue to operate, but at a more efficient

pace with less injury to humanity, while securing a higher average standard of living for us all. These are not just dreams, but a direct result that comes about by relieving stress that is imposed on the system by attempts to counter the natural flow of energy. Reverberations are initiated that can be felt far down the line when we permit the diversion of distal profit away from the rightful owners. We ignore those echoes at our own peril.

Chapter Three

Awareness

and

Contracts

The contractual arrangements we began investigating in the previous chapter will be the subject of this chapter. Though we found that larceny appears to have been committed when an employer takes the profit created by a worker, thereby upsetting any plans for a contract, we must consider the possibility that the worker consented to this arrangement or that the employer's intentions are not felonious. It seems a stretch to believe that an individual would knowingly choose to give away valuables eight hours a day five days a week for life, but given that this is possible we are obliged to pursue that eventuality.

Some conditions that are of concern when attempting to form a contract can be broken down into general classifications as follows:

1. Duress must not be present in any party to a contract.
2. Contracts cannot be made if they call for illegal acts.
3. Parties attempting to enter into contracts must be competent.
4. If no consideration is included, a contract cannot be formed.

Let us discount for the moment the illegal act of larceny by assuming that the worker is aware of the profit that was created and owned by him and decides to freely give it over to the employer. Even when excluding larceny, we will find that the intended contracts concerning employment run into trouble for many other reasons.

For those interested in more than general comments regarding the legality of employment contracts we have included a more detailed treatment of this area in appendix B. There we will deal with the more com-

plex problems associated with consideration, states of mind and details of property transfer which prevent contract formation. Here we will cover a couple of simpler obstacles that can block the formation of any contract, employment or otherwise.

Duress

If an individual elects to enter into a contract with another, while fearing the consequences of not making the contract, the contract cannot be formed. Are there any sorts of individuals who have anything to fear by choosing not to enter into an employer/employee relationship? Though the answer to this question is yes, we will find it helpful to investigate the conditioning that takes place which can result in some individuals experiencing a state of mind predisposed to fear.

The institutions we have in place are dedicated to the proposition that jobs are of benefit to society and that job creation is a virtuous activity. Certainly, any aspiring politician proposing to eliminate as many jobs as possible will meet with less than enthusiastic support. Our political establishment wholeheartedly touts the importance of jobs. Schools not only devote many

hours attempting to groom their charges to look good for the all important interview, they concurrently ingrain the five day work week schedule and ardently promote subordination. Big business regularly preens itself over announcements of the availability of new jobs.

It will be an unusual spirit that can buck this thorough and protracted preparation at all, least of all without apprehension. Because some individuals are so ill-prepared to resist subjugation within the aura of the employment Juggernaut at precisely the moment they are disengaged from institutional oversight, a job offer may be embraced for the seeming security of a steady income and the reaffirmation of acceptance by the “pillars” of society. The contract proposed to *this* sort of individual at this point is flawed because those applicants have been reduced to supplicants suffering from fear: fear of not making it, fear of rejection by authority figures, fear of becoming outcasts or disappointments. The personal property that this class of budding employee is about to create, if actually recognized, is relinquished to the employer because the employee is *afraid* of the consequences of asserting that ownership. (Who among us is courageous enough

to go into work and *demand* full reimbursement for all distal profit that has been taken by the boss?) Harboring fear of the consequences of not making an agreement constitutes pure and simple duress. A contract cannot be formed when one party is subject to duress. Thus we have described the first set of conditions which prevent the formation of the employment contract

One addendum: When a person in authority wields their position for the purpose of taking value they are not due, this is known as extortion. This is another illegal activity, in addition to the possibility of larceny, insinuating its way into the contracts we have on the job. Neither illegal activity can be tolerated in a valid contract.

Competency

We recognize that if someone, for such reasons as mental impairment, ignorance, youth or altered states of awareness, is unable to comprehend the contents of a contract, then they cannot be relied upon to be a party to a valid contract. If a party is ignorant of the meaning of the proposed contract, employment may

become larceny because property is taken from the employee without their knowledge. But suppose the employee is fully aware of the loss taking place. Are we surrounded by far more philanthropists than we ever knew? Probably not. What is more likely is that a prospective employee feels competent thanks to institutional conditioning, and that the authorities that be, either for convenience or because of oversight, allow the transfer of personal property without compensation. In the final analysis it is irrelevant whether the employee is or is not aware of the meaning of the proposed contract, for either state of affairs leads to a situation where a contract cannot be formed. If the employee is aware that a transfer of value is taking place absent the presence of compensation, then the transfer constitutes a gift to the employer. Our current law precludes contracts that call for the gift of property from one person to another. This would be an example of a contract with no consideration or possibly a situation involving extortion. If on the other hand, the employee is unaware of the transfer of property to the employer then we see cropping up the conditions which constitute larceny.

We have organized the important aspects regarding

consideration into charts which can be found in appendix B. As the diagrams there show, every possible combination of states of awareness and states of mind of the parties involved leads to an agreement that cannot be considered a properly constructed contract. Though not every individual will be subject to duress or suffering from lack of awareness, each attempt to make a contract provokes at least one contract restricting feature. For those wishing to pursue this business of contracts in more detail please consult the appendix. We will move on now to show how the conclusions reached there affect the employment circumstances we encounter in the working world.

Let's imagine we are privy to the negotiations taking place when the prospective handle maker shows up to join in an employment contract and that we have been assigned the task of guaranteeing the legality of the contract. How would the pressures we have discussed affect the validity of the proposed contract?

Firstly, we must be assured that both the boss and the worker are aware of the fact that the prospective employee is about to create from the energy of the universe a new quantity of distal profit that never before

was in existence and further that this new value would be, upon its creation, the property of the employee. These are both events of which it is very unlikely either party would be aware. Without that knowledge however, on the parts of both people, the first obstruction to proper contract formation is encountered. The parties to a contract must be aware of the true meaning of that contract in order to have the capacity to assent. More than just the capacity to assent is actually required to create a legal contract. The law demands that there be a “manifestation of mutual assent”. The manifestation is to be a *communication* from each party to the other that they understand the content of the proposal and that they agree to it.

Secondly, we encroach upon the quagmire of duress. We must confirm that, in fact, the prospective employee does not feel any external pressure to sign. As we stated, fear can originate from many sources; institutional and personal. We must disallow the presence of any fear that by opting not to make a gift of private property, an individual would be pursuing a perilous course. Likewise prohibited is any attempt by the prospective employer to coerce the giving of gifts by the new worker (i.e. extortion).

Thirdly, we would be compelled to ascertain that any distal profit investment made by the employee was fully compensated. That is, there could not arise the situation as described in the appendix, where the pay the employee receives is of a lesser value than the distal profit she imparts to the work product causing the remaining infusion of distal profit by the employee to become a gift to the employer. The employee could however make the gift of distal profit to the *customer* if all production is sold at cost and the company operates in a non-profit fashion.

These constraints, if actually satisfied, might allow for the formation of a valid contract, but would almost certainly cause the future employer to abandon all plans to hire this worker. Why would a properly constructed contract be of little interest to the employer? His disinterest in a valid contract, highlights the fact that the employer is truly panning for that nugget of distal profit that belongs to the employee. If it is not possible to pluck that nugget without paying for it, then interest in associating with that worker subsides.

More on Government

What are the responsibilities of the government when we deal with the awareness of the citizens? Generally, when individuals lack the perspective or power to protect themselves, laws are put on the books in an attempt to provide some measure of protection from threats to their well-being. Thus we outlaw child labor. Unscrupulous people would otherwise take advantage of children whose wills are easily manipulated. Similarly, we outlaw slavery. If a person is not aware that they cannot be owned, would be slave owners still encounter a barrier to taking that action. The task of protecting those people from exploiters falls to the government.

The government also assumes the responsibility of monitoring threats to society as a whole. If a practice, however deep-rooted, is harmful or worse, lethal to the country, it needs to be eliminated. We stand now at the brink of a precipice where the practice of separating the worker from personal property threatens to hurl us over the edge.

The working people of this country are in a position

that leaves almost no room to maneuver. The indicators of this situation are despair leading to crime, hopelessness evidenced as apathy concerning our institutions and a pervasive desperation about being able to keep up. When the fabric of our society is threatened by a process, using as its operating platform the structure of laws of our people, the government of our nation bears a conspicuous responsibility to ensure that the interests of its people outweigh all others'.

Though contract theory, no doubt, could be handled more thoroughly by those well versed in the niceties of the law, we all are confronted with the content of these contracts everyday. If the complexities of the legalities of these contracts are too much to understand and handle by the average citizen, then the contracts should have no place in our personal daily activities.

We have found that the contracts controlling the flow of profit in the economy are of very dubious character. Even if through legitimate legal wrangling these contracts were to escape the binds of morality, the threat they pose to the stability of our system and the reprobate act they facilitate must inform us of our

need to discontinue their use. Undoubtedly, protracted legal battles over the employment contracts we now endure would be of little value to our society. Though the process of profit extraction from the working people must cease, the means by which this change is accomplished should not involve litigious confrontation. The shift we must effect is more fundamental than that which can be accomplished by using the tools available to us at present. In the final chapter we will make some suggestions as to how we might engineer a peaceful transition into a system that operates without resorting to employment.

Before we do move on to ideas for dealing with some of our findings, we may find it beneficial to examine jobs as we know them today. This will be the subject of our next chapter.

Chapter Four

Jobs

In the previous chapter we found that the intended contracts upon which employment are based are untenable. One way or another no matter what the circumstances, some activity creeps into the plans which upsets the possibility of making a valid contract. Be it extortion, larceny, duress, incompetence or lack of consideration, the intention to enter into a contract guiding the relationship is always stymied by some combination of characteristics which undermine the contract's integrity.

Though the value transfer taking place in an employer/employee relationship is already fraught with unlawful acts, we must consider the wisdom of instituting a law specifically designed to prevent this type of transfer. What would the pros and cons of such a policy be? At first glance outlawing employment seems like an absurd suggestion. Doesn't a capi-

talistic system actually require employment for its operation? Aren't there people who would flounder without the guidance and security of a job; the lazy, the low aptitude and those fearful of taking the risks of operating a company? How did we come to believe that employment is desirable and just? These questions and others will be dealt with as we ramble over the terrain of the relationships manifested in the working world.

Pro Jobs

We have witnessed some of the drawbacks associated with the uncompensated separation of workers from their property. These include a diminishing respect for the government that sanctions and partakes in acts that adversely affect its constituents, a withering of incentive when others receive the rewards that follow effort, the formation of separate classes as wealth percolates toward those comfortable with exploitation and an ominous gnawing at the threads that stitch together our society when people are nudged toward the brink of bare subsistence.

On a more prosaic level we see many other ills. Any-

one who has ever had a job hardly needs to be informed of the injuries to mind, body and spirit that must be endured to assure the delivery of the check at the end of the week. Among the losses incurred we see; control of one's personal schedule (including when to get up, when to report for work, when to rest, when to eat, when to converse, when to leave, when to vacation, when to retire), selection of associates, ownership of any ideas on or off the job, choice of place of residence and much more. Do the benefits to society gained by abiding these burdens outweigh the harm they inflict?

Of course a case be made that plenty of people are better off in a situation where their every move is arranged for them. What of people who wouldn't work without command from above or lure of the check? Many are unwilling to take the risks associated with self-determination. These milquetoasts couldn't handle the complex demands that need to be shouldered when operating a business. Jobs are good for these people, otherwise they would languish. And don't the skills learned make for a happier populace that is more capable and the repository of greater self worth? And certainly the work force is much more efficient

when managed by overseers who watch every nickel like a hawk. Efficiency translates directly to a higher standard of living...doesn't it? Employment is the means by which idle hands are kept busy, everyone gets a chance to pull ahead in a competitive world and even fledgling indigents are given a shot at being self sufficient.

Con Jobs

Indeed. Anyone who swallows that party line has been the mark of a con job. Many of these arguments were used, among others, in an attempt to extend the tenure of slavery. Slavery had much in common with employment. One chief difference is the method of payment. To purchase a slave one had to pay up front, in full. Not so with employment. A life can be purchased at a leisurely pace, interest free.

The driving force behind both slavery and employment is the wish by the people in charge to reap the energy of the sun expressed through the worker. Ultimately, the goal of a person exploiting another is to allow life to continue for the exploited, but to extract all energy beyond that needed to support life.

NOTE: No word in the study of economics seems to lug about more baggage than the word *exploit*. Communists love to lord it over any lurking Capitalists, while Capitalists become marvels at backpedaling should the accursed word rear its ugly head. The fact is, both Communism and Capitalism would look altogether different if each was prevented from separating the workers from their property. The uncompensated transfer of core value in the production of either system is 200 proof exploitation. There is no court upon which advocates of either system, can justifiably play a game of one ups-man-ship over exploitation of workers. The primary difference between these theories, is that Communism confines the practice of worker exploitation to the government, while Capitalism gives the citizenry a first shot, leaving the government to assume the role of carrion fowl.

Exploitation, once again, is an embodiment of our parasitic nature. We conduct ourselves in the same manner when dealing with the cotton plant. The plant is encouraged to flourish insofar as it conforms to our needs. Life is permitted, but all energy that finds its

way into something of value to us, is taken without compensation. A slave or an employee is in the same field as the cotton plant. The closer an employee approaches to conducting himself as does the cotton plant, the more desirable to the company that employee will be. The operators of the company couldn't ask for more.

If they did ask for more, the result would be the perishing of the worker. This is our doom however, when we head down the road upon which employment is classified as a legal act. As we noted, there are other drains on people in addition to the loss of distal profit. The combination of drains is unsupervised with no concern promulgated to ensure that the host will not perish. And so perish the host will, sooner or later.

Our heritage is a daily allotment of energy in excess of our needs. That energy becomes a part of the economy we form to interact with each other and the basis of the exchange medium through which we trade. As with the handle maker, we can choose to expend our surplus energy in ways that can increase our standard of living. There is nothing to stop us from using up all our surplus, collaborating to cover the deserts with

melting chocolate ice cream cones if we so desired. We make choices to further ourselves along a path toward greater comfort, health and mental or spiritual development with that heritage, if we are wise.

When we enter into an employer/employee relationship, we delegate the responsibility for the guidance of our heritage to the employer. What guarantee is there that the most insightful path for our wealth will be chosen? Even in the best of worlds there is probably no way to ensure that as a group we can direct the course of history to our greatest benefit. But there is a much higher probability that humanity's best interests will be served if the people who do the work have a direct connection to the rewards for that work and are assigned the task of choosing what the work will be.

Must a capitalistic system include employment? One of the major differences between Capitalism and Communism traditionally noted has been over the right to own property. By diverting distal profit from an employee, the conventional capitalistic company operates in the mode of Communism on a small scale. The employee is devoid of property rights while working. Thus we don't customarily see pure Capital-

ism but a hybrid. The question then becomes; Can Capitalism succeed without resorting to miniaturized Communism?

Simple production can easily carry on without employment. The handle maker can make his handles without having to hire workers. If demand should outstrip his capacity to produce, others can attempt to take up the slack by making handles, too. Alternatively, the handle maker could enter into an association with other people with an aim to meet the demand of the market by cooperating to make the required number of handles. They could receive the usual one dollar each, obviating the need for employment. Production can meet demand without employment.

Could the *hammer* maker build the hammers from parts without employing others? Here too, the task can be accomplished either by an individual or a cooperative effort in which agreement as to reward is spelled out and no uncompensated transfer of distal profit takes place. Employment is not a prerequisite to getting the job done. There will be difficulties in assuring that the profit that comes to the hammer mak-

ing operation is properly distributed, but this is a separate issue from that of whether the hammers can make it to the marketplace without the use of employment.

How about the car? Is it possible to build cars without employing people? To be sure, things might get complicated on the larger scale. But does complication translate to impossibility? No. By breaking the task into manageable parts and operating them independently, in a manner similar to subcontracting, the cars could be built by people working together to make it happen. Disallowing the relationship that permits the uncompensated transfer of distal profit does not present an insurmountable hurdle to the given assignment. As regards quality control and incentive, the absence of an employment situation would more likely be a boon.

All tasks large and small can be broken down into constituent parts and handled by cooperations. These groups can control the inflow of money to distribute it properly in corresponding quantities to represent the incorporated proximal and distal profits that make up the core value of what has been produced.

People work to accomplish a given goal. There is no linkage between people's capacity to produce and a transfer of their property to one who did not create it. Certainly there are some needs that cannot be broken down conveniently such as construction of infrastructure or the postal service. A number of our goals may have to be met by the government producing "at cost." Some of what we do now may not need to be done at all. Those tasks that don't need to be done but which are done because it is economically feasible, due to the appropriation of an individual's distal profit, may cease to be done when costs are properly accounted. These are the choices we will make on a case by case basis when ownership rights are enforced. In any case, employment is not required to accomplish a goal.

We were able to adapt to the discontinuation of slavery because slavery was not a precondition to harvesting crops. We were willing to exchange one portion of our core value for another portion representing the harvest. Likewise we can adapt to the elimination of employment because employment is not a requirement to accomplishment, it is only a monetary reassignment of the core value that we create when we

work. We can still work even if we are not owned or employed.

But what of our other concerns over people of low aptitude, little initiative or intolerance to risk? Isn't the best plan to arrange our economy to supply these people with employers directing work for pay? Using our new understanding of the process that occurs on the job, let's reword these concerns in plainer language.

— When a person has a sufficiently low I.Q., doesn't this entitle us to ignore laws covering larceny and such, enabling us to take without compensation some of their belongings?— OR — If a person is so lazy, that it's all they can do to show up on time, then that person shouldn't be allowed to keep their own money. Someone else more energetic ought to have this money given to them — OR — “I'm so daring, I started this company. On top of that, I'm so daring, I'll reach right into your wallet. Since I'm so daring, I think I should be able to grab your cash with impunity.” — None of these assertions could fly because they would sanction immoral behavior. We are all equal under the law. A difference in genes or conditioning does not subtend an area of immunity from the law, either written or moral.

We find ourselves repeatedly scudding along the edges of larger moral questions when we scrutinize the propriety of jobs. In a later chapter we will spend some time dealing with these moral problems. Here, though, we will stick strictly to the question of outlawing employment.

We have stated that a capitalistic system is founded not on the premise that there must employment but on the requirement that the government be excluded from the ownership of the means of production and distribution. Another critical element of Capitalism is work. All economic systems require work because it is through work that core value arises. Communism, Capitalism or any other system must have as a source of power the inoculation of energy that comes through work.

We now will look at a model of that core value which drives economic systems. Imagine that instead of the complicated metamorphosis of Calories to dollars that we discussed before, we simply had access to a huge vat that each day was refilled for free with a remarkable ambrosia that could be converted to anything we desired. Every morning any person could go to the vat

and ladle out the predetermined daily ration. This ration could meet each person's survival needs and still leave plenty to feed into the conversion machine that could change the ambrosia into anything that person wanted be it toys, cars, homes, TVs, tickets, clothes, or whatever the heart desired. Each day a person would be required to save two thirds of the ladled ration to use for purchasing the next day's ration. There would be no rules governing how the remaining one third of the ration was used.

What we see now in our present configuration of Capitalism is a forsaking by workers of the one third portion of the daily ration in exchange for some notably lesser portion of potion. The differential in potion goes directly to the employer. The worker retains enough potion to make the next day's purchase plus some nominal comforts, but again on the following day, donates most of the day's surplus ration to the employer.

The total ration that is dispensed from the vat is used in various ways. Some of it emerges from the conversion machine as lasting creations. These might include ideas that live on through the generations like

fire, the wheel, language and electricity. Some may not be so everlasting like roads and buildings. And others are fleeting such as heating oil and ice cubes. But whatever the ambrosia becomes upon emergence from the converter, it is only a permutation of that portion that went in. Thus a ration and its resultant after conversion are equivalent. We have a closed system that incrementally gains each day and incrementally shrinks each day. If the ambrosia is converted to lasting value, there is a chance that over time the daily ration can be used to elevate the standard of living. Just as possible is a scenario where all portions of extra portion are converted to useless waste. These are simply the choices we make when we punch in the commands on the converter control panel.

If none of the one third extra portion went to employers, it is fairly easy to see that we would each have an allowance to convert and then trade with other people when we decided to exchange *our* converted ambrosia for someone else's. The total trading potential is the lasting output from the converter plus the additional daily ration (minus any ice cubes and such that have ceased to exist). We, of course, would have enough ambrosia or converted ambrosia to trade, again, be-

cause we are dealing with a closed system. It is not possible for the situation to develop where the converted ambrosia exceeds itself. Exchanges of value in the system are made for other valuables in the system. It is as if we were to stir the vat before any converting took place. Ambrosia will trade places with other ambrosia but the level in the vat remains unchanged. The next day the level of tradable value might go up or down depending on our previous whims as we stood at the control panel and how many of us are eligible for rations.

Not so easy to see is that this is precisely the situation we have when an individual's ambrosia is siphoned off into the employer's holding tanks. The total volume of ambrosia in the vat was determined by the number of individuals who lined up at the ladling site. Stirring the ambrosia still only exchanges one part of the volume for another. The total available value is still the same. The ownership of that value has been meddled with but not the volume. Therefore the total value can still exchange without voids developing. This is to say that we can afford to buy all that we produce.

We began by wondering whether Capitalism could exist without employment. We have found that Capitalism cannot persist with employment. Human nature is such that when pushed to the brink we will rebel, overthrowing the institutions we blame for our dilemma. Alternatively, the forces that have free reign to behave parasitically will either force the population to succumb or leave it ripe for takeover. The vital question isn't, "Should there be a law against employment?" but, "Will we have an honest look at the predicament we are in and take the steps needed to assure a benign resolution to our problem, rather than awaiting a cataclysmic transition leading to the system that is to follow?"

What Next?

We feel the rumblings of discontent all around us now. Violent crime against each other and institutions is on the rise as have-nots confront haves. We see that it commonly takes two people working to achieve what one could before. These are the signs of the slow creep of ascending appropriation of the workers' distal profit, driving them ever closer to the verge of subsistence level existence. Our wisest course of action

would be to reverse that trend. We will make some suggestions as to how we might meet that end.

Change is a difficult process. Any change as radical as doing away with employment will be confronted with sizable obstacles. We have in taxation a force that can flatten resistance with ease, and so we may be well advised to use it, though in the long run outlawing employment will be best implemented with a Constitutional amendment such as we have regarding slavery.

Civil war or class war must be averted, as war is too violent and wasteful, so careful action should be taken when dealing with issues as volatile as money. The will of the people founded upon knowledge of the goal pursued can suffice to take us through the transition period with as little disruption as can be had. In the final chapter we address the question of how we might effect change. Here are some preliminary thoughts on the subject.

What peaceful means are available to us? For a start, we could reward those who accomplish work without resorting to employment by taking money directly

from those who do use employment. A simple transfer of ambrosia. If we were to tax companies with employees, 1% of gross and give it over tax free to the enterprises that had no employees, we would see an immediate rush to be on the receiving end. This, after all, would be a huge incentive at first. Over time we could continue to raise the penalty for relying on employment until employment was too costly to consider.

To minimize turmoil there would probably need to be a “grandfather clause” in those instances where rapid change would prove to be too traumatic. As the age of the work force advances, those retiring out of the old way could be replaced by newcomers adhering to the new.

These changes will have to be accompanied by a full scale educational program outlining the how and why of the process. Conceivably the conversion from one system to another could span more than one generation.

However the transition is accomplished, it is as much incumbent upon the government to identify and deal

with this threat to our system, as it is to deal with any other threat to our security. The power and resources of the government and the people must be brought to bear against this threat or surely we will be forced to deal with it on terms other than our own.

Thus far we have found the following:

1. Profit exists and is a manifestation of energy entering the economy.
2. The production of an economy is embodied in core value.
3. A portion of that core value is owned by the worker.
4. Ownership of the worker's core value changes hands.
5. The transfer of ownership is via a contract.
6. The mechanism or vehicle which conveys the contract is the institution of employment.

7. Despite the contract's already shaky legal footing, employment must be outlawed.

Predicting the future is a precarious business so we won't attempt to sketch too detailed a picture of what a new system without employment might look like. (We don't even have a name for it yet. Ownerism? Dominionism?) But the basic means of transfer of property has to go, to right the wrong that will sink our system.

Eliminating employment still may seem like a ludicrous notion to many, but we are not advocating the elimination of work, only the elimination of the process where the rewards of work are appropriated by those insinuating that they have a right to them. If we do not wish to put an end to the practice of separating a worker from their property, then we should seriously consider reinstating slavery or developing genetically engineered worker humanoids who are perfectly matched to their work and whose rights can be manipulated at will. We no doubt could find a plant gene to insert, equipping the workers with the capacity to yield proximal profit as well as distal.

As we near the cusp where we will advance into another way of inter-relating in an economy it is vital that we assess our position in order that we may take the proper course of action as we begin our slide down the other side. Change will come. We have only to coax that change toward our advantage.

Next comes a brief sojourn in morality. This is a necessary stop because our economy derives its guidance from our laws which are previously rooted to our beliefs about what is right or wrong.

Economics undeservedly has been labeled the “dismal science.” We have had to journey off into law, botany, biology, politics, psychology, math, physics, genetics and now philosophy in an attempt to understand how an economy operates. No less than our standard of living and the stability of our nation ride on our ability to glean some truth from this amalgam. That’s not dismal!

Chapter Five

Morals

What place does a discussion of morality have in an investigation into the operation of an economy? On the surface of our economy many immoral acts are immediately apparent. Businessmen study tactical warfare when preparing to interact. When conflicts arise between advancement in one's career and gracious treatment of associates, greed often triumphs over good. But these are only examples of common human tendencies. We couldn't legislate moral behavior on the part of the people with any hope of actually succeeding.

Laws do have a place in the workings of a society. Some acts must be listed as forbidden, even though we tend to agree that they shouldn't be indulged in. Murder, for instance, isn't resorted to by many and yet we feel that it should be outlawed and penalties assigned to those who yield to their darker impulses.

And so, we pick and choose from among the various nefarious acts people concoct, those which warrant the direct intervention of our government. Though we can't prevent people from misbehaving, we can institute measures that are designed to balance the scales when someone has been wronged.

Deciding when a wrong has been committed is a moral judgment. Who is assigned the task of providing that base—the moral judgment—upon which the laws will rest? In the past the job has fallen at times to the church, the king or in our case the people. A full scale treatment of morality through the ages is beyond our scope, but some aspects are integral to our study.

Of great importance will be the problem of ownership. For quite some time we have believed that the owner of property cannot be denied that property without some overriding public concern. Laws protecting property rights reinforce this belief and back it up with the power the government controls. This extends to the use of the nuclear arsenal if the situation calls for it.

Occasionally the convenience of the government

overrides this laudable intent but our belief and our written words attest to the fact that we wish for property to be protected. Ownership, we have found, can be established for the distal profit a worker creates. Thus the power of the government should, at least theoretically, be squarely behind those who wish to assert that right.

What are the ramifications should the government decline to support those whose property is wrongly taken? No property is protected unless all property is protected. If we cannot depend on the government to defend the citizens, respect for the government will dwindle and ultimately fail.

Do we wish to do what is right or merely what is expedient? It would be much easier at this point to acquiesce to the wishes of those who favor the continuation of the entrenched way of doing business, than to try to make such fundamental alterations as would be required to rectify the inequity perpetuated by employment. But if the very root of our system contains toxic relationships, expediency will ultimately unravel the ties that bind us.

Our form of government is based on faith in the people. On paper at least, we state that the people are capable of handling and can be trusted with the responsibility of self-determination. Are we to believe that somehow these same people are incapable of self-determination when it comes to operating the economy; of the direction of the flow through their own bodies of the energy churning through the system?

The moral thing to do is to put our money where our mouth is and trust to the people the property that is theirs. We tolerate the act of appropriation that we have identified in the workplace because we rationalize the workers' property rights into non-existence. In a headlong pursuit to idolize self-made people as paragons of virtue, we fail to take note of the fact that far from being self-made, they have been made by the people who have been deprived of their due.

Ideas, good or bad, do not justify exploitation. Willingness to exploit, does not justify exploitation. Hard work and drive do not justify exploitation. Superior intelligence does not justify exploitation. Good intentions do not justify exploitation. Nothing justifies exploitation because it is an immoral act that must not

be sanctioned by any government. If morality plays no significant role in our interactions, society can only crumble in the end. To prevent economic pressure from becoming a force that does eventually dissolve our way of life, we must underlay our economic system with a footing we can truly believe in and be proud to point out. A well designed economic system with a firm moral base has the potential to become another creation of mankind's that weathers the ages.

Chapter Six

The End and The Beginning

In this last chapter we will cover more than one subject. Restating briefly what we have learned so far may be helpful in tying together these unfamiliar notions. We need to consider what the effects would be of adopting these ideas, as well. There certainly would be major changes in store for us were we to eliminate the employer/employee relationship. But we must face this proposition head on to complete our study. A truly comprehensive investigation of all we have suggested however, lies outside the goal of this volume. Though we can't cover everything that bears upon this subject, we will try to point out some paths that should be followed to gain a better understanding of how we should construct our economic system in such a way that it is at once just and sustainable.

For those of you who have made it this far, we thank you for your attention and perseverance. This book has been written for the working people who, day by day, have devoted their lives to making the world a better place. We have faith that people possess the strength and common sense to take care of themselves and can be empowered to do just that. In the space remaining we will attempt to touch on areas of importance and sketch out some possibilities for a future where we cooperate to compete.

Let's recap our findings up to this point.

We discovered that profit really does exist. Everything containing exchange value in an economy is rife with profit, no less. There are two types of profit; true and false. True profit can arise without the need for intervention by people: This is proximal profit. True profit also arises *because* of the actions of people: This is distal profit. Sometimes the desires of people can skew a predictable relationship between true profit content of the valuables in an economy and the price those valuables command in the marketplace. The magnitude of that disparity is the measure of false profit.

True profit forms the basis of our exchangeable property. A product's true profit content, its core value, is the sum of its proximal and distal profits. An economy's aggregate core value, which must be utilized to determine its money supply, is the sum of all the core value of the economy's production in existence that remains desired by the people.

Intricately locked into the total core value is a large portion of value attributable to a distal profit investment by the working people. Any increase in value attributable to the distal profit investment of a working individual begins its existence as private property belonging to that worker. The ownership of that private property changes hands through the employment contract. Employment contracts appear to be illegal. Despite the fact that employment contracts are of questionable character, there must be in place statutes specifically prohibiting employment, in order to insure that this practice is eliminated.

Employment must be eliminated because that relationship instigates the process that culminates in the dissolution of a society. Society cannot endure when internal structures, sanctioned by the government,

promote the formation of separate and incompatible classes.

That in a nutshell is the message of this book. Now let's have a look at what we might be able to do to prevent the collapse of our system.

When we talk about the discontinuation of employment in a system, what might we put in its place? We do not recommend the elimination of *work*, only the exclusion of the unlawful separation of the worker from the value thus created. This would mean that there could no longer be a situation where one person receives the increase in value attributable to another. If two people were to engage in an activity for profit, there would have to be complete understanding and agreement as to how money would flow and no chance that ownership of distal profit could change hands without equivalent compensation.

One last time let us visit the hammer handle making operation. If a level of production is reached where one individual cannot accomplish the work load, what options would be available to the owner of the com-

pany? Hiring an individual by the hour to carve his blocks of wood would be outlawed. The hourly wage must become a relic of the past. What could be done however, is to form a partnership with another individual where both would share in the work and in the proceeds from that work. If they still received one dollar for each of the finished handles, then there would be in place an automatic apportioning of the distal profit.

Suppose there was a machine available to make the handles. They could save up their profits, then buy the machine together and revel in the benefits of automation.

But what of the fact that the founder of the company owned the trees from which the handles were made? There would have to be an arrangement where the new partnership bought the wood from him if he gave the best price.

But what of the fact that the original owner came up with the idea or the customer base or good will and so forth? This is another area that must be worked out by the individuals. If the owner is unwilling to forego

benefit for that input, or the new partner is unwilling to yield some portion of profit to reward the input (these are, after all, forms of distal profit), then possibly the partnership cannot be made to work.

How can the company grow? If demand continues to outstrip capacity, what course can the enterprise pursue? With such a simple product there is nothing to stop the cooperative association of many individuals. Eventually a level of production may be reached where, for the sake of efficiency, the division of labor may loom as a means to increase profitability.

Is it possible to divide up tasks and still keep track of the various flows of distal profit? Yes. Suppose we had ten people producing handles. Suppose further that they produce 100 handles per day. But, five people produce eleven each (55), three produce twelve each (36), and the last two produce five and four respectively (9), each receiving \$1 per handle.

The slowest person, let's call him Goober, suggests he deliver blocks to the other working people, clean up their work areas and supply them with refreshments. They all agree to give this a try whereupon

they find that as a group they now produce 110 handles per day. How should the \$110 be divided up? Should each person continue to receive what they had been getting before the increase in productivity while the increase all goes to Goober, whose effort created the more efficient work environment? This would mean that the workers each continued to get twelve, eleven or five dollars while Goober who used to get four dollars now gets fourteen — more than anyone, when he used to get least. Is this an accurate apportionment of the distal profit? Or should each worker still receive one dollar per handle while Goober gets nothing?

What is the value of the increase in efficiency? Without the help of the clean up and block delivery, nine workers produce \$96: $55+36+5$. With the help, they produce \$110. The assistance is worth \$14. At this point, the carvers would love to hire Goober for say five dollars per day. That way they each would make more money than they had been making, as would Goober who used to only make four dollars in a day. The problem with this set up is in the flow of distal profit away from Goober to the handle makers.

Imagine that Goober is not very bright. He could be convinced of the wisdom of doing work that nets him five dollars instead of four. The nine remaining handle makers could sit him down and explain the whole scenario and succeed in rationalizing to themselves and to him that an equitable arrangement has been devised while never agonizing over whether there has been a change in ownership of distal profit without compensation.

What is so bad about an arrangement where everyone involved receives more money than they used to? The handle makers could each simply pay into a kitty, \$5.00 divided by 9, or 56 cents a day. They would each net about one dollar more per day or around a ten percent increase. Goober would make twenty percent more than he had been making. If he would agree to this plan how can there be any wrong in it?

There are many wrongs in such a plan. We will proceed with unhurried determination in an attempt to isolate those critical moments where profit arises and class division has its inception.

What is the character of the profit contained in the

fourteen dollar increase in productivity made possible by the division of labor above? And who is the original owner of that profit? Let's start with the character.

More on Goober

Before there was any division of labor, the group of ten carvers could produce \$100 worth of combined distal and proximal profit. Each individual worked independently to infuse their block of wood with distal profit causing it to have a value of one dollar. Their activities were loosely associated but primarily they worked individually. When they chose to become a group of nine carvers and one clean up person, they formed a different sort of association. Now, rather than near total independence, they were tied together by a tenth person whose efforts become a part of each of the handles they carve. The value of what Goober does is \$14. The Calories he expends during that assistance are directly responsible for the increase in productivity, which has a value of \$14. Those \$14 then are made up of distal profit.

Now who is the original owner of those \$14? The distal profit is private property belonging to Goober. No

other person has a right to claim ownership of any or all of Goober's Calories. Goober's I.Q., strength, skill, social status, sex, age, educational level and net worth are factors unrelated to the ownership of the Calories that created the distal profit. The ownership of the building in which the profit was created, the ownership of the brooms or other tools used to clean up, the people who are the beneficiaries when Goober cleans are likewise factors unrelated to the ownership of the Calories that were used to create the distal profit that enabled the group to become more efficient.

For all these reasons, the \$14 distal profit which becomes a part of the \$110 dollar core value the group produces in a day, is Goober's. When the money arrives to pay for the handles, he receives his fourteen dollars and the carvers must now divide up the rest in the same proportions as before. Though they no longer receive one dollar for each handle, they have not suffered a loss in income nor do they have to do all the work involved in producing a handle any more. They also have the advantage of not having to clean up and the somewhat more pleasant working conditions. Regardless of what any other worker in the

group may desire, there is no viable rationale for denying Goobar the distal profit that is his due. Nature's energy has been channeled through an individual to become a part of the core value of the economic system. Original ownership of the value created by that energy can only be claimed by the individual acting as its conduit.

There is the moral question, too. If any person could be permitted a position of advantage over another, a stronger case can be made that the person with fewer innate capabilities should gain through prejudice. If a person or group has not only greater ability to produce handles, but also the craftiness to convince another to yield distal profit in their favor, should they really be given a green light to do so? No.

Genetic and environmental advantage do not somehow undo moral duty. As we have noted, it is in mankind's nature to behave like a parasite; to absorb the energy of other organisms in order to advance. It is incumbent upon those who have the wherewithal to perceive and participate in controlling the flow of distal profit to assure that the profit remains in the hands

of the individual who created it.

Might we expect an epiphany resulting in a clamor from the carver clan proposing to Goober that not only should he get the \$14 he makes possible but some greater amount because he needs a slight advantage to compensate for his inability to carve out as many ergonomically correct handles as the other workers? Much more likely is a consensus by the handle makers that they could and should receive a portion of his \$14.

The fact is that neither the group of carvers nor Goober should be gaining at the expense of the other. If Goober wants to make his \$14 and the handle makers like a situation where one operation can be “handled” by a specialist who receives compensation equal in value to his distal profit, then they should agree to move ahead. Both the group and the economy benefit because now ten people produce 110 handles where before they could only produce 100. There is an incentive for the group to come to this consensus, in that the group attains a more competitive position in the marketplace. These ten people are able to produce 110 handles versus all the other groups of ten who

can only produce 100 in the same given time period. Other groups haven't taken advantage of the division of labor. The members of our original handle making group have, through cooperation, gained a more competitive position. At the same time each member continued to receive compensation that accurately reflects their individual distal profit input while the carvers can focus their efforts to develop a more proficient level of skill.

More on Class Formation

If we were to allow the group of carvers to take control of any of the \$14 belonging to Goober, we would have to accept the premise that Goober is possessed of fewer rights than the carvers. When one group of people is considered subordinate to another, this is the first appearance of a class system.

We cannot forsake the moral high ground in pursuit of efficiency or to appease our parasitic nature, for if we do we find ourselves confronting yet another problem with the inappropriate assignment of distal profit:

A theoretical moral wrong is one thing, but the mundane manifestation of this moral wrong is the collapse of a social system. As the handle making operation grows and grows, there is an ever increasing need to bring in hired help to keep those hifalutin carvers satisfied. Before long we see the development of separate classes; the carvers and the “carvees.” In time the “carvees” will tire of having their distal profit pared away and will set things right by what ever means it takes. Better than trusting to revolution to restore the equitable flow of profit, is to prearrange its proper flow, preventing the development of an imbalance between effort and reward.

Employment is the means used to separate a working individual from private property and so is at the root of social unrest. To curb the development of discord, this appropriation must not occur. It is an archaic notion that there is some valid basis for allowing one person to claim the profit of another. It derives from the also archaic notion that people are not equal; that somehow one person is more deserving than another. Rationalization cannot obscure the fact that exploitation takes place because the exploited are in a position of weakness and are powerless to prevent it.

An individual who has succumbed to the exemplar of wage earner is not an inferior being who qualifies for fewer rights. This however, is the state to which we have lowered this class of humanity. Over time it has been our custom to persecute a group using ethnicity or gender as a guide. Our continuing failing is to demote those who have not demonstrated a capacity to shield themselves from financial attack, to subhuman status. Those who evince the willingness to exploit, may gain through that process and enjoy the blessing and assistance of the government. Those who are at the mercy of the parasite, suffer the further insult of abandonment by our designated defenders.

Again, this is more than likely not an example of evil intent by our authorities. The foundation we have attempted to build upon has the inherent flaw that a process that wreaks havoc on the rights of the individual has not been proscribed.

A Healthy Economy

We often speak of an economy as a living thing. Indeed, in the flow of energy through the system there are many parallels to life forms. Life's existence de-

depends on the sun. Likewise the basis of an economy's survival is found in the various forms of energy upon which it feeds. Were we to divert the flow of energy in any living thing the way we divert its natural flow in our economy, we would surely expect to see problems develop that could threaten the survival of the organism.

When a vine climbs a tree and makes use of the structures the tree has constructed to gather solar energy; i.e. robs the tree of the investment it has made; the vine eventually shuts off the tree's access to its sustenance, causing the tree's death. Trees flourish when the proper nutrients, CO₂, water in the right amount and sunlight are available. An association of people on the scale of a national economy has requirements for healthy growth and endurance. Any influence that causes the formation of classes will undermine healthy association. Worse yet, if the class structure is rooted in a misappropriation of net worth, i.e. if the work force is robbed of its investment, the unhealthy influence will be fatal to the system.

A healthy economy needs unhindered incorporation of energy from the various sources of proximal profit.

This is the economy's driving force. The distal profit (which is derived from proximal profit) needs to remain with its owner, the worker, or there will occur a damping of incentive causing an ebbing in the current of energy into the economy. This will cause the economy to sicken as surely as would a tree wither should its vital functions be strangled.

A healthy economy that promotes an ever increasing standard of living is one in which the core value of its production is of sustaining public utility. If we were able somehow to squander absolutely no proximal or distal profit, we eventually might truly see the day when work becomes only an insignificant part of life.

An economy making use of a cooperative approach to competition is like a symbiotic relationship where two behaviors though different, are complementary, resulting in benefit to both. This is the form we will evolve towards with or without our own engineering.

Dominionism, if we may adopt that term, would show many similarities to Capitalism as we have experienced it to this point:

1. Division of labor can exist without employment.
2. One needn't have a "job" to earn or to spend money.
3. Formulation and implementation of ideas to generate profit do not depend upon gaining permission to appropriate another's property.
4. We can build machines and operate them without relegating people to the status of the machines.
5. We can accumulate core value, that is, create worth of sustained desirability through work that has its reward assigned to the person doing the work.
6. The market can continue to exert its influence upon the work we collectively choose to do whether or not we resort to exploitation.

In short, employment is unnecessary. And because it is harmful, it should not be employed.

Oil

Until more recent times distal profit's role in keeping an economy running was paramount. Oil has changed the landscape in a dramatic fashion. One gallon of oil contains somewhere on the order of 35 thousand of the Calories we use to measure the energy content of food. Thus a single gallon of oil has the equivalent of forty four days of full time labor, since each of us can only spare about 800 Calories to change the world each day. We see that oil carries a formidable power in comparison to our human potential.

Imagine what life would be like if we were forced to do without the benefit of this nearly free source of energy. Gone would be all our cars, the gasoline that powered them, the roads upon which they roll, the machines used to build our dwellings, the source of heat in our furnaces, the electricity generated when we harness its power, the tractors that toil in the fields, the trucks and planes that transport our food. Fertilizer, pesticides, plastics, concrete, ceramics, aluminum and steel all are heavily dependent on this proximal profit. We wield this power with the abandon of a child holding a fistful of credit cards let loose

in a shopping mall. Though there may be no bill due when we have used up the last of our fossil fuels, there will be a period of adjustment to say the least.

The benefit of this gift has been to raise our standard of living from the level it had been as an agrarian society to what we see today. The risk we run is that we may waste all the benefits of fossil fuels on core value of transient utility, impelling us back to the agrarian society when the oil runs out. This may or may not be problematic, but we should bear the possibility in mind. A hedge against this eventuality would be to seek out ways of gathering into our economy, quantities of calories in comparable volumes to those contained in oil.

Work Choices

Two percent of the work force can keep us fed at this point. If we add in similarly minuscule percentages of the population taking care of our needs for clothing and shelter, we see that nearly all the work we do is unnecessary to survival. All other work is done because we choose it, not because it must be done. How

is this work chosen?

In an economy where enterprises of any size must be cooperatives, the work chosen will need to be the result of a consensus. This will tend to assure that the selection will be more in keeping with the peoples' goals for society. As it stands, the work chosen often sprouts from a determined individual's ideas. What is problematic about depending on the ideas of one person? When one person's idea can direct the course of the expenditure of large quantities of both proximal and distal profit, this does not ensure that we have any strategy to coax us away from the risk that we may deplete our resources on endeavors of little or no lasting benefit to society. With more than one mind involved in the work selection process, there is a somewhat greater chance that a socially responsible choice may be made.

Implementing Dominionism

Now let us consider some possible courses of action to test and institute the preceding ideas. An unwise and unlikely course would be to pass an amendment to the Constitution to the effect that tomorrow em-

ployment would be outlawed. Nor would it be a profitable use of our time to become embroiled in court battles over the legality of the contracts that are in use today. Those contracts, legal or not, are only a means used to separate the workers from their property. We must do away with *all* avenues used to deprive people of their property, not only employment as it is permitted now. A new system must be created which can grow in a controlled manner out of our present system. This new system will in all likelihood need to have a base constructed of new laws dedicated to the purpose of establishing an improved way of doing business.

In matters of national security we commonly devote prodigious sums to research and development of ideas which will keep harm at arm's length. Couldn't we enlist our research capabilities to study the threat to our security posed by economic collapse? Much could be learned by forming a miniature economy implanted within our borders operating along the guidelines of the new system we have called Dominionism. What would those guidelines be?

First of all there could be no employment or similar

situation under any name where distal profit changes hands without proper compensation. Secondly, we probably would find that associations of great size would be too unwieldy for us to keep tabs on the flow of distal profit. Probably companies of over 100 people would be difficult to manage though maybe with experience a way could be found to monitor larger associations' operations to protect individual property rights. The restrictions imposed upon business in addition to the banning of employment may be fewer than those we have now. Present day regulations often stem from attempts to mitigate the abuse inherent in employer/employee relationships.

Using the power of the government with its resources and control of taxes and laws, we could construct an isolated experimental economy to study the strengths and weaknesses of a system of Dominionism. Members of this economy could be recruited or volunteer just as with the military, and they would engage in economic games as opposed to war games. We could set up an in progress steady state system where no employment exists but people work as usual, incorporating core value into production desired by others. This economy could be run as though it was a differ-

ent country importing from and exporting to the rest of us. Importing would need to be controlled through taxation to protect the experimental economy from the low prices made possible by exploitation of workers outside the system. (This type of policy would probably need to be extended to protect the entire U.S. in full scale implementation.) We would want to make as diversified an economy as possible to thoroughly study the effects of no employment on companies large and small, necessitating the inclusion of a fairly large number of people, on the order of tens of thousands. The cost of such an endeavor would not be very high since the recruits would soon be self supporting and eventually profiting more than the rest of us.

Perhaps as problems are weeded out and the experimental economy is streamlined to the point where it is made workable, it could then form a nucleus to which, over time the entire economy of the country could be attached. Because the government makes the laws forming the foundation of the economy, this experiment should most probably be government run.

We may find that common prices and the goods and

services they purchase are wildly out of sync. Some types of work that involve heavy investment of distal profit may come to be more dearly bought. At the same time, rich sources of proximal profit such as oil may begin to find prices commensurate with the distal profit they can supplant. These trends and new valuations can be studied in the relative safety of a contained and observable laboratory of the experimental economy. We need not expose ourselves to the explosive potential of changing an entire economic system without first exploring all the ramifications of taking that step.

Among our foremost concerns will be a need to ascertain the Calorie content of the individual items that make up our production. Everything that has core value attains that value through the infusion of proximal and distal profit. Both of these kinds of profit can be measured in calories. It should be helpful then, to determine the calorie investment total of each product that commonly results from our work. This baseline core value will be a useful guide when we begin to exchange one valuable for another or convert core value to money.

In studying the experimental economy, we will need to put to work specialists whose expertise can illuminate subtleties in the operations of our new system. Legal scholars perhaps can be prevailed upon to sort out the legal morass we labored through discussing contracts and to devise a structure that ensures the integrity of the workers property rights. Nutritionists and biologists can investigate the flow of energy through people. Mechanical engineers might help us when we look into efficiency regarding fossil fuel use in machines. Chemical and electrical engineers can explore the conversion of proximal profit sources into the forms they assume when they enter the system. Physicists may be enlisted to assess how much energy of the sun could possibly be gathered into our economy (there may be benefit in treating the different stages of energy incorporation into the economy as we do potential and kinetic energy. Work as kinetic, stored value as potential. Our economy is little more than an intermediate step, a sojourn, for the energy of the universe as it proceeds through our systems to the point where no more work can be done, the point of complete entropy.) Political scientists will be needed to implement a long range plan for funding and keeping an eye on the experiment. Economists can tell us

how the members of the experiment are faring with respect to standard of living. Historians could keep an eye on class development. Sociologists would want to monitor any stresses that may crop up. Psychologists might be consulted to sample the population's frame of mind concerning hope for the future and such. In short, this is certainly not a minor undertaking that we could embark upon without a substantial commitment of resources and people power.

Our envoys will have at once both an enviable situation and a task laden with great responsibility. Envidable, because people doing work will for the first time be the sole recipients of the fruits of their labors. The future of not just our way of doing business but of our social contract, ride on finding a way for us to coexist in peace while doing our work. Those who have accepted the duty to test our new system may constitute the last bastion of hope restraining us from a slide into hostilities. We firmly believe that our trust will be well placed when those envoys shoulder the burden of testing Dominionism, for we know people do have the potential to control their own lives.

Again, we thank those who have found the strength

to blaze forward through this sometimes impenetrable subject matter. We know that the economy, as it stands, contains some problems. This book was written in an attempt to identify those problems and suggest their remedies. Never have we lost sight of our goal which, from the start, has been to seek economic justice for the working people. Our hope is that the ideas contained herein might be a step in the right direction.

Appendix A

This appendix is for the purpose of giving answers to and comments regarding some of the many questions that come to mind when we consider the effects of adopting a system of Dominionism. As expressed in the final chapter, we would be well advised to establish an experimental economy to test our theories in advance of implementing changes that impact people so significantly. This experiment would be conducted for and by many people and would be a learning process for us all as we endeavor to rid ourselves of practices harmful to our society. Despite the prospect of much improved understanding of the consequences of Dominionism through the findings of the experiment, some might appreciate a discussion of some possible repercussions resulting from the discontinuation of employment.

What about my job? How could I survive without it?

It is not a job that enables a person to survive in the world, it is work that provides for survival. We advocate that a working person be allowed to keep the value that results from their work. As it stands now, only a portion of the value a working person creates is kept by the worker. Should we embrace the recommendations made thus far, the work we do most likely will not change in character. Often we expend our energy, in excess of that required to satisfy our needs, in ways to increase comfort or to elevate our standard of living. By precluding the gratuitous transfer of value seen in employment, we in no way blockade the avenues available to us to approach the ideal life of comfort. In fact, if we appoint those who create distal profit the custodians of our choices of work, we would be better assured that the work choice would meet their needs. A working person will always be able to survive if the product of that worker's effort is desired by others.

I'm confused about this false profit idea. Where does it begin and end? How is it distinguished

from distal and proximal profit?

Recall again, the meaning of core value. This is the true value of an item for sale in the economy and is the sum of the proximal and distal profit content of that item. The selling price of that valuable may vary from its actual core value because the buyer is willing to part with core value he or she owns that is not equivalent to the core value contained in the product for sale. This event is driven by the emotions. The difference between core value and sales price is the false profit portion of the transaction. The net effect of false profit in the economy as a whole is zero because for every increment of positive false profit there is a corresponding increment of negative false profit. This is a result of the fact that we are witnessing the conservation of total core value merely reapportioned, when emotions direct the market.

How could we possibly measure the calories it takes to do all the varieties of work we see in an economy? And don't different types of work have differing values regardless of the caloric input?

These are difficult questions to answer because they appear far into the workings of a system. To address these issues we must backtrack somewhat. Remember that market value is assigned to our endeavors in a distinct step from the expenditure of Calories that create distal profit. We must not entangle the independent events of profit creation and the assignment of price which is to follow. Emotions play a dramatic role in determining the market value of production but that influence is separate and occurs after Calories have already been spent. Our concern over the involvement of Calories in creating value stems from our need to determine the rightful owner of the value that results from work. Thus our need is not only to count Calories, but also to reveal or uncover the owner of the Calories that contribute to the distal profit that has been created. After the source of the profit is found the task then emerges to assure that the created profit is credited to the individual who is responsible. The value of work accomplished can be established when the production reaches the marketplace but we must at all times be cognizant of the source of the value that is traded.

We will be able to measure the distal profit content of

any production simply by the hours that go into each valuable. Each hour will be assigned some Calorie value in the area of 100-200 Calories regardless of the price the production ultimately commands in the market place.

Proximal profit can also be measured in calories. The efficiency rates of various conversions of one form of energy to another will need to be attended to, but the process of figuring calorie content of proximal content of any valuable is well within our capabilities.

Knowing the true profit content of any item in the economy will give us a measure of the false profit contained in the transaction when the production reaches the market. These measurements will help us to make wise decisions when choosing our goals of what we should produce. The greater the false profit content of a given item, the more desirable that product is and the more people should be enlisted to produce it.

This partly answers the next question.

How do we know what portion of the price of something for sale is false profit?

False profit exists because of a reapportionment of the total available core value of an economic system. Monitoring trends may however, prove worthwhile to help guide those who embark upon business ventures into areas of profitability. In an ideal state there will be no false profit content in anything sold because demand will encourage people to enter into endeavors that reward those working, with dollars in excess of distal and proximal profit investment, i.e. with false profit. Eventually the false profit fraction of a price tag will encourage businesses to enter a field where demand exceeds supply. In time we may see that everything sold is priced at the core value content. This could occur because the net effect of false profit is zero. If we craft a means of measuring a baseline caloric content of any valuable in an economic system, we will have a handle on the false profit content of that item once it is traded and we will have a truly useful economic indicator. This indicator could be utilized to steer us away from unwanted production and so prevent the needless waste of effort. We may find that there will always be some false profit in the economy, as peoples' wants vary, creating a lag time between those changes in desire and the economy's response.

What would happen to large institutions like insurance and banking and the medical profession?

In the new system of Dominionism, reward will come as a result of successful cooperation as opposed to the old way where successful exploitation was rewarded. How many people can cooperate without the pressure to exploit overpowering our vigilance at preventing it? This may not be answerable until we study the experimental economy. If there is a demand for a particular service or product and yet no way can be found to supply that need through a cooperative effort that does not partake of uncompensated distal profit transfer, then the government may be required to step in to provide for that need. Should the government be called upon in this way, people working in these areas will require compensation. The rate of compensation may be determined by referring to discoveries about the relationship between Calorie expenditure and dollar value in our studies of the experimental economy. People can be very adept at making their wishes known by voting with their dollars. We need not fear that services of importance to society will disappear. Dollars will give life to those objects of our desire. Though the government has been known to be pon-

derously slow, if the only way to provide a given service while protecting the rights of those who do the work, is to assign the task to the government, then we must make that assignment. No sector of the economy can be given a special privilege to extract wealth from the workers because we want the service. The option will always remain open for people to attempt to devise a way to either cooperate in large groups or divide tasks into smaller parts that can be managed by smaller groups, so that services for which customers are willing to pay can be provided without resorting to governmental intervention.

How could we police such a system so that no company clandestinely uses employment to out pace their competitors?

With a law as fundamental as a Constitutional amendment, there would be few who would hazard to employ others. How many people dare to own slaves nowadays? We also could depend on those who may be approached with offers of employment, to report to authorities enterprises that have made such overtures.

Why would Dominionism be any more efficient

than Capitalism or Communism?

The driving force for the creation of value in any economic system is the inclusion of proximal and distal profit into products that are desired by the population. In a system of Dominionism a working individual will be recognized as the owner of the distal profit resulting from his or her labor. The effect of this will be to increase incentive to work and hence increase the volume of energy that is infused into the system. As a concurrent factor, the work that cooperatives select will more accurately conform to the production desired by the population because group consensus for direction will be required if there is to be cooperation sufficient to survive competition in the marketplace. This translates to a reduced tendency to power up production in directions that are wasteful; wasteful in the sense of producing that which no one desires. Because both Capitalism and Communism separate the worker from their property, they must resort to coercion to infuse the work force with incentive to work. This process can never be as effective at encouraging incentive. Because in both Capitalism and Communism the work selection process resides at a greater distance from the consumer, there will always be infe-

rior discernment of customer wishes and therefore more erroneous judgments made. Thus Dominionism will be more efficient at channeling the available energy into the appropriate courses and when that work is done it will be propelled by individuals more inclined to produce.

The noble intent of Communism is to put an end to the abuse some feel exists in a Capitalistic system wherein the working person is exploited. To cure this evil the ownership of property is restricted, presumably to prevent the accumulation of property by one class. The unfortunate consequence of this action is to undermine the incentive to produce. Capitalism's laudable intent is to allow the ownership of property by the individual thereby increasing freedom to prosper and to advance. By failing to protect the ownership of property all the way to the source (the creation of distal profit through the expenditure of personal property in the form of human Calories) Capitalism falls short of the necessary conditions that would prevent the formation of classes by allowing one group to take possession of another group's valuables.

Dominionism will solve both of the problems found

in the preceding two systems. Incentive will be at a maximum thanks to the worker's ability to keep the results of effort. The formation of different classes will be minimized when one person cannot claim the property of another without just compensation.

Shouldn't the boss get to keep the value created by the workers, to make up for all the headaches and risks involved in running a business?

As long as we continue to believe that people should have the right to own property, there must be consistency in the application of that belief. We could dispense with that belief altogether. Animals, for example, cannot own land though they mark their territories. We don't try to restrict the movements of wild creatures as they travel across our artificial boundaries. How is it that we conclude that *we* have the right to own land or indeed the trees, animals and plant life? The election to respect the right of ownership is a deliberate, conscious effort on the part of our legal foundation. We cannot extend the shield of governmental protection around the ownership rights of some citizens while withholding that defense for others. (Not only do we disregard the property rights of

an employee when we organize our system into a hierarchy that elevates the personality type that is comfortable with exploitation, we also fail to provide an alternate path to comparable financial success for those who are unwilling to exploit others.) Because ownership rights are fundamental to the interactions of the populace, we cannot permit the mishandling of those rights. The boss, as we have come to know this person, can no longer have a position in the work place. This does not mean that there will be no place for people who can manage the division of labor with the intent to make production more efficient, it simply means that management will not be accompanied by uncompensated procurement of the laboring person's private property. To prevent this uncompensated transfer, all businesses will need to be either enterprises composed of only one person or cooperations where individual contributions to distal profit and proximal profit inclusion in the production of the company are measured and accurately reflected by the division of income from the sale of that which has been created by the group. A person cannot receive as their reward for effort the belongings of another. If a group feels the need to bring in a new member who can expend Calories to organize the whole group in

such a way that overall productivity will be increased, then this person can be brought in and compensated in an amount commensurate with the value of the distal profit increase the group experiences. This method of figuring the reward the manager receives is logically based on what the new member has created not on an ambiguous notion that somehow his valuable contribution should be compensated by taking property from the others. In any case, we found in the chapter about contracts that there is no viable employment contract possible through which to effect the transfer of property. (see also appendix B).

Tell me once more how we get from solar energy to “jobs must be illegal”.

This is the message of the whole book, of course, so the best response is to recommend rereading all of the preceding. We will try to capsulize the major points to make the process less burdensome.

If we decide to respect ownership, then we must deal with this right concerning the creation of value. Calo-

ries, an expression of solar energy, are used to create distal profit. That profit upon its creation is the private property of the body expending the Calories. Employment only exists to appropriate the working person's private property in the form of distal profit. We don't necessarily have to outlaw employment because once we outlaw the uncompensated transfer of value made possible by employment, employment will automatically disappear. We must assure that ownership rights are protected otherwise the class divisions caused by the flow of wealth from one group to another will dissolve society in the end.

Why is all this of any importance?

There is an ever increasing need to deal with the root problem of our economy. As the transfer of wealth from the working people to those who would exploit them gains in momentum, our chances of amiably resolving the social problems that stem from that transfer recede from our grasp. As it stands now, few have the time or energy to do more than assure their own survival, let alone step back from their daily grind to change the world. How much time do we have before the window of opportunity closes on our option to transform our economy into one with the potential to

endure? Perhaps this can be determined with some sort of modeling of phase shifting events but do we want to hang our future on a mathematical model? Not only might we benefit by initiating study of our future right away, we may find it prudent to begin in advance of other economies so that we could get a jump on those who might evolve ahead of us. As we have stated many times, we must act if we intend to prevent economic collapse. Our economic structure cannot endure with separate classes, especially since the disparity in status of the classes will widen over time.

Which is the more important component of core value, proximal or distal profit?

We must first decide our point of reference when asking this question. As far as market value is concerned, distal profit probably is of more importance. Proximal profit is universally available in many of its forms. Oil, electricity, wood and vegetable matter are commodities that can be purchased for use to create or amplify core value. Distal profit is not so universally available in its diverse forms. Highly skilled or creative people may be in greater demand than the supply

can meet, so the production of these people may be of greater value than the production resulting from the efforts of the average person, where demand for each is constant. We may find it useful to hobble the Calorie count of the core value assigned to various specialized production using market research to guide us.

From another point of view, proximal profit can appear to be more important. When work can be done by man or machine, such as digging a ditch, we may observe the importance of proximal profit rising in our evaluation. One person operating a tractor and making use of internal combustion and hydraulics can dig with much greater speed and accuracy than a group of people with shovels. This occurs through the use of many calories of proximal profit in the fuel of the tractor; probably many more Calories than the group of shovelers would require to accomplish the same work. Because proximal profit is often so inexpensive compared to distal profit, the benefit gained by using it (and so obviating the need for relying on distal profit) can increase its importance from this perspective.

Both proximal and distal profit are of great impor-

tance in understanding the true value of what we produce and trade. Our experimental economy will sort out how to rate each type of profit in our valuables.

From a more remote perspective, we see that distal profit is only a more complex manifestation of proximal profit. The energy that each of us expends has its beginning in the sun as do many of the sources of proximal profit.

Should we outlaw the private ownership of proximal profit sources?

Of course no one should own the Sun, but what about the other sources? We pay primarily for services to extract the energy from other sources at present, although the outright ownership of the sources is not outlawed. Leasing the rights to extract proximal profit from sources owned by the public would probably be the wisest course to pursue. Otherwise, we run the risk of being held hostage by those who control the sources (e.g. OPEC's oil embargo).

In the beginning of the book you promised to describe how “to get some” profit. We’re still waiting.

The answer has been given in the various descriptions of the origin of profit. The short and simple route is to select a product of known desirability and exploit workers to the greatest extent allowed by the law, thereby appropriating their distal profit for your own use.

Why have you ignored all the common economic indicators in this theory?

We have not so much ignored the common indicators as removed them to a more suitable echelon in the hierarchy of important considerations. Let’s again take a lead from the study of trees. When concerning ourselves with the overall health of an organism, we gain much more understanding about what promotes health by discovering the secrets of the tree’s life process than by counting up leaves or weighing the branches or roots. When we count up the unemployed, fixate on the interest rates, watch the stock

markets and exchange rates, or rely on inflation numbers to evaluate our economy we do ourselves a disservice. Of much greater importance is an awareness of the rate at which core value of sustained desirability is created. If we see a tree sicken but pay no attention to the underlying processes that are required for health, if we paste on leaves or paint the decaying wood the color of health, we do little to heal what is ill. And so it is with an economy. Though the signs of health can be used to determine how we are faring, they are not of primary importance when trying to assure that we have provided the conditions that promote health. As we have stated previously, our economy is little more than a rest stop where the energy of the universe may reside on its one way trip to uniform inertness. The state of greatest health for our, or any, economy is that state where the maximum level of energy is contained in production that comes as close as possible to complete eternal utility to the people. Measuring the core value of sustained desirability is far more important than worrying about the common economic indicators.

Adam Smith often talked of corn. Are there any truths we may discover about a system of Domin-

ionism by studying corn?

Aside from the obvious proximal profit considerations and the parallel between an economy and a plant going to seed at maturity (such as the British Empire was wont to do), we do have the story of the “corn dog.”

Once upon a time, there lived a farmer and his young daughter on a small plot in the country. One of the crops the farmer planted was corn, the fruits of which, he would sell to the locals. Each day, as he tended to his chores, he let his daughter plant her own corn one kernel at a time. As she worked, she would repeat to the family dog, Niblet, the mantra her father recited to her. She told Niblet all about how the stalks would grow, ears would form, and finally more seeds would appear which could be planted to start the whole cycle over again. Day after day, Niblet heard the story and watched patiently the whole process, but never once did it occur to him to do what he observed over and over.

The moral of the story is this: there exists the possibility that we may overlook some basic truths that de-

scribe the world, due to our nature.

Appendix B

This appendix is included to more thoroughly cover the possibilities that may emerge when individuals attempt to enter into agreements that we commonly refer to as employment contracts. The problem areas we will cover which may block the chances of forming a legal contract are duress, illegal acts, absence of consideration and incompetence.

In some situations one party to the contract may be under duress. This will rule out the possibility of making the contract in this particular case. Occasionally, this same individual may also be unaware of the meaning of the proposed contract, that is, unaware that the intention is that there will be a transfer of ownership of private property without compensation. This alone would be sufficient to thwart the formation of the contract, but it could be occurring simultaneously to the duress. Further complicating the process is the fact that either the boss or the worker or both

can be experiencing these kinds of influences in many different combinations. To approach this logically we have made charts to cover every possible combination of characteristics that can occur. The charts will pair states of mind for each party to the proposed contract with the features that arise that interfere with proper contract construction. Before launching into these charts we need to spend some time dealing with one more specific problem. That is the area of consideration.

One of the components of a valid contract was the requirement that there be consideration: the inducement to agree. Inducement often takes the form of money: wages in the employment contract.

In reality what we have in the workplace are two-parallel contracts embedded within the employment contract. These occur together and comprise the employment contract as we know it. The first contract includes consideration. The second does not. The overall contract cannot be formed because consideration is lacking in one of the vital constituent contracts.

This becomes more clear if we represent the problems

involved concerning the lack of consideration graphically.

Intending to raise the extent core value of the work piece to a level where the finished product can be sold, the employer directs the employee to make a proximal and distal profit investment (see figure 1).

Box one represents the work piece before attention is focused upon it by the employee. (It may arrive at the work station having already achieved core value through previous work.) The worker manipulates proximal profit and invests private property in the form of his own distal profit thereby elevating the core value of the work piece to the total core value of the finished product, ready for sale. For example if a worker were to fit a finished hammer handle to a ready made hammer head, drive in a wedge to secure it and grind the top smooth, we would see distal profit investment in the assembly process as well as proximal profit in power consumption of machinery, lighting and heat. These investments are supplemental to those made before the work piece arrived at the point where assembly begins.

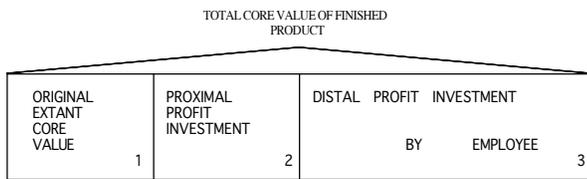


figure 1

The employer will have paid for all of the original extant core value. He also will have paid for all of the proximal profit that goes into the finished product. He will not, however, pay for the full value of the distal profit investment made by the employee. Now see figure two.

As part of the total cost to produce, the employer compensates the employee a value less than the value of the distal profit investment. This is contract one within the intended contract (see figure 2). Contract one includes boxes one through three in figure two. These boxes represent the *total cost* to the employer to produce the saleable item. The remaining unshaded box represents the additional distal profit investment made by the employee which raises the core value of the product above the cost to the employer.

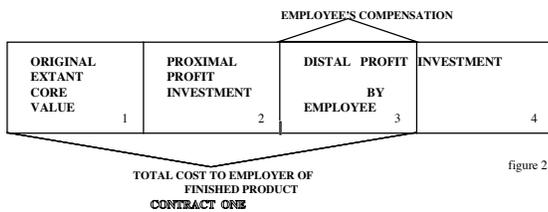
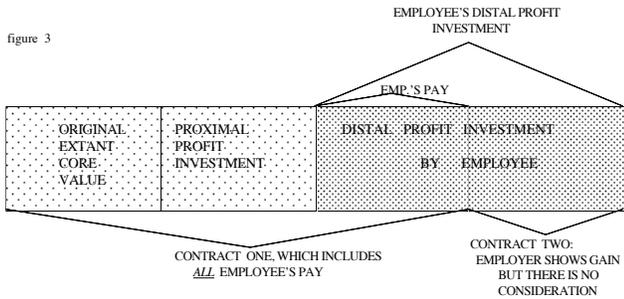


figure 2

This shows the transfer of private property of which we have written so often. The unshaded box represents the portion of core value that became the property of the employer.. Box 4 had originally been the property of the employee since it is a direct result of the expenditure of his private property in the form of his Calories. Box 3 represents property of the worker that was exchanged for pay. Both boxes 3 & 4 were originally property of the employee at the moment that energy of the universe became distal profit through his actions (see chapter two). In contract two, we see graphically the factor, in which consideration is lacking, that causes the undoing of the overall contract (see figure 3). Boxes 1-3, again, represent the total cost to the employer. Box 3 shows the full amount paid to the employee. Box 4 represents the additional distal profit investment by the employee that is included in the total core value of the work product that

occurs *with zero cost* to the employer. The fourth block, then, is contract two, or the attempt to make a contract with no consideration. The employer receives from the employee value in the form of distal profit that had previously been the property of the employee. The employee receives nothing. All payment that the employee receives has been accounted for in contract one.



A contract cannot be formed if consideration is not included. In figure 3, we see that there can be no con-

tract that calls for a distal profit investment by the worker which is greater than what the worker is paid.

If the employer decides to sell production “at cost,” with the employee’s informed consent, then a case can be made that a contract could be formed between the employer and employee because the transfer of ownership of distal profit is a gift to the purchaser of the finished product, and hence the employer and employee are engaged in a philanthropic endeavor.

This is the moment we concern ourselves over, when identifying the ownership of Calories that create distal profit. The employee is the owner of the value created by the investment of distal profit. The employer’s gain that is in excess of the compensation the employee receives, can only become the property of the employer by means of a gift, because there is no payment whatever in return for that value included in contract two. There cannot be a contract which stipulates the gift of distal profit to the employer. That transfer of ownership in an uncompensated manner would constitute a contract with no consideration.

Now we have found that whether the employee is or

is not aware of what is taking place in the intended contract, a contract cannot be formed. If he is aware, the parties have attempted to make a contract involving no consideration. This is not a legitimate form of contract. If the employee is unaware of the meaning of the contract, we have an insidious uncompensated transfer of value which is larceny. Larceny's inclusion prevents the formation of a valid contract (in *addition* to the problems of no consideration and a party who is unaware of the meaning of the contract).

What follows now is a pair of more involved charts laying out all the various contract nullifying elements we have discussed regarding the employment of individuals.

We will call the employer the boss and the employee the worker. Though duress disrupts any plans for a contract before any other obstructions arise, we will lay out the chart with one half including contracts formed under duress, for cases where the prospective employee has been cowed by previous conditioning, and the other half including contracts where duress plays no part, to deal with individuals whose constitutions are not so easily swayed. We do this to help or-

ganize combinations that are illegal for more than one reason at a time.

Because awareness can be present or absent for either the worker or the boss, we will form a grid somewhat like a Mendelian chart that pairs combinations of genes. In the chart we will use initials for the numerous words that play a role in the discussion. For example the letter **A** will stand for **Aware** and the letter **B** will stand for **Boss**. Thus **BA** will mean **Boss-Aware**: The boss is aware that property owned by the worker becomes the property of the boss without compensation. Each box in the chart will contain a combination of states of awareness for each of the parties in the contract in addition to the initials of the corresponding contract nullifiers. Here are the initials we will use with their meanings:

A - A party to a contract is **aware** of the transfer of

profit without corresponding compensation.

B - The **boss** or employer, who is one party to the contract.

D - **Duress** is present obstructing contract formation.

E - **Extortion**, an illegal act.

I - A contract is impossible because a party is not aware of the meaning and consequences of the agreement. **Incompetency**.

L - **Larceny**. Another illegal act.

N - **No consideration** was included in the contract, rendering it invalid.

U - A party to the contract is **unaware** that profit changes hands without compensation.

W - The **worker** or employee who is a party to the contract.

B

W

1	A	U
A	BAWA	BUWA
	D, E, N	D, I, N
	WITH DURESS	
U	BAWU	BUWU
	D, I, L, N	D, I, N

B

W	2	A	U
	A	BAWA	BUWA
		N, (L?)	D, I, N
		WITHOUT DURESS	
	U	BAWU	BUWU
		I, L, N	I, N, (L?)

A - Aware **B - Boss** **D - Duress**
E - Extortion **I - Incompetent**
L - Larceny **N - No Consideration**
U - Unaware **W - Worker**

Referring to the charts, let's see what we find. In the

upper left region of box number one, we see **BAWA: Boss-aware, worker-aware**. This means we have a contract in which both the boss and the worker are **Aware** of the fact that property in the form of distal profit is flowing to the employer from the employee in an uncompensated manner. This is occurring under a veil of duress as described previously (see center of box). The contract cannot be made first of all because of the duress. The employer knows about the uncompensated transfer of property and yet chooses to engage in this behavior. The *employee* also knows that the arrangement allows for the uncompensated transfer of distal profit but elects to participate. We noted that when a person in authority uses that position to collect money not due, it was known as extortion. This is what we see here. The employee sees the loss of distal profit, but is unwilling to stop it, being under duress. Because the employer is aware and continues to collect and sees the power over the employee, we see extortion. Therefore, in this configuration of states of mind, the contract formed is void in three different ways. Duress nullifies the contract. Extortion is an illegal act. And as in every case throughout the chart there has been a contract made in which one party, the employer, receives value in exchange for nothing.

This is a case of no consideration. So in the box below the one containing **BAWA** we observe **D, E, N** which represent the three problems associated with the states of mind of the boss and the worker when they are both aware of the uncompensated transfer of distal profit.

Take as a second example the lower left region of box number two. Here we see **BAWU: Boss-aware, worker-unaware**. This means the boss is aware of the uncompensated flow of profit while the worker is not. This arrangement is not taking place under duress, however (see center of box two). Nonetheless, we still see three nullifiers taking place. The boss knows there is value accruing unpaid for, unbeknownst to the worker. This we found was larceny. Simultaneous to this we see that because one party is unaware of what the agreement really means, no contract is possible. As a third problem, we again see an attempt to make a contract involving no consideration. In this situation the plan to form the contract is disabled in three ways, as signified by **I, L, N**.

In box two we see the symbol “(L?)” in two places. The first case shows we have the states of mind where

the boss and the worker are both aware of the uncompensated transfer of value but there is no duress. Can larceny take place if both the worker and the boss are watching it happen and yet allow it to occur even though there is no duress? This would be akin to watching a thief enter your house, pick up a valuable and depart, all the while with each of you eying the other but never saying a word. This despite the fact that neither of you is afraid to speak up. Is it possible to consent to having your property stolen without being subject to fear? Possibly, if you are convinced that others are more deserving of your value due to social status or if you are suffering from flaccidity of will.

In the second case both the worker and the boss are blissfully unaware of the change in ownership of the worker's property. Can there be intent to steal if no one is aware of the nature of the valuable that is the object of the theft? It seems that there can be a general adoption by the employer of the intent to appropriate another's property without actually being aware of the exact make-up of that property. The shoplifter could enter the store with intent to steal without actually having in mind what valuable was to be taken or an understanding of the reason for that article's desir-

ability on the black market. Similarly, if a potential employer is unaware of the mechanics of the transfer of wealth from the employee to himself, this fact does not preclude his intention to take value. He sees others in the economy advancing through the use of this procedure and decides to participate in this money making method as well.

With or without the inclusion of potential larceny, both situations still include problems that prevent the formation of a contract. In the first case we, as always, encounter the stumbling block of the lack of consideration. In the second case we find the lack of consideration accompanied by ignorance by both parties of the true meaning of the contract.

Regarding the lack of consideration in the first case: If both the worker and the boss are aware of the fact that the transfer of property occurs without compensation, then it can only be the case that this transfer is truly a gift. Conveyance of gifts is not accomplished via contracts. It is in this corner of the second part (BAWA, part two) that we come closest to a potentially viable contract, only to have our plans scuttled by the fact that the transfer is a gift, if not actually lar-

ceny. All other possibilities have been previously steeped in duress and frustrated through the want of understanding by the parties involved.

We won't cover every combination in detail, but the problems that present themselves for each combination are apparent in the chart for those who wish to see them. Clearly, there is no prospect of devising a contract that is workable in the employer/employee relationship. This is because that contract is an attempt to legitimize an act that is basically immoral: the transfer of ownership of private property unaccompanied by compensation.

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