CELDF is pleased to share updated monthly excerpts from the book *"How Wealth Rules the World: Saving Our Communities and Freedoms from the Dictatorship of Property,"* by long-time staff member Ben G. Price. Here is Part Nine

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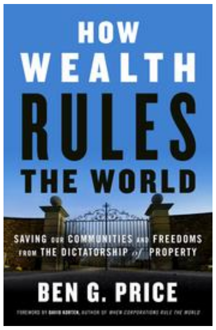

HOW WEALTH RULES
PART NINE

CREDITORS AND CANNIBALS

Ben G. Price

"Poverty is that state and condition in society where the individual has no surplus labour in store, or, in other words, no property or means of subsistence but what is derived from the constant exercise of industry in the various occupations of life. Poverty is therefore a most necessary and indispensable ingredient in society, without which nations and communities could not exist in a state of civilization. It is the lot of man. It is the source of wealth, since without poverty, there could be no labour; there could be no riches, no refinement, no comfort, and no benefit to those who may be possessed of wealth." -- Patrick Colquhoun [1]

No Property; No Rights

Debt is a claim of ownership by the wealthy of the productive capacity of other people. Today it's a claim with global reach, thanks to neoliberal policies. The world has seen the muscles and brains of paupers harnessed to the will of an opulent minority for the building of empire.

In North America, a wealthy aristocracy fueled by stolen labor went well beyond constitutionalized slavery and embraced Alexander Hamilton's notion of a profit-making, self-perpetuating engine for economic growth fueled by debt. Creating profit from debt is no more novel than the idea of planned scarcity driving up prices and hence profits. A scarcity of money is as effective as a scarcity of food or water in compelling unbanked and underbanked people to sell their labor at cut rate. What is needed today and can't wait for tomorrow can be bought on credit; the collateral being an excessive obligation to perform future work in payment.

The origin of Hamilton's dominion-making machine goes back to the privatization of the commons in England, where land never owned by anyone was privatized by legal fiat, fenced and titled with legal deeds. This era of confiscation of public assets for transfer into private ownership created a huge difference in the amount of property owned by a small minority of

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[1] Patrick Colquhoun, merchant who set up England's first private "preventative police" force to prevent dock workers from supplementing their meager wages with stolen goods.

privileged men. The people dispossessed of their traditional homes were given the option of staying on the land as serfs who would "owe" a significant portion of their crops and labor to the lord who now owned the manor. This "debt" was an artificial creation of the law, a kind of anti-property that illustrates how granting property privileges for some can only be sustained by taking freedom from servitude from the rest.

In England, the propertied class enacted a whole set of laws collectively known as "the terrors" which, among other things, criminalized vagabonds who refused to stay in servitude on privatized land. The crime of being "landless and masterless" (akin to being "undocumented" today) was punishable by imprisonment and torture. Mercantilists could legally kidnap vagrants and force them into indentured servitude in the "new world" colonies that were similarly stolen from indigenous people and privatized.

Linebaugh and Rediker wrote that *"In England the expropriation of the peasantry was accomplished by systematic violence and terror, organized through the criminal sanction, public searches, the prisons, martial law, capital punishment, banishment, forced labor, and colonization."*[2]

Today the criminalization and enslavement of people in poverty is better camouflaged but no less oppressive. Victimless "criminals" are said to owe a debt to society. The labor of predominantly African-American prisoners is rented out to corporate masters while their civil rights, including the right to vote, are suspended.

Debt is the new face of enslavement. No clearer current example presents itself than the so-called "student loan debt crisis." Wealthy lenders now legally own the future labor of a whole generation, and those debtor scholars have no means of escape from debt slavery – because the law favors rights in property over rights in people. Usury – high interest rates for the least privileged – creates wealth for the creditor indenturing the future labor of the debtor and suspending the right of freedom from servitude.

The Rap on Alexander Hamilton

The Broadway musical "Hamilton" has given this Federalist counter-revolutionary misappropriated legitimacy as one of America's founding heroes. The misinformation about Hamilton has been amplified by lionizing him in rap and rhapsody. Here are a few sample lines from the live performance of the song *"Who Lives, Who Dies, Who Tells Your Story."*[3]

JEFFERSON: I'll give him this: his financial system is a / Work of genius. I couldn't undo it if I tried / And I tried.

MADISON: He took our country from bankruptcy to prosperity / I hate to admit it, but he doesn't get enough credit / For all the credit he gave us."

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[2] Peter Linebaugh and Marcus Rediker, *The Many-Headed Hydra: Sailors, Slaves, Commoners and the Hidden History of the Revolutionary Atlantic,* pp. 49-60, 2000.

[3] Lyrics from the song "Who Lives, Who Dies, Who Tells Your Story," from the musical "Hamilton," music, lyrics, and book by Lin-Manuel Miranda, (2015)

Alexander Hamilton, unlike Thomas Paine, is remembered in marble and bronze in the nation's capital. And his face is on the ten-dollar bill. First Secretary of the Treasury under the second constitution, he tagged along with Washington throughout the revolution. He also followed the general's lead when it came to cheating commoners out of what little they owned. He got so good at it that he made it the basis for enriching and empowering the new federal government and the class of men who forged it. It wasn't an arbitrary choice; he was preparing the new nation for continental expansion, hemispheric colonialism and eventual global empire.

Hamilton's grand idea was to make debt the cornerstone on which to build that empire. He saw the possibility of growing an empire by leveraging debt into a tool for spending borrowed money today, for private gain, and indenturing people without wealth to fund the Ponzi scheme with their future labor. The debt-indentured commoners never contracted to be parties to the arrangement, nor had their children and grandchildren.

Payments on this generalized debt are collected as taxes that pay for government and commercial infrastructure, along with whatever services are provided to the people to manage resistance and resentment. Publicly borrowed money spent on privatized national priorities are capitalized as treasury bonds that affluent speculators purchase and profit from in the process of impoverishing the community.

The formula Hamilton created is simple enough. The governing propertied class borrows in the name of the people to pay for everything from wars to subsidies for their corporations. They use the loans for their own ends, buy up interest-accumulating bonds created to capitalize the debt, then make the people pick up the tab and pay both the principle and interest on the loan through perpetual taxes that require indentured labor over lifetimes and generations.

As you might imagine, retired American revolutionaries opposed this scheme when it was implemented. Within two years of adoption of the federal constitution, they rose up, armed and ready to continue the fight against oppressive government.

Hamilton put his plan into action by first proposing that the revolutionary war debt should be assumed by the federal government. He sent his *Report on Public Credit* to Congress, and his measures were approved in the summer of 1790. Against the protest of states that had paid off their debts, the central government took on the debt of the other states and blended it in with the debt owed under the Articles of Confederation. The new Federalist government then assumed all of it as debt owed by the whole of the American people. With that, he also created a need to raise new revenues to pay the debt.

The Revolution had been fought and financed by both foreign and domestic soldiers and financiers. Congress rejected proposals to default on paying foreign debt and adopted a policy of paying speculators in domestic war bonds in full, with interest, in hard currency. But when it came time to honor I.O.U.s issued to retired soldiers for their military service, the federal government adopted a very different policy.

The men who fought the British Empire frequently sold their promissory notes to speculators to pay their own taxes and debts during and after the war. When Congress suggested paying the soldiers at full face value for their service and reimbursing the speculators only for the purchase cost of those securities, Hamilton objected, and he got his way. Only current holders of the soldier's promised pay would receive full payment, plus interest.

Hamilton called it "redemption." The wages of soldiers who fought for independence was *personal property*, not *privileged property.* In desperate need of some income while they marched off to battle, they sold their government issued promissory notes and, in the end, they got the speculators' pennies on the dollar for their military service. A contract under duress promises no justice.

The intent of Hamilton's plan was to make the public debt a reliable generator of capital by making government securities attractive to investors and speculators. Creating profit for some from the public debt demanded general austerity, poverty to ensure the need for borrowing and the full taxation of labor but not dividends.

When Hamilton proposed levying a tax on domestically produced distilled spirits in 1791, the Federalists' government was faced with its first domestic insurrection. Revolutionary veterans in Western Pennsylvania had no access to markets for their grain crops. They made whiskey, as a portable, non-spoiling product that they used in place of hard currency, which was difficult to come by. The imposition of the first federal excise tax brought families on the frontier to the brink of bankruptcy. Farms and land were lost to the tax collectors.

In 1791, the year the whiskey tax was levied, the citizens banded together and formed a militia. They blocked tax auctions of property. They chased tax collectors out. And in 1792 Hamilton prevailed on President Washington to send troops into the frontier to crush the revolt. He wrote the executive order himself.

It was the first use of federal force against U.S. citizens. The troops marched across Pennsylvania against the protests of Anti-Federalist Governor Thomas Mifflin. They were on a mission to preserve Hamilton's creditor-debtor scheme for raising capital. They were sent to ensure that speculators in government war bonds would continue to profit from their investments, and that average Americans would pay them their speculative earnings from the sweat of their brows.

Today, there is little motivation for a government built to incentivize exponential property accumulation to step in to secure human rights when debt slavery is the engine of commerce, trade, wealth generation and "progress" under capitalism. Law is at the service of the creditor so much so that courts can garnish wages of debtors to transfer payment for work done by the debtor to the creditor without the consent of the one doing the work. The debtor is a slave not only to the creditor, but to the law.

Aside from barring states from "impairing the obligation of contracts," Article I, Section 10, Clause 1 of the U.S. Constitution, in which the *Contract Clause* is embedded, declared that *"No State shall make any thing but gold and silver coin a tender in payment of debts."*[4] It was a promise to speculators and investors in government securities that they would receive full

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[4] Article I, Section 10, Clause 1 of the U.S. Constitution declares: *"No State shall enter into any Treaty, Alliance, or Confederation; grant Letters of Marque and Reprisal; coin Money; emit Bills of Credit; make any Thing but gold and silver Coin a Tender in Payment of Debts; pass any Bill of Attainder, ex post facto Law, or Law impairing the Obligation of Contracts, or grant any Title of Nobility."*

payment in hard currency from the public treasury and that debt relief policies would not be erected by the states.

Thomas Jefferson commented on Hamilton's plan to use debt as the engine for progress in building his desired empire in a letter to John Taylor, U.S. Senator from Virginia, saying, *"And I sincerely believe. . . that the principle of spending money to be paid by posterity, under the name of funding, is but swindling futurity on a large scale."*[5]

Two years earlier, Taylor had written that *"Wealth, like suffrage, must be considerably distributed, to sustain a democratic republic; and hence, whatever draws a considerable proportion of either into a few hands, will destroy it. As power follows wealth, the majority must have wealth or lose power."*[6]

Today, contrary to common sense, the economy is said to thrive when debtors suffer and especially when they fail to extricate themselves from poverty. David Korten wrote that *"a group of mid nineteenth century economists turned away from the disciplined reality-based study of the institutional dynamics of political economies and turned economics into a money-focused discipline based on a mathematical formula adapted from physics using bogus assumptions. The resulting phantom-wealth economics values money more than life and organizes around the logic of finance rather than the logic of living systems . . . phantom-wealth economists teach and celebrate the moral code of the psychopath . . . Phantom wealth economists are easily identified. They focus on financial returns rather than returns to the health of people and the rest of nature"*[7]

In an interview with Counter Punch, economist Michael Hudson commented, *"we called up the Bureau of Economic Analysis that publishes the GDP statistics. I asked what happens when the credit card companies make more money on penalties than they make in interest . . . The answer they gave us was: 'That's not interest. We count that as a financial service, and financial services are an addition to GDP.' So all the added penalties that people pay for falling behind in their debts for arrears are counted as a growth in GDP – as economic growth"!*[8]

Mijin Cha at DEMOS gives this basic equation. *"GDP is a measure of raw economic activity, not a complete picture of economic progress. The formula used to calculate GDP is: GDP = Consumption + Private Investment + Government spending + Exports – Imports. GDP cannot distinguish between a positive economic indicator, like increased spending due to more disposable income, and a negative economic indicator, like increased spending on credit cards due to loss of wages or declining real value of wages."*

Economic indicators *can* reflect the financial health of commoners, but indicators on which national economic and trade policies are based pointedly do not. Domestic economic policies justified by GDP figures benefit extractive exploitation of natural "resources" too. The formula helps mask the hidden costs to the global population and future generations by counting Nature's bounty as a limitless source of profit. Mijin Cha explains that *"Preserving the country's*

[5] Thomas Jefferson, Letter to John Taylor, Monticello, May 28, 1816

[6] John Taylor, "An Inquiry into the Principles and Policy of the Government of the United States" (1814)

[7] David C. Korten, *When Corporations Rule the World,* p. 339, Twentieth Anniversary Edition, (2015)

[8] Michael Hudson, Distinguished Research Professor of Economics at the University of Missouri at Kansas City in Counter Punch, "Modern-Day Debtors' Prisons and Debt in Antiquity," March 22, 2018

natural resources—essential to our current and future wealth—is not counted but exploiting them in an unsustainable manner is. Only when natural resources are sold or somehow commoditized do they show up in GDP calculations. For example, if all of the fish in the sea were caught and sold in one year, global GDP would skyrocket, even though the fishing industry itself would collapse and the broader ecosystem would be damaged irrevocably. As shown, our economic growth is increasing at a rate that cannot be ecologically sustained."

It's the policies based on this formula that continue to benefit a tiny minority of wealthy people. But it's not just a benefit to them; it is a revocation of the equality of all people and a measure of just how firmly wealth controls the governance of the nation and the world.

Mijin Cha wraps it up, saying *"If poverty rates, inequality levels, natural capital accounts, and other metrics were taken into account as heavily as GDP, then different policies and priorities would begin to emerge. Instead, we are now focused solely on increasing GDP, even though increasing poverty rates, inequality levels, and other societal indicators show that in many ways, we are experiencing growth without progress."*[9]

The irony is that personal debt is counted as an indicator of economic growth. The GDP counts personal debt on the "profit" side of the equation. This demonstrates the point that debt is the engine of commerce and empire -- it is counted in the column of future profits to be made by cashing-in on the indentured value of labor, which has been posted in the statistics as collateral owed to creditors by debtors.

Although debtor prisons were outlawed in the U.S. in 1833, it has been reported[10] that President Donald Trump's son-in-law Jared Kushner uses the courts to jail underprivileged tenants in his housing complexes when they fall behind in their rent, while at the same time collecting millions in rent subsidies from the federal government, all paid for by the rest of us.

In the confrontation between the legal privileges of wealth and the unalienable rights of people, the law sides with the accumulation of wealth through garnishment, incarceration, indentureship, in fact modern slavery. Always, the rights *of* property give the materially advantaged power over the unalienable right of those without it to own the fruit of their own labor.

Wetiko Over Honor

Adam Smith's 1776 blockbuster *Wealth of Nations* is regularly used as an argument for the kind of capitalism given life by Hamilton. But Smith made no excuses for the propertied class when he wrote that "*Civil government, so far as it is instituted for the security of property, is in reality instituted for the defense of the rich against the poor, or of those who have some property against those who have none at all."* [11]

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[9] Mijin Cha, "What's Missing from GDP?" DEMOS, January 29, 2013, http://www.demos.org/publication/whats-missing-gdp

[10] Doug Donovan, "Jared Kushner's firm seeks arrest of Maryland tenants to collect debt," Baltimore Sun, August 16, 2017.

[11] Adam Smith, 1776, Wealth of Nations, book V, Ch. I, part II

The human spirit is capable of generosity, honesty, even honor. But the materialistic imperative to acquire more wealth at all costs channels an undeserving propertied minority into brittle indifference to community and human values. It encourages sterile rationalizations wrapped up in an "it's the law" mentality that makes it possible for some entrepreneurs to use their wealth like bait. They attract the poor to borrow from them and then trap their prey into lengthy if not life-long servitude. Depriving the poor of the only asset they have – their own labor – creates greater and greater concentrations of wealth and widespread misery.

When they borrow, average citizens assume responsibility to work off their debt. Their ethical grounding in how to treat fellow members of society is a known human trait. Taking advantage of that honorable sentiment toward social indebtedness has become an acceptable business practice. The business of profit-driven creditors is to create an economy that traps people in poverty. There, they are vulnerable to financial blackmail of a kind that is today treated as if it were a helping hand offered from above. But the real effect is to establish a class of low-paid workers who will perpetually struggle to hand over their earnings as compounding interest. The poor, for much of their working lives, will continue to borrow back a portion of their appropriated wages to make ends meet. Those in need who turn to means of subsistence other than debt slavery are frequently criminalized.

Taking advantage of people with few legal options for survival is a dishonorable enterprise with deep historic roots. Materialism and empire continue to sever people from nature and the land while forcing them into dependency on a legalistic construct engineered for human husbandry. The imagery of debtors "getting fleeced" is apt. But treating other people as prey is both figuratively and literally cannibalistic, whether it is their flesh, their labor or their minds that is consumed.

Native American scholar Jack D. Forbes wrote about the *"disease of the consuming of other creatures' lives and possessions. I call it cannibalism. Whatever we call it, this disease, this wetiko (cannibal) psychosis, is the greatest epidemic sickness known to man. The rape of a woman, the rape of a land, and the rape of a people, they are all the same…The nice people in the offices, the typists, the lab technicians, the clerks and, of course, the owners, directors, stockholders, senators, generals and presidents who use, profit from, and feed on human exploitation are also cannibals to one degree or another. The most guilty of the wetikos are, I would think, those who mastermind, justify and profit from such systems. Such persons are the 'master predators.'"*[12]

Treating the resources of the earth as inexhaustibly extractable property may not feel like cannibalism to people from Western cultures. They don't see themselves as part of nature or nature as a living entity the way aboriginal people do.

Glimpsing the gluttonous, arrogant behavior patterns that treat other people and the whole world as separate, unequal and exploitable, we get a peek into the pantry of capitalism. The premises used to justify economic predation deserve scrutiny. In America, the Federalists' legacy has been grafted onto our brains to justify the accumulation of *privileged property* while making whole societies and the natural world pay the price. We've inherited a system of law that justifies, legalizes and constitutionalizes the whole swindle. That it is wrapped in a near replica

[12] Jack D. Forbes, "Columbus and Other Cannibals," 1979, p. xvi, 68

of the flag of the British East India Company against which American revolutionaries went to war is precious irony.

Indenturing the Future to the Past

In 1789, the year the Federalists' Constitution was ratified without a Bill of Rights, Thomas Jefferson wrote to James Madison that *"I set out on this ground which I suppose to be self evident, 'that the earth belongs in usufruct to the living;' Then no man can, by natural right, oblige the lands he occupied, or the persons who succeed him in that occupation, to the paiment of debts contracted by him. For if he could, he might, during his own life, eat up the usufruct of the lands for several generations to come, and then the lands would belong to the dead, and not to the living, which would be the reverse of our principle."* [13]

Privileged property cloaked in corporate attire and weaponized by law has no scruples. When our children borrow for college and take on huge amounts of debt, they are literally being fed to the aristocrats running these profit extracting machines. Economic profit without personal labor is the appropriation of the labor of other human beings backed by the legally protected authority to collect it. This system of debt-servitude drives "progress," as Alexander Hamilton envisioned it would.

Student debt in the U.S. for 2018 amounted to $1.48 trillion dollars, not counting interest. That's 44 million young scholars in hock and owing a good portion of their productive years to owners of *privileged property*. Credit card debt in the U.S. for the same year was $860 billion dollars.[14] Predatory lenders, by definition, approve loans even when the borrower has poor prospects of repaying the debt and the interest charged on time. It's a policy that extends the loan payments indefinitely and guarantees exponential profit.

Financial predation by property's international empire follows the same pattern as domestic predation. It's the struggling countries that fall victim to international lenders. Closer to home, it's minorities, the poor, less educated, the elderly, and people in need of emergency financial relief who are generally targeted. Have a health emergency and no means to pay for it? You qualify for a loan from what looks like a financial institution but is really the front office of a debt slave plantation where your hard work is the crop.

Often, crushing debt leads to litigation between the lender and borrower…or more frequently between the new "owner of the debt" and the original borrower, since debt is a commodity that generates profit and can be bought and sold. Although labor has been declared in U.S. law[15] to be neither property nor a commodity, clearly it is both when a human being's obligation to work-off debt can be sold and bought between investors. When it comes to a contest between rights *of* property and rights of people, litigation outcomes are predictable.

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[13] Thomas Jefferson to James Madison 6 Sept. 1789, Papers 15:392--97

[14] Student Loan Hero, "A Look at the Shocking Student Loan Debt Statistics for 2018," https://studentloanhero.com/student-loan-debt-statistics/

[15] Edwin E. Witte, "The Doctrine that Labor is a Commodity," The Annals of the American Academy of Political and Social Science, Vol. 69, The Present Labor Situation. Compulsory Investigation and Arbitration (Jan. 1917), pp. 133

Given the original bias of law under the Federalists' Constitution in favor of property over people, debtors generally get the short end of the stick.

Ghosts in the Machine

When victims of credit's predation get to court, the words of dead Federalist counter-revolutionaries like Hamilton and Marshall can be heard passing the lips of judges in every courthouse throughout the land. Attorneys dig deep into the grimoire of the law. They repeat footnoted spells and intone unctuous prayers to the blindfolded idol of justice. But Justice is gagged as well as blindfolded. She has no voice. She has been checked and balanced with the priorities of wealth.

Commoners fall prey to the lure of loans fabricated with impervious mathematical formulae wrapped up in the form of a private contract. In immediate need of financial relief, the poor sign. But when the oppressive weight of indentureship emerges from the math into their every-day lives, they discover that *public law* binds them in servitude to honor the *private law* of the contract.

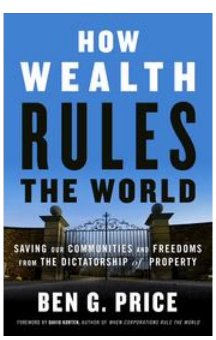
They hire a lawyer if they can afford one. They gather solemnly in court and plead their case. The séance is over when the Federalists have had their say. The controversy is resolved in favor of the owner of their productive future labor because the object of the law is to preserve the rights *of* property, not the rights of people.

Courthouse façades are scattered across the continent like a necropolis erected for the veneration of dead Federalists. The nation they envisioned, governed by the opulent, is safeguarded within those temples to materialism day in and day. The law, interpreted by its robed ministers, consecrate property and anoint it against all transgressions.

NEXT MONTH

HOW WEALTH RULES
PART TEN

PROPERTY'S INTERNATIONAL EMPIRE



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