

# Update & Insights from



## INEQUALITY and SOLUTIONS



There are many reasons why inequality exists in an economy. Before I give my laundry list, I will discuss some general macroeconomic reasons. One, we are NOT created equal! We have many different talents, abilities, appearances along with unique emotional and physical make-ups.

Second, the institution of capitalism-competitive markets by its sheer nature of operation has a natural flow of money to the wealthier. The main reason for this flow is that it is easier to make money if you already have some money. This goes for businesses as well as individuals. This naturally causes a shift towards business consolidation creating monopolies or oligopolies.

For those doubters, I have never seen a statistical, economic study proving otherwise. If you do a little macroeconomic historical reading of the last 150 years, you will determine this yourself.

**NOTE: Mark Steven Pash, CPA (pictured) will be attending and speaking at the annual conference of the American Monetary Institute starting September 20<sup>th</sup>, 2012 in Chicago. This is a very important monetary reform bill you should review that has been submitted to Congress - HR 2990. You should contact your representative to support this bill. You can review this Act at the AMI website - [www.monetary.org](http://www.monetary.org).**

This condition of capitalism eventually causes so much consolidation of wealth that the entire economy or country actually becomes very unstable. This could cause a complete economic break down in society because of a lack of quantity and quality of customers and clients. This failure can result in severe violence and/or revolution. The most recent examples are Egypt and the Arab spring. These upheavals' would probably not have occurred so swiftly if the standard of living weren't so low with no opportunities for advancement. You can also see the failures in our own economy in 1907, 1929 and 2008.

We do not want to eliminate competitive markets. It provides for more freedom and checks and balances over government. We have seen the failures of socialism, but we do not have any system to replace it with. We just need to offset several flaws in "the private market" capitalism of which inequality is a major one.

The following is my laundry list of reasons for inequality besides ability:

1. Birth-41% of individuals remain in the same income level they are born into
2. Lack of Education
3. Lack of access to capital for investing and savings
4. Lack of luck
5. Over reliance on debt
6. Lack of adequate wages
7. In the wrong industry or profession

8. Competing against extremely low cost/slave labor
9. Productivity –replaced by machines
10. Caught in the boom bust economy which hurts the middle-low class more
11. Lack of competition because of monopolies and oligopolies-less jobs
12. Illegalities and discrimination

Now we will discuss some solutions both at the government-macroeconomic level and the individual level. Let's tackle the government first. A more detailed explanation will be on our site at [www.progressive-economics.com](http://www.progressive-economics.com).

The major assumption for these solutions is that we live in a world of abundance or non-scarcity including agriculture. The private sector has become so productive that it can produce all the goods and services we need. Of course, this is a two-edge sword. As it becomes more and more productive, mainly through mechanization, there are fewer jobs, which create fewer consumers. Yes, innovation and new service jobs help and should be encouraged but they are not near enough to employ the tens of millions around the world that are unemployed or underemployed under our current system.

Therefore, it is up to monetary sovereign nations to reduce basic needs inequality by creating a base of quality survival, which also creates a far better customer, client and citizen. The following are those basics:

1. Free preschool education and free education at least through two years of college or tech school.
2. Food stamps for all.
3. Free health care for all.
4. Some residential assistance and/or stipend for every citizen.
5. Elimination of Global Competition on basic wages by creating a quality customer minimum wage – providing for the above benefits reduces the upward pressure on wages helping business operations and controlling inflation.
6. Reducing the work week, which will expand the leisure and entertainment industries?
7. Enforcing our antitrust laws, which will create more competition, which is a jobs creator.
8. Diversify the monetary delivery systems to provide funds for the many programs, projects and research that are needed. (See "Monetary Reform Section-The Big One" on our site)
9. Eliminate usury to reduce the debt burden on the population.

This is just a brief listing of what government should do to reduce inequality in a capitalistic world. Can you image how many great consumers are created when their basics are paid for! It also removes substantial pressure on businesses to continually raise wages-costs and reduces their actual business expenses especially employee medical coverage. This expense is strangling U.S. businesses while making them very uncompetitive with foreign companies whose nations cover medical.

**The question then comes up is how to we pay for all this?**



The first concept is that there is NO cost to creating money except for excess inflation. The second concept is it does not have to be created using debt. The third concept is this creation should be in democratic governments' hands not the hands of private bankers. The fourth concept is the distribution should be in many systems both private and public using equity, debt and direct currency issue.

The current commercial banking system of money creation is too narrow, discriminating and expensive to properly fund a 21<sup>st</sup> Century economy. It has created too many inflationary and recessionary conditions! A full explanation and how to avoid excess inflation is on our site under Monetary Reform.



Since we now have diversified systems to create and distribute new money, we can now lower or eliminate most Federal income, pay roll, and estate taxes except for the very rich- one half of one percent. We will still need these taxes on the super rich to avoid creating an Economic Royalty, like England. This is called "Recirculation" NOT "Redistribution". The wealthy just get it back in spending into their businesses. In addition, taxation at the Federal level reduces money in circulation, which helps control excess inflation.

Since our governments are far away from providing these services, let's discuss some ideas you can do on your own.

First, consider getting a personal financial planning education. Many schools offer these courses at night at reasonable costs or just start reading. In addition, you could hire a Certified Financial Planner to help. Second, consider pooling your talents and funds with friends and/or family in starting businesses, investment funds or owning rental properties. Third, consider the same pooling for volume buying of goods and services. I know it is difficult working together in these areas but there are legal and managerial materials to help in joint efforts. I hope these ideas will help.

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