

Codependent irrationalities vs. the economy

One of the motivations behind this website is the extreme dangers which religion poses to our “civilization.” The corresponding goal is to expose those dangers. Current events make some of the dangers very clear to anyone paying attention. For example, we are threatened yet again with a plunge over the “Fiscal Cliff” - driven by irrational demands made by people who believe in something which can only be described as “faith-based” economics. The same irrational beliefs nearly resulted in a “default” and “shutdown” of the government last year. The irrationality of “Reaganomics” and “trickle down” economics pales in comparison. I could have given this essay a much longer title to include the hazards posed by “faith-based” environmental policies and “faith-based” climate science. All these topics are inextricably linked together and have a common element. That common element is belief in the inherently unbelievable - required for religion but deadly to “civilization” when “faith-based” beliefs spill over and poison the collective decision making process.

A rational economy

Many people have some vague notion about what the “economy” is. Many more people have been misled to believe that “the economy” is somehow measured by the Dow Jones Industrial Average and other numbers from Wall Street. Even worse, many people believe those numbers coming out of Wall Street are somehow a measure of how well we are doing as a “civilization.” To counter this I am going to propose a different way to think about “the economy” - a way which will expose some of the irrationality entrenched within our economic system.

The thing which we call “the economy” is simply the sum of all the goods and services which people need or want and which people are unable or unwilling to produce or do for themselves. The annual GDP or Gross Domestic Product is a measure of this sum over a year. The modern economy evolved over time and is most easily understood from that perspective. If we peer back through history then the precursors to our modern economy are easily observed. A key precursor is specialization. Remnants of that early specialization are seen on many mailboxes throughout America. “Smith”, “Baker”, “Farmer”, “Shoemaker”, “Miller”, and “Mason” - just to give a few examples.

This specialization is a cornerstone of civilization. One can imagine that the early versions were a bit unwieldy. Suppose I existed back then and my specialty was raising chickens. I would have had a lot of chickens and little else. Suppose one day I wished to trade some of the chickens for some shoes

and some more of the chickens for some bread. Let's say the chickens were valued at three being equal in value to one pair of shoes. Let's assume the exchange rate for chickens and a loaf of bread was one to one. So I gather up four chickens and tote them into town. I stop at the baker's shop and trade one live chicken for a loaf of tasty bread fresh out of the oven. I then cross the street with one loaf of bread and three chickens to visit the shoemaker's shop. Unfortunately another chicken raising specialist had just been there and bartered chickens in exchange for shoes for his wife and five children. Consequently the shoemaker already had eighteen noisy chickens and did not wish to barter for more chickens that day. If I'd had alternatives such as some seashells or bits of shiny metal then I might have been able to trade those. Lacking any alternate barter items, I returned home with the three chickens and no shoes. What would have been really useful is some sort of universally accepted I.O.U.

A universally accepted I.O.U. could have been traded for the items or services I needed when I needed them. I could have taken my three chickens and traded them for the equivalent number of universally accepted I.O.U.'s and then traded the I.O.U.'s for the shoes I needed. This concept of a universally accepted I.O.U. should sound quite familiar. It is the essence of money.

The invention of money allowed for new specialists as well as new flexibility for existing specialists. Traders and merchants were prime beneficiaries of this new invention. As money became part of the culture then some people specialized in banking and loans.

So far this system of exchanging specialized goods and services for universally accepted I.O.U.'s probably sounds like a rational and practical solution. And for the most part it probably was. The modern version is still largely rational - though it has far more specialties and sub-specialties.

Let's take a look at the modern version of that economic system. There are a lot more nodes in the exchange network - and not all of them are people. The modern version of the economic network includes people and two additional types of nodes - corporations and governments.

We'll start with a rational look at government. In an idealized form, government is simply a mechanism to carry out the common will. This aspect of government is seen when some level of government manages a transportation infrastructure. A government entity is well suited to this job because the alternatives don't work or don't work well. For example, if private businesses owned and operated all the roads then travelers and merchants would be

subject to whatever fees the private businesses wished to impose. The other alternative would be to agree that each person would directly build and maintain the transportation infrastructure adjacent to her or his home plus directly assist in building and maintaining more distant parts of the transportation infrastructure. This later scenario would require me to have not only all the tools and knowledge required for raising chickens, but also a certain amount of knowledge and equipment for engineering, grading, asphalt production, paving, welding, concrete production, lane marking, and sign painting - just to name a few.

There is a cliché about being a “jack of all trades and master of none.” This is the reason we have specialization. A farmer would have a very rough go of it if he had to know how to grow plants plus how to build tractors, plus know how to mine and process the metals for the tractor, and how to grow a few rubber trees, and know how to treat the rubber with sulfur to make it durable, and how to fashion the rubber into tires, and how to drill for petroleum, and how to refine the petroleum, and any number of other skills.

Specialization is obviously a cornerstone of civilization. I emphasize this point because there is a growing demographic which believes they could make an independent go of it - and be better off - if only the government would pay them for “home schooling” and let them invest in their own retirement instead of paying into the government’s Social Security scheme. In practice “home schooling” is oxymoronic - a contradiction in terms. It is most often meant to replace actual education with religious indoctrination. In reality, education is an excellent example of specialization. One type of education specialist might focus on creating textbooks. Another type of education specialist might be trained in presenting the textbooks to students and evaluating the learning process. “Home schoolers” would have a rough go of it if they had to create a legitimate curriculum for each of the subjects in which they needed to educate their children.

Another function of a purely rational government is to codify fairness into a set of rules and then pay some people to enforce those rules. That means collecting I.O.U.’s from participants in the government. The government then trades for equipment such as police cars and the services of people specializing in maintaining order. This conforms to a vision of government in which its role is to carry out the common will. This same model is seen in governmental entities such as fire protection districts and agencies tasked with regulating and inspecting foodstuffs.

Another type of node in the exchange network is a corporation. There are some generally benevolent corporations such as the Corporation for Public Broadcasting. But, broadly speaking, corporations have become little more than a mechanism to insulate the spoils of greed from responsibility for whatever immoral behaviors were employed to accumulate the spoils of greed. We will return to the subject of corporations later because of the numerous distortions they create - changing the “rational economy” into something else.

Now that we understand “the economy” as the sum of all transactions between the various nodes of a trading network we are better prepared to understand how some aspects of “the economy” are irrational and demonstrate a sort of group psychosis.

It is reasonable to conclude that “the economy” can also be interpreted as something other than the sum of all the transactions between all the nodes on the exchange network. It is in fact a close approximation of a consensus regarding the quantity and types of work which ought to be done. A rational list might include things like healthy food for everyone, education, police protection, care for the aging, healthcare for the sick, beautiful clothing, comfortable shelter, some art, and a certain amount of entertainment.

The irrational economy

If one comprehends “the economy” as a consensus on a list of all the work which ought to be done then one should immediately begin to discern a certain collective psychosis. For example the consensus work list includes paying people to grow tobacco, paying other people to process it into addictive cigarettes, then paying yet other people to market and distribute the tobacco products. The collective “we” is in effect paying lots of people to knowingly make many of us sick. Then the collective “we” complains about the need to pay various other people to treat the many diseases caused by all the cigarettes. This is just one sign of our collective psychosis. Some of the best examples are related to healthcare so let’s look at another one of those. The collective “we” hands over hundreds of millions of those universally accepted I.O.U.’s to people for marketing unhealthy food and drink. Hundreds of millions more of those I.O.U.’s are handed out to people whose specialty is to keep Nielson ratings up - in effect paid to keep the collective “we” sitting in front of the television. The result of all those unhealthy foods, sugary drinks and sedentary habits is widespread obesity. The obesity causes diabetes and coronary disease. Those diseases in turn cause the collective “we” to hand out billions and billions more of those I.O.U.s to specialists in the pharmaceutical and healthcare industries. In contrast a rational “consensus” would hand out

few if any I.O.U.'s to cause disease in the collective "we." That same rational "consensus" would then reap a "health dividend" because far fewer I.O.U.'s would be needed for healthcare specialists. In addition the "consensus" list of all the work that ought to be done would be shorter.

The inquisitive mind should be asking a very important question at this point. That question should be something along the lines of "What happens if the collective 'we' were to suddenly reassign all those tobacco growers, cigarette makers, cigarette advertisers, cigarette distributors, and most of the fast food workers to the ranks of the unemployed?"

Applying the universal law of supply and demand we should anticipate a substantial downward pressure on wages. This would cause a slowing of the "economy" as many nodes on the network would have fewer or no I.O.U.s to pass to others nodes in the network. There would be a corresponding rise in demands placed on any "social safety net," and pressure on politicians to magically conjure up "jobs jobs jobs."

There is a rational alternative, but before discussing that we should look at a related dichotomy built into our economic system.

The Federal Reserve Board vs. universal employment

Politicians tell us we want to reduce unemployment to zero - that is to say we want universal employment of able-bodied adults. There is always political pressure to reduce collective expenditures on the social safety net because of the widespread perception that some able-bodied adults are "free loading," This sounds reasonable enough - until one considers a mechanism that automatically thwarts universal employment even in times of economic prosperity. That mechanism is the Federal Reserve Board.

Historically the Federal Reserve Board adjusts certain interest rates which affect the cost of borrowing money. The stated goal is to balance economic growth and "inflation" - "inflation" being a drop in the perceived value of the universally accepted I.O.U.s relative to the things for which the I.O.U.s might be traded. Whenever economic growth reached a critical level then unemployment would drop low enough that the universal law of supply and demand would begin to put upward pressure on the value of an hour's labor. Laborers would then receive more I.O.U.'s for their time. All those extra I.O.U.'s injected into the system would then push prices higher - which is equivalent to lowering the value of the I.O.U.s. To counter the "inflationary" pressure on the value of the universally accepted I.O.U.s the Federal Reserve

Board would raise the cost of borrowing the I.O.U.s. This kept inflation in check - by slowing the economy and keeping a certain number of people unemployed.

From a mathematical perspective the alternative would be to quit assuming 1 job = 40 hours/week and instead assume 1 job = total hours required to complete the work on the “consensus” work list divided by the number of able-bodied adults. An approximation of this formula could be implemented easily. The implementation would simply require a mechanism to adjust the “official” workweek inversely with the unemployment rate. Tax disincentives would be a handy means to encourage adoption of the “official workweek” by businesses and laborers.

Such a system should have inherent stability compared to the current model. The current model is inherently unstable because economic slow-downs create regenerative feedback further slowing the flow of I.O.U.’s among the various nodes on the exchange network. Adopting an adjustable “official workweek” fixes more than just the problem with the Federal Reserve Board preventing universal employment. An “official workweek” indexed to unemployment would also cause the system to adjust automatically as “harmful” jobs such as those in the nicotine industrial complex were eliminated.

Earlier in this discussion corporations were described as having evolved into a mechanism to insulate the spoils of greed from responsibility for whatever immoral behaviors were employed to accumulate the spoils of greed. We will again examine the nicotine industrial complex as an example. There are many corporations within the nicotine industrial complex. These corporations pay for the services of many different specialists. For example, these corporations transfer large numbers of universally accepted I.O.U.’s to farmers. These corporations also transfer large numbers of universally accepted I.O.U.’s to a relatively new type of specialist - the lobbyist.

Cigarettes might be manufactured and sold within a mostly moral and ethically consistent society. But the cigarettes would surely not be advertised. The cigarettes would almost certainly have large clearly worded warnings regarding the addictive properties and health hazards of the product. There would be no agricultural subsidies for tobacco and there would probably be extra fees to recoup most of the universally accepted I.O.U.’s needed to counter the damage to the public health.

This is clearly not what we have. A primary reason why we don’t have a more ethically consistent approach to nicotine addiction is the large number of

universally accepted I.O.U.'s transferred from the corporations of the nicotine industrial complex to lobbyists.

This is but one example of corporations corrupting what might otherwise be a "rational" economy.

Corporations introduce another distortion into the system by rewarding the Chief Executive Officers who most aggressively thwart environmental regulations and most aggressively cheat and exploit workers. This system also tends to reward Chief Executive Officers who transfer the most jobs to overseas labor markets. Corporations in fact reward the very worst behavior (from the perspective of the common good) with the most outrageous pay and bonuses. Chief Executive Officers will tell you and the stockholders that Chief Executive Officers *earn* that pay and *earn* those bonuses. Yet there is no way to justify that the "work" of a person sitting in an office manipulating "the system" is worth hundreds or thousands of times more per hour than an agricultural worker in the field. The same comparison can be made between a factory worker and the Chief Executive Officer. There is no rational justification for the one to be given hundreds or thousands of times the number of universally accepted I.O.U.s given to the other one for each hour of "work." To believe that the labor of one "worker" is really worth that much more than another is to believe in the inherently unbelievable.

The widespread belief that Chief Executive Officers somehow *earn* those outrageous salaries and bonuses allows those Chief Executive Officers to do even more damage to the economic network. In general we agreed that the "economy" was the sum of all the universally accepted I.O.U.'s which passed between all the nodes on the economic network. This works fine as long as all the nodes on the financial network "want" or need goods and services for which incoming I.O.U.'s might be traded. In an idealized network all nodes are constantly shuffling I.O.U.'s to other nodes. But nodes which are Chief Executive Officers have an interesting characteristic - those nodes tend to value possessing the I.O.U.'s far more than the things for which the I.O.U.'s might be traded. Consequently, Chief Executive Officer nodes are something like black holes on the financial network - I.O.U.'s go in but I.O.U.'s don't come out.

If you don't intuitively see the problem with introducing a large number of "black holes" into the financial network then there is another way to think of it.

I was once listening to Whoopi Goldberg on a radio talk show. She was making an interesting observation regarding a traffic predicament. She had been stuck in a gridlock situation. From her perspective the problem was the car in front of hers blocking her way. But Whoopi was stuck in traffic and had time to think about it. From the perspective of the person in the car in front of her the problem must have appeared to be the next car. In turn, the driver of the next car would perceive the problem to be the next car ahead. Whoopi humorously related this as well as her conclusion that if she considered enough automobiles then she could probably trace a path through the gridlock of automobiles from her front bumper all the way around the city and arrive at her very own back bumper. Whoopi was blocking her own way.

The traffic network is somewhat analogous to the financial network. One way to understand the similarities is to consider a space within the traffic network as one of the universally accepted I.O.U.s in the financial network. Ideally each motorist is always surrendering one bit of space in the traffic network in exchange for a space a bit ahead of the one being surrendered. In effect one motorist is constantly handing their space to the next motorist who then hands it to another motorist. Everything works fine as long as all the motorists are constantly moving to a new space. But if some motorists become unable to move because the space in front of them is not being made available then the whole traffic network begins to slow and is reduced to gridlock. In this analogy Chief Executive Officers would hoard spaces even when they were not using them - perhaps by simply parking extra automobiles here and there on the expressway.

Most nodes in the financial trading network operate with roughly similar numbers of universally accepted I.O.U.s being handed to other nodes and being received from other nodes. Sometimes nodes “want” more of the stuff for which the universally accepted I.O.U.s might be traded than the node has in I.O.U.s. This is generally not a problem because some nodes have extra I.O.U.s and specialize in loaning them out in exchange for more I.O.U.s. We typically call those nodes “banks” and refer to the extra I.O.U.s as “interest charges.”

This is still fine and works for everyone because the loans are to people who want to trade the I.O.U.’s for the goods and services for which those universally accepted I.O.U.s can be traded. Remember everything works fine as long as people value the things for which the I.O.U.s might be traded more than simply possessing the I.O.U.s. The problems arise when some nodes in the exchange network value possessing the I.O.U.s more than they value the goods and services for which the I.O.U.s might be traded.

Now we understand what “the economy” really is. So we can explore some of the codependent irrationalities which damage not only the economy, but the common good.

Let’s start with the “Tea Party.” The “Tea Party” is adamantly opposed to government spending. This meme-set has gotten a lot of “traction” as revealed in polls. But as we shall soon see, “Tea Partiers” are essentially screaming as loudly as possible “We demand a lower standard of living and we demand it now!” In a rational society the “Tea Party’s” message would obviously get very little traction.

Earlier in this discussion we described governments as one of several types of nodes in a financial network. Like other nodes, governments trade universally accepted I.O.U.s for specialized goods and services. In an idealized form a government uses universally accepted I.O.U.s collected from participants in that government in exchange for providing services agreed upon by a majority of the participants in that government.

A fire protection district is a good example. A majority of the people in an area might vote to create a fire protection district. People in that area then contribute a portion of their universally accepted I.O.U.s to the fire protection district. The fire protection district then trades the universally accepted I.O.U.s for goods such as fire engines and services such as those provided by trained firefighters. The result is reduced losses due to fire in the fire protection district as well as an increased sense of safety.

Public schools are another example of government used as a means to further the common good. Schools are a special and important contributor to the “common good.” This is because all across the planet there is a clear link between the average educational outcomes of citizens and the average economic well-being of those citizens.

But the “Tea Party” doesn’t believe we should collect universally accepted I.O.U.’s to accomplish many aspects of the collective will.

Investing in gold vs. investing in education.

Let’s examine two extremes. In one extreme “investors” opposed to taxes deprive public education to the point of failure. But on the bright side this does allow the “investors” to hoard a great deal of gold. The trouble comes when the aging “investors” need to trade some of the gold for universally accepted I.O.U.s. Because so many I.O.U.s were “invested” in gold, now most everyone

is uneducated and trapped in poverty. Consequently there is relatively less demand for gold. Most people would have more important priorities for the few universally accepted I.O.U.s which might come their way. According to the universal law of supply and demand the price of a commodity varies directly with the demand and inversely with the supply. So as more aging “investors” needed to trade in gold for universally accepted I.O.U.s the supply of available gold would increase relative to the demand. The value of the gold would then drop precipitously. The “investors” would soon find themselves in the same poverty as the uneducated masses.

The underlying rule which many people don’t fully understand is that the value of an “investment” such as gold is not what was put into it. The value of an “investment” such as gold is what it can be traded for at a particular time. That is to say an investment is only worth what “the market” will support when it comes time to “cash out.”

Now let’s examine the other extreme. Suppose there was a widely distributed meme which said the only wise “investments” were education and perhaps home ownership. In this scenario adults would pay for their own continuing education. And when they had all the education they could stomach then they would pay for the education of their children. When their children could endure no more and the parents still had universally accepted I.O.U.s then they would invest in the education of their grandchildren or other people’s children. All those universally accepted I.O.U.s being pumped into the ivory towers would surely improve the ratio of education specialists to students. Students would always have the latest textbooks and other implements of torture commonly wielded by education specialists. It would then follow that improved educational outcomes would drive a vibrant and powerful economy - an economy so vibrant and so powerful that it could easily afford to pay for the care of all those old people who had so foolishly invested all their extra I.O.U.s in the ivory tower.

Now ask yourself which scenario is closer to the reality in which you would like to live. Then compare that to the reality in which you actually live.

Codependent irrationalities.

Corporate money has convinced people that governments are bad actors. The opposite is true. Governments are bad actors only when subverted by greedy individuals or when subverted by greedy corporations. Corporate money has convinced people that taxes are “job killers.” The opposite is true. Taxes collected by governments are generally spent right away on goods and services

- which equate with more people employed to do more stuff. Corporate money has convinced people that corporations are “job creators.” The opposite is true. Corporation generally try to achieve maximum profit with the fewest possible employees - this means moving jobs overseas or eliminating jobs whenever it appears profitable to do so. Creating a good-paying job in this country is generally the last resort - to be used only after all alternatives are exhausted. Corporations will try to squeeze more out the existing workforce first. Failing that they will “outsource” to foreign labor markets where laborers will work for less.

Corporate money has convinced people of the opposite of the truth. Or in other words corporate money has convinced people to believe in the inherently unbelievable.

Why is it possible for corporate money to so easily convince people to believe in the inherently unbelievable? This would seem to imply a capacity within some or all humans to believe that which should be easily recognized as unbelievable. Why would we have such a capacity? The answer is more fully explored elsewhere in origin-of-religions.org, but we will examine one aspect of the answer here.

There is among all the various types of specialists one of particular relevance to this discussion. We shall refer to their specialty as “superstition management.” This specialty probably got its start when some early human figured out that they could get others to give them food in exchange for “spiritual advice.” Not only that, as a “spiritual leader” they might avoid having to serve as a warrior or labor in the fields. I can imagine that sitting back and dispensing “spiritual” advice would be a very attractive job. There is little required in the way of effort or investment, but it can be quite lucrative. Their specialty could also be considered as a subset of the group “con artists.” Things have changed a bit. In order for the modern version of their craft to pay off, “superstition management” specialists must convince “marks” to ignore evidence. Because this specialty is pervasive it gets a chance to “condition” many minds to ignore evidence.

For example a typical superstition management specialist might feel their livelihood is threatened by “Darwinism.” Their reaction is obviously to try to convince their “marks” (a.k.a. “congregation”) to ignore science and evidence. A similar thing happens if stories told by the superstition management specialist are questioned. Someone might ask how can a deity call itself just and loving when the deity created evil and disease. They are told “The Lord

works in mysterious ways” - effectively told to ignore the evidence of abnormal psychology in the fictional deity.

Because so many people have been “conditioned” to ignore evidence then it is quite simple for other con-artists to leverage that conditioning. It is hardly a leap to go from ignoring the fossil record to ignoring the evidence for “anthropogenic global warming.” The evidence says “trickle down” economics benefits only the wealthy and results in nary a dribble to working people. Yet belief in “trickle down” economics persists. People are conditioned to believe what is appealing to believe and so once again the evidence is ignored.

It is poor form to identify a problem without also suggesting a way to reduce or eliminate the problem. So I will suggest a first step in fixing the problem.

There are now multi-national corporations in the business of “superstition management.” Among the largest of these is the Catholic Corporation. It enjoys the same “personhood” rights as other corporations. It also enjoys many special rights not extended to most other corporations. Among these special rights is an absolute exemption from “truth in advertising.” We could go far by simply requiring “truth in advertising” from all corporations with particular attention paid to corporations in the business of superstition management. Fictional portions of their publications would have to be identified as such. No references to miracles would be allowed without either proof or a disclaimer.

The Catholic Corporation and other corporations of the superstition-industrial complex enjoy special tax exemptions. Eliminating these special tax exemptions would reduce the profit motive which powers these enterprises.

Eliminating just these two special rights would reduce the ability of the superstition management industry to “condition” citizens to ignore evidence. This in turn would go far toward breaking down the codependent relationship between religion and greed.