

People vs Money Power

by John B. Cobb, Jr.

We often speak of “Wall Street.” Earlier in American history people spoke of “money power” as the chief threat to a society where rulers served the people. I would like to see that term renewed.

Important to the history of the United States has been the question of who would create money and control its use. Throughout the history of the United States, private “money power” struggled successfully to wrest the power to create money from the government.

The control of money by private individuals and groups has always given those individuals and groups enormous political power. Because money power has operated across national boundaries, it often leads to unfavorable policies and actions. In recent decades, “money power” is the chief source of funding electoral campaigns. It also exercises great influence in university economic departments, so the “expert” testimony in a Congressional hearing almost always supports money power.

In recent years, the limited ability of the economy to absorb loans has hindered the ability of the banks to create money. The derivatives market— five times larger than the stock and bond market globally—solved this problem by providing an almost unlimited market for the investment of money. Yet at the behest of “money power,” Congress passed a law forbidding the government to regulate this market in any way.

“Money power” also assumes that it is too big to fail and the government will bail it out when the financial system is in trouble. Its demand that it be given 700 billion dollars with no strings attached and no supervision of the distribution was a truly extraordinary act of arrogance

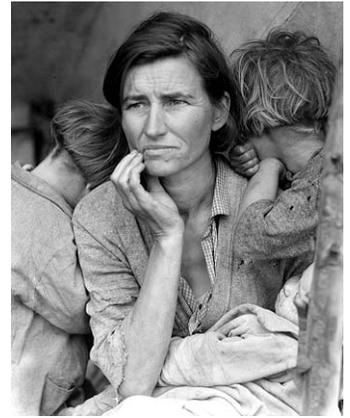


photo: Dorothea Lange

Obama has announced a team of economists to solve the financial crisis made up of people who belong to “money power.” The idea that industrialists and labor unions and ordinary citizens should participate in finding a way out of the mess created by “money power” is not even discussed.

The enormous gift to the financial institutions will be used to show that we cannot afford to improve government services to the poor or provide health insurance for all. Our educational system will suffer, along with Social Security. In other words, interest on the debt to “money power,” along with “money power’s” political ability to avoid taxation, will mean that we can only afford to pay our debts and support our military.

“Money power” will use this shock to concentrate wealth and power in still fewer hands. Huge sums are being given to supposedly healthy institutions to buy up weaker ones. We will be told that the solution is to globalize finance even further. Its “regulation” will then be in the hands of “money power” and nations will be further disempowered to manage their own economies.

With the faltering derivatives market worth 500 trillion dollars, the few trillion the US government can throw into the breach may not stop the meltdown. It is possible that the American public will retake the power to create money and manage the economy from the financial gamblers who have led the nation into catastrophe. If the government takes control of the monetary system, and ends the fractional reserve banking system, the size of the virtual economy will be greatly and permanently reduced. Also, “money power” will no longer be able to control the government, the universities, and the media. The government will be able to accomplish many of its goals by spending and lending money into existence. We may gradually recover from the disaster of globalization and the virtual financial economy and be able to replace the real economy we have lost. The rebuilt economy can be a green one. People will understand what it takes to preserve popular rule. These changes will be a true revolution, one that fulfills the purposes of the first one.

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THE PLAIN ENGLISH OF IT.

If Money Power Puts Up Enough Boodle Hanna Expects To Deliver The American People Bound Hand and Foot Into Slavery

