



Capitalism is Over – Two Alternatives Available !

I talk daily to some of the most intelligent people on this planet here at Heritage Highlands, Marana, Arizona. Most of these individuals have experienced life from many different occupations. Most are retired and most have experienced the baby boom generation. They understand the basics of reality and history. I have challenged many of these intelligent human beings on the issue of our economic situation. And what I have discovered is that most of these persons recognize that our current economic system has collapsed and that a new system must emerge from the ashes of this historic system. They demonstrate this conclusion by their body language and the enunciations of their beliefs. In short, Capitalism is over as a system. The nadir of the system can be dated 1/20/2009.

What happened and why? First of all our ‘money’ has collapsed as a viable medium of exchange, standard of value, and store of value. I have written prior articles about this collapse. I have studied the history of our ‘money’ (another word for capital) and have discovered that the basic system collapsed in 1971 with Nixon’s closing of the gold window. Prior to 1971, investors and the informed public perceived that our dollar (\$1.00) was as good as gold. The Bretton Woods Agreement of Nations in 1944 established our dollar (\$1.00) as equal or better than gold. This is not our situation today.

Why was the dollar (\$1.00) equal or better than gold? It was perceived in this manner because the USA was the Big Kahuna on our planet. We were instrumental in winning the Second World War. We were blessed with 700 million ounces of gold in our possession (70% of the official world supply) in 1944. We had a tradition of Capitalism that created wealth better than any other nation on this planet. All the other Nations recognized our superiority and wanted to play the game of Capitalism our way. This is a short answer to why our ‘money’ and why our system was pre-eminent. However, this is not our situation today as I write (2/1/2009).

Economics has evolved as follows:

1. Economics today is based on Finance
2. Finance is based on Mathematics
3. Mathematics is based on Numbers
4. Numbers are based (derived from) our Consciousness (inner body spirit)

What we have today is a system of numbers (derived from the consciousness of our policymakers, educators, finance/business schools, and Keynesian/Friedman philosophies) all based on mathematical formulae and mathematical models. This is a form of Finance Capitalism based on creativity and imagination more than upon the production of physical goods. It has worked to a degree because the system (from 1971 to 2009) was perceived as growing the 'wealth' of our global society and helping us create a better world with more freedoms and opportunity. Many call our system (from 1971 to 2009) a fiat money system. This type of system evolved from the breakdown of a prior agreement (the Bretton Woods Agreement of 1944). It is really not a system which can last for long periods of time. History tells us why?

The problem with a fiat money regime is that it is based purely on mathematical models and imagination. In reality, numbers are not physical goods or commodities. Numbers are really mental tools (imaginary tools derived from our consciousness) used to accomplish some outcome or result. For example: the currency symbol and number (\$1.00) is not a physical thing or good. It is really an imaginary unit for counting. When this symbol and number (\$1.00) was adopted by our Congress in 1785 as our currency unit, it had no objective meaning. Meaning developed when Thomas Jefferson defined this symbol and number in terms of a physical thing or commodity (it happened to be silver and gold). \$1.00 equaled 371.25 grains of silver. Check out history of our dollar at: www.google.com. Congress agreed with this definition and our first mint and central bank became a reality in 1792-93.

The definition given by our founding Father(s) gave our currency unit objective meaning and this resulted in the peoples confidence and trust in our 'money' system. We called the accumulation of units of these numbers (dollars)...WEALTH. And our system of wealth creation was labeled Capitalism. The dollar was tied to a physical commodity and the people perceived this tie (definition and the option of convertibility) as giving our 'money' the credibility to serve as a medium of exchange, standard of value, and store of value (essential principles for the long term stability of any money). With a sound money system we could price (and value) all goods and services produced from our planet. Lenders and borrowers had confidence in the long term stability of our currency and the value created from the use of this currency in the marketplace. New credit and the transactions which followed allowed us all to form new businesses and to expand the wealth of the nations. Capitalism was success in motion given these underlying principles.

However, as of today this system and the confidence it engendered has vanished. Our finance system has collapsed, our mathematical models have become meaningless, and the confidence in the investor/public community has virtually disappeared. To date

approximately 50 trillion of finance wealth created has been destroyed (vanished to money heaven). The estimated notional value of derivative contracts (now starting to collapse) is 683 trillion. This is more than 10 times all the finance wealth produced by all the nations on this planet. The awareness of the implications of this derivative collapse is causing investors (who watch the market in real time) to question all the underlying assumptions of investing for the future. All the mathematical models created since the collapse of the Bretton Woods Agreement (1971) are now being questioned. Were they instruments for risk management or were they instruments based on financial illusions? So what are investors and the public now doing with their illusionary 'stores of value'(savings)?

Investors are now seeking the safe harbors of gold, silver, and Treasuries (dollars guaranteed by the USA). Since our dollar is the reserve currency on our planet, investors view our currency as a safe haven for the moment. Most are still unaware that the USA is bankrupt. However, investors are fearful of all the debt which the USA government has accumulated in recent years. The number has reached unsustainable levels (10.6 trillion in national debt through 2008 and some 50 trillion in contingent debt). Investors are also fearful of all the 'bailout' programs and they have nearly zero confidence in our government leaders (Congress and Senate). Millions of home owners are also walking away from their over leveraged properties (homes and commercial projects) or seeking modifications that are bankrupting our financial institutions (debt is a zero sum game). The new investment philosophy is a form of protectionism and a recognition that future growth and prosperity is over. And the final solution for confidence is now on the shoulders of our newly elected President, Barack Obama. Does our President have any options that can save our Capitalistic system? If he does, I am totally unaware of these options. How can Capitalism be saved when confidence and trust have disappeared? Without confidence and trust no government system can prevail. Can confidence and trust be restored by President Obama given our current situation? Not in my view. This leaves me with the awareness that we need to consider the two alternatives which many philosophers and pundits are privately espousing and which are emerging from the current market breakdown. These alternatives are not new. They have been latent and emerging for years. What are these two alternatives?

These two alternatives can be summarized as:

1. World Socialism – a form of Marxian collectivism modified by current scientific thinking and social philosophies which are secular in nature (see wsws.org). Man is the ultimate ruler via global hierarchies.
2. The Kingdom of God – the final solution espoused by messianic philosophers (such as Jesus of Nazareth in 31 A.D.), and supported by Judaism and Islam theologies to a significant degree (check out the meaning of this concept by plugging in Kingdom of God in your search engine on your computer).

What is now emerging is likely to cause the battle of the ages over the nature of reality and the nature of economic systems on this planet. The two alternatives are directly

opposed and impossible to reconcile. One must win and one must lose. It appears to be a zero sum revolution which is emerging rapidly as the battle for the minds on this planet. A battle for the mind and loyalty of man is coming IMO. And there appears to be NO ESCAPE from the implications of this battle of the ages. Those who envision an escape are probably deluded and living with unreal concepts and ideas in their consciousness. We will all experience this battle personally (assuming we are alive in the next few years) and we each must give our loyalty to the alternative which will promote our personal self interest. Our destiny lies in the choices we make in the next generation or less. Some concepts to consider when you evaluate these alternatives are:

Alternative #1 is basically a secular interpretation of reality. It can be summarized as: I am my brain/mind/body which is inside by skin (my universe). There is no God which rules this planet or owns the resources on this planet. Man has emerged from matter/energy and all that we are is within our skin. Monism is reality.

Alternative #2 is basically a spiritual conception of reality which can be summarized as: I am consciousness (a spirit being living through my body/brain/mind) and God is my Source. Life does not originate from matter; rather, life is eternal and spiritual in nature. My consciousness creates reality and consciousness is separate and distinct from matter/energy. Dualism is reality.

The implications of each worldview determine the type of economic and social system which emerges for this planet. The coming months and years will be historic for each of us personally and for our planet and its future. Now is a good time to check out all the implications of monism (one reality) and dualism (two realities). My personal view is: The Kingdom of God is emerging and will prevail at the end of the day.

Donald Brynolf Swenson
Philosopher/Economist/Teacher/Student
Marana, Arizona
Phone: 520-269-1123
Email: phase4tennis@gmail.com