

The Global Currency Plot

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An economist who is not owned by the system provides an accurate and frightening description of today's world.

Thorsten Polleit is an economist of the Austrian school, a follower of Ludwig von Mises. As such he is a free-market libertarian. The book is so rich in quotable sentences that this review is composed mainly of quotes.

Polleit helpfully includes chapter summaries. That of the introduction itself describes the book: "Democratic socialism—the ideology that dominates the world today—aspires to become a world state. The route toward it requires a single world currency to be created. That would undoubtedly create a dystopia. Might this become a reality? And if so, how can it be averted? This book aims to find answers to these questions."

He writes that " In recent decades [democratic socialism] has risen to become the world's most powerful in political terms". " Everything is decisively co-determined and co-controlled by governments , be it upbringing , education , transport , health , law , security , old-age provision , environmental protection , or , above all , money and credit."

Democratic socialism is not static. It "encourages all those who follow it to gradually abolish the system of free markets and replace it with a state-run economy of control and command , a planned economy."

He concludes with a statement of his thesis about the focus of the book, money: "The insight that emerges from the explanations in the following chapters is that the advocates of democratic socialism are working — some consciously , many presumably unconsciously — toward the creation of a world government , a world state . But this can only be achieved if a single world currency , controlled by the states , is launched beforehand."

Polleit's first few chapters are philosophical in nature. Property is something that an individual controls, starting with his own body and his ability to produce. The premise of democratic socialism is that your body and your labor belong in part to the state. Communism claims it all, socialism only a fraction. The rub is that there is no upper bound on that fraction.

He writes that property is "understood as the property of everyone in his own body (self-ownership) and the property in external goods which one has acquired in a nonaggressive way." Contradictions within the modern state are immediately apparent. The state has claimed the authority to tell our bodies where they can and cannot go, to inject our body with foreign substances, and even the right to take from us the fruit of our bodies, our children.

He writes that "Ethics finds its starting point in an irrevocable economic realization : that human life takes place under scarcity." Economics is the study of the allocation of scarce goods. Without scarcity there is not an issue.

He writes "We can consider the following four (economic theory) statements to be true : (1) Any voluntary exchange is beneficial to all parties involved. If it were otherwise, it would not take place — human action means, after all, replacing one condition with another, more advantageous, condition. (2) The marginal utility of a good decreases with increasing stocks of goods ; this also follows logically from the indisputable knowledge that humans act. (3) Minimum wages above market-clearing levels lead to involuntary unemployment. This is a direct result of the (logical) law of supply and demand. (4) If the money supply increases and the demand for money remains unchanged, the prices of goods rise and the purchasing power

of money decreases ; this also follows from the law of decreasing marginal utility, which can be justified logically."

Accepting these four statements of economic theory, we do not need to try out every variant of socialism and monetary theory. Some things that don't make sense [reviewer's examples] on the surface: non-voluntary exchanges forced by government; modern monetary theory (i.e., magic money tree) theories; minimum wage; and rent control.

"It is the diversity of nature — the fact that each human being is special and different from the others and that his (subjectively perceived) life circumstances are different from those of his fellow human beings — that necessarily influences the actions of each human being. It is also the diversity of nature that forces people into the division of labor."

Though labor is divided between males and females in the animal kingdom, and among castes in social insects, nowhere does it exist at the same level as among humans. It is possible because humans are endowed with language, and we educate our young into useful occupations.

Polleit observes that "each human being is special and different from the others and that his (subjectively perceived) life circumstances are different from those of his fellow human beings." "If everyone had the same abilities, wishes, and goals, nobody would be able to make use of his fellow human beings!"

The wealth of civilized society owes to the fact that we can use – in fact, depend on – each other. Tribal societies are poor because every member must be a generalist – a hunter or a gatherer.

Leading to the invention of money, Polleit writes "Division of labor and specialization require interpersonal exchange. The most primitive form is barter... if there is no “double coincidence” of wants, no exchange takes place."

For that reason, society has chosen to treat certain commodities such as gold as money. It eliminates the need for barter.

Polleit contends "it is therefore not possible to introduce money 'from above.' No ruler, no central authority can create money “just like that” “Paper money has never been introduced through voluntary cooperation." It always grows out of a commodity.

With the chapter title "The Decivilizing Force," Polleit draws a sharp distinction between a state – a government – and the nation – a people. Nations are groups bound together by language and customs that interact commercially and socially with one another. A state has coercive power. Moreover, the leaders of states invariably want to expand, consolidating multiple nations into empires when they can.

The distinction is not that sharp. Polleit overlooks the fact that even tribal people have some form of state, and the interests of the leaders are always somewhat at odds with those of the people they lead. The headman has access to more women and more food. No human society can live in harmony with nobody in charge, and none exists without competitors attempting to take their resources.

Finally getting to his monetary thesis, Polleit writes "[The state] can rob openly by levying taxes. But that quickly reaches its limits. The robbed realize that they are being looted and rebel if they feel the tax burden is too high. It is much more convenient for the state if it can create money at its own discretion and buy the desired goods and services on the market in return. But how does the state find such a favorable position for itself?"

Money backed by a material commodity like gold cannot be created at will. Polleit writes "For [the state] it is much more advantageous if the money is dematerialized and thus can be multiplied at will, and if there is a central authority that directs the fate of the dematerialized money — in favor of the state and the banks."

"Fiat money is usually created through lending... The central bank thereby causes a large-scale deception : consumers and entrepreneurs are deluded by an illusion of wealth. They are misled about the true conditions of scarcity ; their decisions on consumption, savings, and investment become misguided."

"The central problem of fiat money is this: the economies get into debt bondage. The ever-increasing debt in the fiat monetary system increases the dependence on the continuation of the low interest rate policy." "No wonder that the preferred measure is the policy of interest rate cuts and to expand the supply of credit and money. But this only prolongs the crisis, thereby making it bigger."

To the reviewer, this describes the conditions of most countries in the world today. There is no way out of the trap except collapse, and all monetary authorities are today, like King Canute, trying to hold back the tide.

Three quotes, all of which appear to be true today, from a chapter entitled "A Destructive Ideology."

"Democratic socialism abolishes the sharp distinction between "mine" and "yours." "Private property then exists only formally, but no longer in economic terms. Thus, from the point of view of democratic socialism, property is property by grace of the state ; it is fiat property." "The incentive to work, to engage in productive activity, decreases because the cost of not working decreases. Under democratic socialism, one can ultimately earn (transfer) income without having to offer a marketable service. All you have to do is elect a government to power that will give you the desired benefits. The bill has to be paid by the taxpayers, the productive people — who then have a reduced incentive to be productive."

Democratic socialism today "can only be pursued jointly at the international level — such as environmental protection, migration management, and counterterrorism." This reviewer adds, in view of the recent pandemic, health.

"But even a coexistence of regionally or nationally different forms of democratic socialism cannot function in the long run." "Better off countries want to keep their advantage. They do not let themselves be dragged down." Therefore "democratic socialism will have to aspire to world domination under a unified leadership."

"It is certainly possible to implement democratic socialism in individual regions in which people feel relatively closely connected on the basis of language, culture, tradition, religion, etc." This reviewer thinks, "Scandinavia."

"If, however, the composition of the population is too heterogeneous, democratic socialism loses its support among voters. This points to the central obstacle that stands in the way of the goal of establishing a worldwide uniform democratic socialism : the diversity of people." This is precisely the problem in the modern USA.

Polleit says there can be states composed of highly diverse populations, like the USA, Canada, increasingly, the western part of the EU, that are similar to each other. Alternatively, there can be nation-states, homogeneous within but heterogeneous as a group. The one-worlders obviously want the first option, which is being energetically implemented.

Thus "The objective of the democratic socialists in this dispute is to abolish the principle of the nation-state and above all to abolish the nation." "The supporters of a unified international democratic socialism must therefore rely on immigration not leading to assimilation."

Polleit points out the hypocrisy: "We recognize that democracy (if understood as the right to self-determination) proves to be not a peacemaker in a linguistically and culturally heterogeneous population, but a cause or aggravator of conflict." "However, in public the democratic socialists never tire of expressing their inseparability with democracy. What to make of that ? Not too much : the democratic solidarity of democratic socialism turns out to be a bogus claim, according to the "iron law of the oligarchy." This "law"

claims that "party democracy forms an oligarchized elite rule that silently and secretly undermines and controls democracy."

"Sooner or later, a small group, the cunning, power-hungry party elites, will rule. It [then] begins... to isolate and shield itself from competitors." They "make their actions appear to be directed toward the welfare of society, make themselves personally inviolable, and silence political counter currents."

"In the competition for government power, those who want to be elected to power outbid each other in winning as many voters as possible with ' election gifts.'" "They therefore rely on " persuasion, " for example, by ensuring that in education and training, people are taught the indispensability of the democratic party system."

"Democratic socialism therefore recommends a single currency for Europe, because it forces the nation-states to merge into a single central state, as it were." "First, national monetary sovereignty had to be abolished once and for all. This means that control over the domestic money supply, key interest rates and inflation had to be irrevocably transferred to a supranational central bank." "Monetary policies in the currency areas have converged markedly. Not only are the state fiat currencies that exist internationally structured according to the same blueprint, but national monetary policies have also converged markedly. This is mainly due to the ever-closer cooperation between the central banks."

Because a renegade state outside of their system, treating its citizens fairly, would be more prosperous than a democratic socialist superstate, "the compelling solution for the democratic socialists is to merge the many national fiat funds into a single fiat world currency, which is then controlled by an all-powerful world central bank."

A lack of discipline is inherent in democracy. Both politicians and voters have a short-term perspective. Polleit discusses, not very convincingly, the possibility of the leaders of democratic socialism taking a long view and refraining from unchecked inflation. Not likely, but either way would amount to totalitarianism.

A concluding chapter is entitled "The Dystopia: A single Fiat World Currency."

"Creating a single world currency is a means to an end for democratic socialism. Its adherents will recognize that a single world state cannot be established directly. The national resistance that would have to be overcome is still too great. The detour, the indirect way, by which democratic socialism can more easily achieve its goal, is the creation of a single world currency under state control."

A Central Bank Digital Currency will make it possible to squeeze the people even more. All transactions will be visible – and taxable. If cash is outlawed, savings are captive to banks, which can penalize them by paying negative interest.

"It is downright absurd to think that a world state with its own fiat world currency would not sooner or later mutate into a totalitarian tyrant."

Polleit's concluding chapters address the possible alternatives, specifically if bitcoin and gold are able to survive the onslaught, and how they might serve as the foundation of a monetary system that serves the interests of the people.

This is a five-star effort, for all of the factors it brings into discussion. Relevant factors that do not appear are (1) the depopulation now underway, through low birthrates and possibly other efforts; (2) human evolution, which per Edward Dutton is reducing our intelligence; (3) human diversity, notably the large differences in productive capacity we observe between populations, and (4) war and other ongoing conflicts.