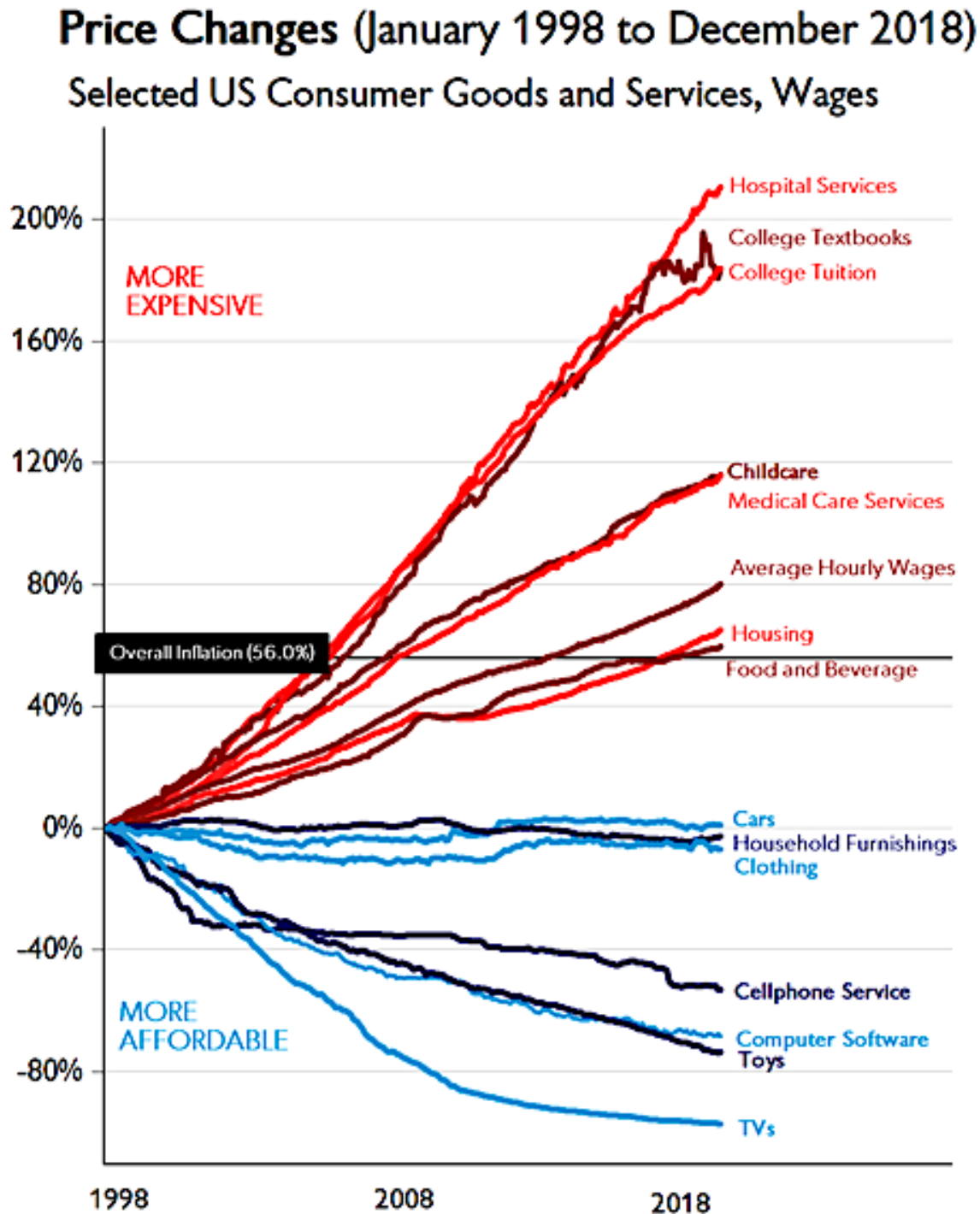


Heart [Rev. 20191115]

By J — Latest revision: <http://allis.foundation/Heart.pdf>



ABOVE: CHART BY MARK PERRY REVEALS INFLATION BASED ON REAL CONSUMER PRICES, DESPITE CLAIMS: "THERE IS NO INFLATION!" *1

Fascism and the Church

On 11 April 1963, Pope John XXIII issued the encyclical "Pacem in Terris," his formula for "*universal peace*." Early on, he states that Private property is a right, but that that right "*entails a social obligation as well*."

Things start to become interesting on item 25: "*The Right to Emigrate and Immigrate*," since all people enjoy "*citizenship in that universal society, the common, world-wide fellowship of men*."

He claims that state officials do not derive their authority from the consent of the governed, but from God: "*Hence it is from Him that State officials derive their dignity, for they share to some extent in the authority of God Himself*," citing Pious XII, the one who condemned the US for insisting on establishing a government without the wise counsel of the church, that is, of himself.

If you make it as far as item 94, you'll find this jewel:

94. *A special instance of this clash of interests is furnished by that political trend (which since the nineteenth century has become widespread throughout the world and has gained in strength) as a result of which men of similar ethnic background are anxious for political autonomy and unification into a single nation. For many reasons this cannot always be effected, and consequently minority peoples are often obliged to live within the territories of a nation of a different ethnic origin. This situation gives rise to serious problems.*
95. *It is quite clear that any attempt to check the vitality and growth of these ethnic minorities is a flagrant violation of justice; the more so if such perverse efforts are aimed at their very extinction.*
96. *Indeed, the best interests of justice are served by those public authorities who do all they can to improve the human conditions of the members of these minority groups, especially in what concerns their language, culture, ancient traditions, and their economic activity and enterprise.*
97. *It is worth noting, however, that these minority groups, in reaction, perhaps, to the enforced hardships of their present situation, or to historical circumstances, frequently tend to magnify unduly characteristics proper to their own people. They even rate them above those human values which are common to all mankind, as though the good of the entire human family should subserve the interests of their own particular groups. A more reasonable attitude for such people to adopt would be to recognize the advantages, too, which accrue to them from their own special situation. They should realize that their constant association with a people steeped in a different civilization from their own has no small part to play in the development of their own particular genius and spirit. Little by little they can absorb into their very being those virtues which characterize the other nation. But for this to happen these minority groups must enter into some kind of association with the people in whose midst they are living, and learn to share their customs and way of life. It will never happen if they sow seeds of disaffection which can only produce a harvest of evils, stifling the political development of nations.*

Any notion that immigrants must integrate into their new home is thus rejected. The idea of the American "melting pot" firmly replaced for that of the "salad bowl" a stupid argument that was raging in our colleges when I attended NYU in the early 80s.

Following his dictum on immigrants, we find this beauty on refugees: “...*we must include his right to enter a country in which he hopes to be able to provide more fittingly for himself and his dependents. It is therefore the duty of State officials to accept such immigrants...*”

That is, the duty of the state is no longer to protect its borders and regulate immigration, but to open its doors to any and all desiring to come hither. Residence in industrialized nations, according to the Pontiff, is a basic human right of all inhabitants on Earth.

He also envisioned the UN as an arbiter of last resort: “*May the day be not long delayed when every human being can find in this organization [UN] an effective safeguard of his personal rights...*”

And thus, a few of the issues that plague our political discourse today entered the political arena: From the division of our society into “minorities” to the movements to protect illegal migrants and refugees, the following decades saw a rise in all kinds of domestic organizations promoting these issues. Not surprisingly, behind every action to create “Sanctuary Cities” to mobilizing marches for the rights of illegal aliens, the hand of the church is clearly discernible.

In 1971, Paul VI added his two cents to the discussion in an Apostolic letter, “Octogesima Adviens.” In it, to the already stated problems of minorities, refugees and the obligation of industrialized nations to pony up to ease the “suffering” of underdeveloped countries (echoes of which are more than clearly discernible in the recently gutted Paris Accords), the Robed One added this:

21. *While the horizon of man is thus being modified according to the images that are chosen for him, another transformation is making itself felt, one which is the dramatic and unexpected consequence of human activity. Man is suddenly becoming aware that by an ill-considered exploitation of nature he risks destroying it and becoming in his turn the victim of this degradation. Not only is the material environment becoming a permanent menace – pollution and refuse, new illness and absolute destructive capacity – but the human framework is no longer under man’s control, thus creating an environment for tomorrow which may well be intolerable. This is a wide-ranging social problem which concerns the entire human family.*

The Christian must turn to these new perceptions in order to take on responsibility, together with the rest of men, for a destiny which from now on is shared by all.

In the Pontiff’s mind, industrialization and the taming of the environment was an “*exploitation of nature*” that had gotten out of hand threatening the entire human family. Of course, this is nonsense. Technological advances have done more to solve these problems than to create them, and opposition to science and development have a more ancient root. Ask Galileo.

Paulo VI couples this with Leo XIII’s call for “social justice,” the underpinning of modern Fascism: “*Justice, therefore, demands that the interests of the working classes should be carefully watched over by the administration.*” It is spelled out in Rerum Novarum, which as early as 1891 lays the foundation of the Church’s opposition to Capitalism and promotes a mixed economy, regulated by the state as the “Christian” thing to do. One can say, without fear of error, that this singular theory, coupled with Socialist discourse, forms the basis of Italian Fascism, perhaps the reason why Mussolini found it so easy to reach an Agreement, the Lateran Treaty with Pope Pious XI, returning to the Church what it had lost in 1871: sovereign territory. By 1933, the Perfect Fascist, according to the government slogans, was an Italian who loved **God, the Fatherland and Family**, in that order.

It was the same Pious XI who gave us in 1931 “Quadragesimo Ano” a long document celebrating the 40th anniversary of “Rerum Novarum.”

In Quadragesimo Ano, Pious XI expanded the former proposing a “reconstruction of the social order” along the lines of Italian Fascism, *“For if the class struggle abstains from enmities and mutual hatred, it gradually changes into an honest discussion of differences founded on a desire for justice, and if this is not that blessed social peace which we all seek, it can and ought to be the point of departure from which to move forward to the mutual cooperation of the Industries and Professions...For certain kinds of property, it is rightly contended, ought to be reserved to the State since they carry with them a dominating power so great that cannot without danger to the general welfare be entrusted to private individuals.”*

This social doctrine was successively restated and somewhat amplified by all successors to the throne of Peter.

John Paul II in “Redemptor Hominis”: *“to see no other meaning in their natural environment than what serves for immediate use and consumption.”* And under whose reign, Italy was forced to renew the accords of the Lateran Treaty, due to expire, but only after years of violence, assassinations and open sedition forced the Italian government to capitulate and not only confirm the extraterritoriality of the Vatican, but deliver its educational system for good measure. This grotesque treaty, signed at Villa Madama in 1984, will be the subject of another blog soon.

Benedict XVI, in a letter to the diplomatic corps at the Vatican: *“eliminating the structural causes of the dysfunctions of the world economy and correcting models of growth which have proved incapable of ensuring respect for the environment.”*

And last, but not least, the guy who calls Capitalism “the dung of the devil”, Francis, whose Encyclical, Laudato Sí, is the most unabashed defense of Fascism to see the light since Mussolini was hanged upside down at a gas station in Milan. [...]

Whenever you wonder where all the venomous and divisive nonsense that plagues our political discourse, from irrational “environmentalism” — with all the “global warming” garbage included — to the defense of unchecked immigration, the unqualified acceptance of refugees, and the balkanization of our society into myriad minority islands came from, all you need to do is look in the general direction of Rome.

So much was recognized by Howard Dean, still smarting from his defeat in the Democratic primary but having received the consolation prize of Chairman of the DNC, was happy to declare in an interview in C-Span: *“I don’t know why Catholics don’t vote massively for the Democratic Party. After all, our platform is the Social Doctrine of the Church.”* If you think he was kidding, read the Social Doctrine. At least in this point he was in agreement with former Soviet Premier Mikhail Gorbachov, who in an interview with Italian and Spanish newspapers said that the 1991 coup marked the end of “*Stalinist socialism*” but not of “*true socialism*” which he said is “*tied to the concepts of social justice, freedom, equality, the general framework of human values. In short: we promote the cause of Christ. The search for truth, humanity, justice and spirituality are eternal values.*”

And so we now have an alliance of the Democratic Party, European Socialism and the Catholic Church culminating more than two centuries of activism dedicated to the sole purpose of undermining the government of man by man.

File: civil_war2.jpg (96 KB, 640x743)



Anonymous 11/24/14(Mon)22:37:51 No.39144792 >>>39144853 >>>39145065 >>>39145082 >>>39145113 >>>39145131 >>>39145220 >>>39145556 >>>39145651 >>>39145719 >>>39145766

>all this buttmad
>all these cries of injustice
>blah we're the victims

Jesus Christ will they shut the FUCK UP.

625,000 white people died for YOU motherfucker. FOR YOU. We tore our own fucking country apart for four godamn fucking years because one half of the country thought you should be free. Before that we fucking tore ourselves apart debating freeing your ass and afterwards we had to deal with a fucking insurgency to keep you free.

WHO SET UP UNIVERSITY'S TO TEACH YOU?
WHO DUMPS BILLIONS EACH YEAR TO MAKE SURE YOU HAVE A PLACE TO LIVE AND DON'T GO HUNGRY?
WHO CAME UP WITH THE CONCEPT ABOLITION?
WHO'S ENTIRE SOCIAL AND ECONOMIC POLICY IS DESIGNED TO SUPPORT YOU?
WHO'S ENTIRE NATIONAL CHARITY AND NGO COMMUNITY DESIGNED TO SUPPORT YOU?

WHITE PEOPLE.

You stupid, ungrateful piece of shit fucking niggers. We've done more for you, our lovely 14%, than any Western country has ever done for any of their minorities. The Russians would have sent you to Kamchatka. The British would have starved you to death. No, we, the noble United States of America have chosen to try for literally our entire history to integrate you and make you like us. How do you repay us?

By dropping our education scores so low that we're the laughing stock of industrialized nations.
By making us the most violent country in the Western world.
By supporting radical left wing activists in their bid to destroy our country and the West.
By driving our quality of life ratings into the ground
By driving up our Gini coefficient to almost third world levels.

Fuck you. You've made this Northern Yankee hate you. White people are not the problem. YOU ARE.

625,000 people. FOR WHAT.

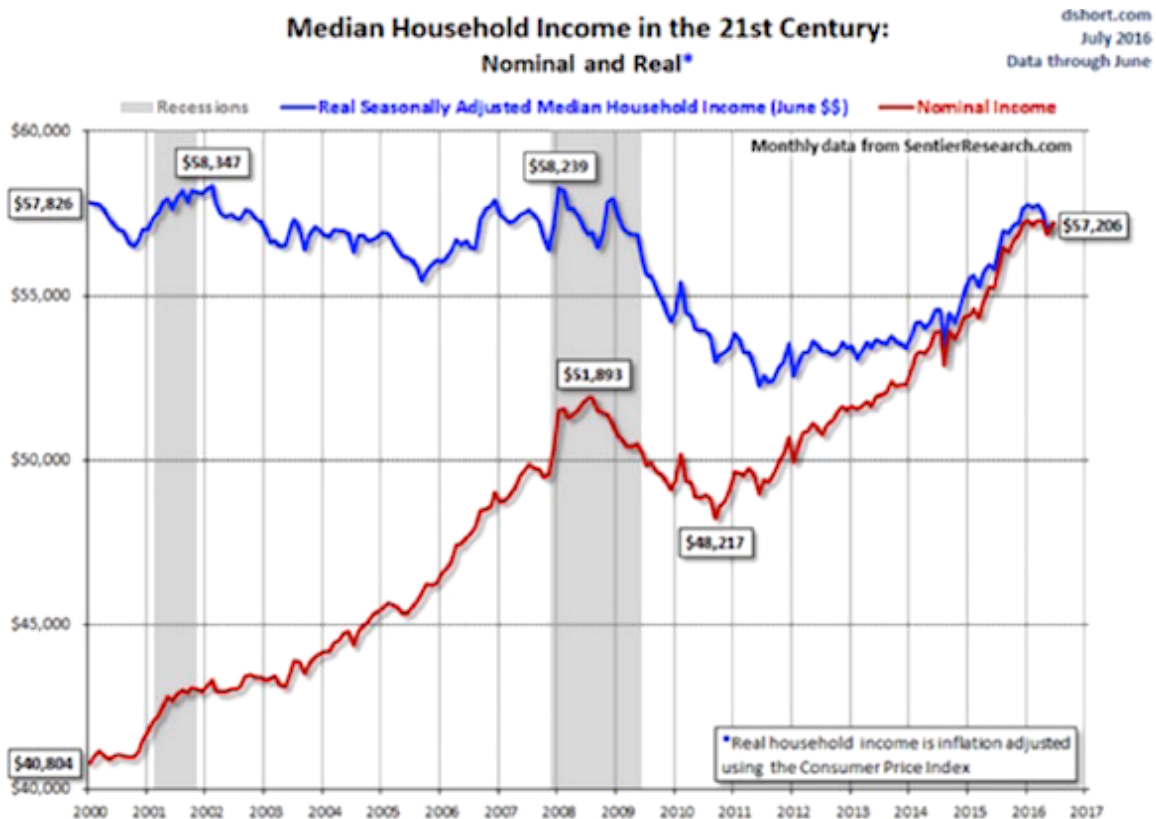
ABOVE: 4CHAN POST, ONE REPEATED ACROSS MULTIPLE FORUMS, CONCERNING SACRIFICES "WHITES" HAVE MADE TO HELP "BLACKS" *3

These 6 Charts Show Why the Average American Is Fed Up

The last 20 years have brought great wealth to a few while most of the population was lucky to break even.

Whether you're a member of the elite/protected class or one of the unprotected, it's hard to deny this reality.
Household income is going nowhere

Here's an update of Doug Short's household income chart:



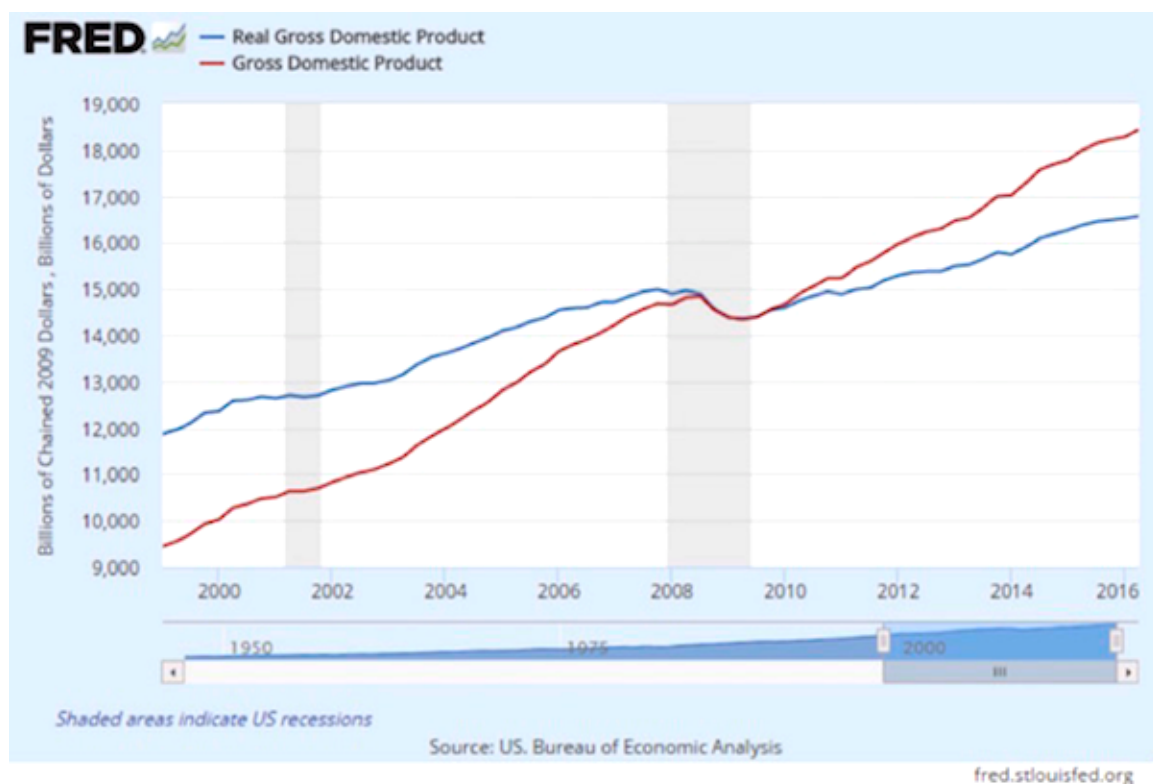
Inflation-adjusted household income (blue line) in the US has gone nowhere in the last 16 years. Notice also that it kept dropping even after we came out of the last recession (gray shaded area).

Keep in mind, this is the median, *not* the average. Half of households earn even less than this amount. Worse, the inflation adjustment is based on the Consumer Price Index, which we know has understated the real cost of living for most people.

Is income flat because the economy hasn't grown? Let's take a look.

In the next chart, we have nominal and real (inflation-adjusted) GDP for the same period. Notice that in simple dollar terms the economy has roughly doubled in the past 18 years.

Not bad given two recessions, except for this fact. After you take out inflation, the economy has grown just a little more than 30%. This is roughly in line with 2%-a-year real GDP growth.



But wait, you say, the previous chart showed median income slightly down since 2000. As Master Po on the TV series *Kung Fu* would say, "Ah, Grasshopper, you must look deeper."

If you do, you'll see that GDP growth on a per capita basis (which accounts for population growth) is less than 17% since 2000. And it's less than 2% since the beginning of the Great Recession.

In chained 2009 dollars, per capita GDP was \$43,935 in Q1 2000 vs. \$51,090 in Q1 2016. So the economy grew over 16% in total, but most households saw little or no income growth.

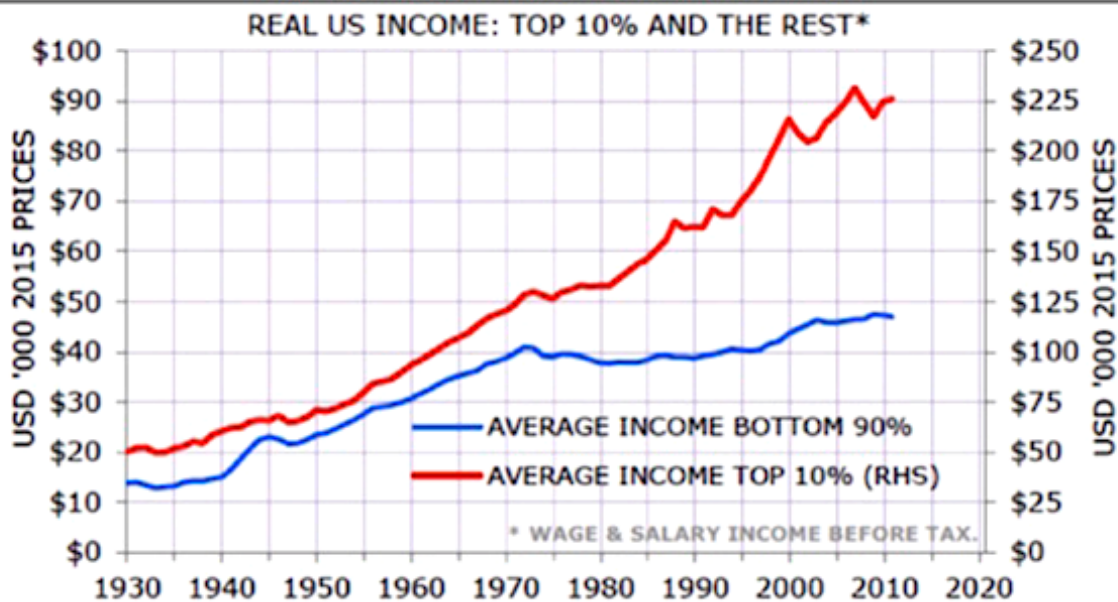


Average household income has taken off for the top 10%

Here's another chart, from Sydney-based Minack Advisors.

Exhibit 1

The Top Got Almost The Lot After 1980



Source: Emmanuel Saez, <http://elsa.berkeley.edu/~saez/>; Minack Advisors

The first chart we looked at was median income. That's what the person right in the middle made. That's not average income, which is much higher.

The average (figured as the mathematically correct “mean family income” from the same St. Louis Fed database) was \$88,765 as of the beginning of 2014. But remember, the top 10%, (and especially the top 1/10 of 1%) raise the average for everybody.

Average income for the top 10% of the population (red line, right-hand scale above) rose roughly in line with the bottom 90% (blue line, left-hand scale) from 1930–1970. Then something happened: income growth accelerated for the top 10% and flatlined for everyone else.

What happened in the 1970s to cause this?

Globalization has caused wages to converge

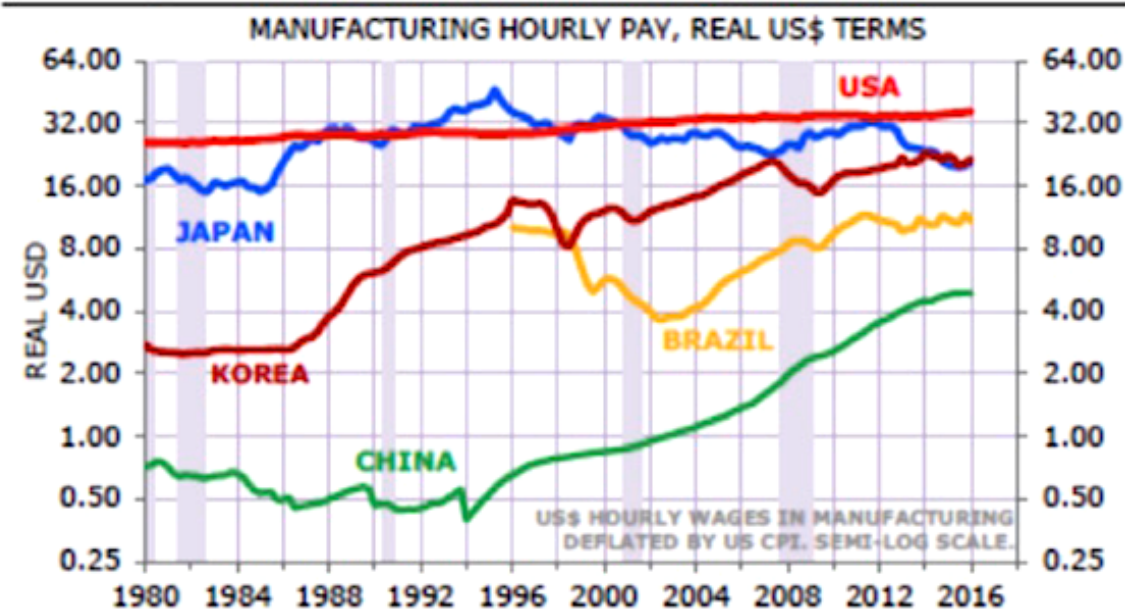
One obvious suspect is China’s opening to world trade and the start of globalization. Over the next few decades, many low-skilled jobs moved from the US to various emerging-market countries. This changed the relative value of capital and labor all over the world.

Wealthy people get a larger share of their income from investments than from their labor. They own the “means of production,” and the producers have done quite well since the ’70s. That’s one reason the red line picked up steam. Businesses moved production overseas mainly to take advantage of lower labor costs.

This next chart, again from Minack, shows how manufacturing pay changed in the US, Japan, Brazil, Korea, and China.

Exhibit 5

Theory Worked: Wages Converge



Source: Oxford Economics, BLS, NBER; Minack Advisors

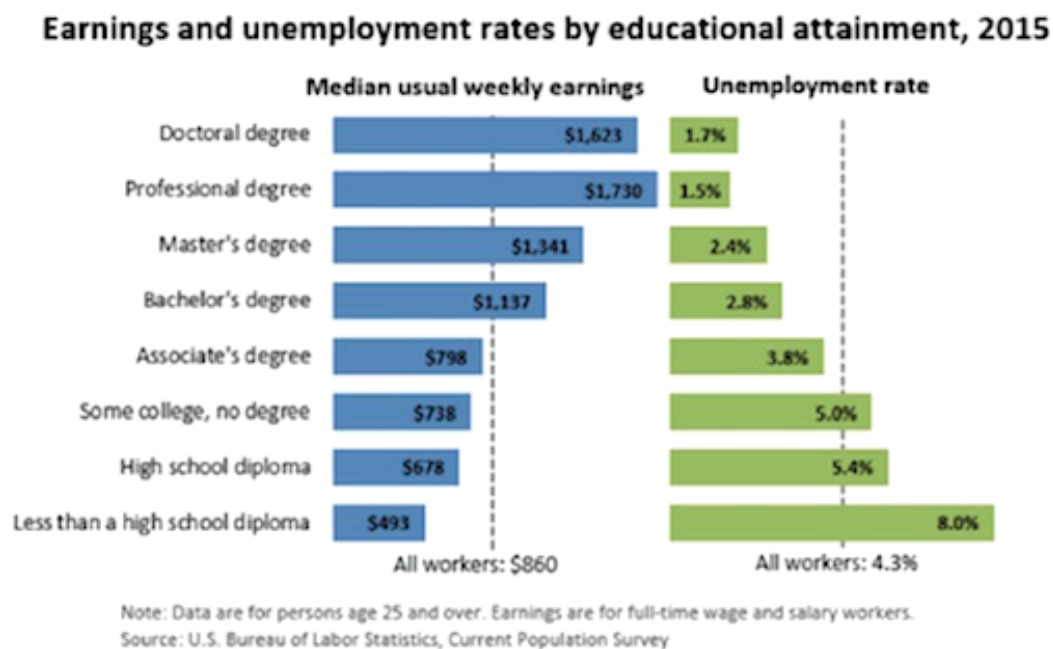
Some of this wage convergence is due to currency movements, of course. Note also that the chart has a semi-log scale. Each horizontal line is double the one below it.

The results are pretty obvious. Chinese workers' pay grew more than 10x during this period. US factory workers saw much less wage growth. Making workers from all these countries compete with each other had the expected effect: their pay converged into a narrower range.

The result for American workers (once you consider taxes and inflation) is the flat line in the chart above.

Less education means less income

The pain is greater for those with less education, as we see below. Anything less than a bachelor's degree means below-average wages.



People in the lower tiers of this chart are struggling. Would getting them more education help? Maybe.

What would really help is getting them better jobs. But that isn't happening, because those jobs no longer exist in the US.

Globalization has created divisions between skilled and unskilled workers. Too few of the gains from growing trade are going to the unprotected class. They're angry. We're seeing this backlash now in people's attraction to Trump and Sanders, who promise to bring jobs back. ⁴

"Some even believe we are part of a secret cabal working against the best interests of the United States, characterizing my family and me as 'internationalists' and of conspiring with others around the world to build a more integrated global political and economic structure—one world, if you will. If that is the charge, I stand guilty, and I am proud of it." — *David Rockefeller*



ABOVE: ADRIANNA VALOY, MOTHER OF SLAIN NEW YORK POLICE DETECTIVE MIOSOTIS FAMILIA, HUGS PRESIDENT DONALD TRUMP AS HE SPEAKS DURING THE 37TH ANNUAL NATIONAL POLICE OFFICERS MEMORIAL SERVICE ON CAPITOL HILL [...] (AP PHOTO/EVAN VUCCI)

Trump Redeeming America from the Sins of the Fed

"You tell me that if I take the deposits from the bank and annul its charter I shall ruin ten thousand families. That may be true, gentlemen, but that is your sin! Should I let you go on, you will ruin fifty thousand families, and that would be my sin!" —President Jackson, explaining his unwillingness to allow the Second Bank of the United States to continue, in a quote that could easily describe President Trump's mindset with respect to today's Federal Reserve

Big-League Betrayal: Assisted by President Wilson, a Banking Cartel Ascends to Power

In 1913, President Wilson signed the Federal Reserve Act, effectively resurrecting the Second Bank of the United States abolished by President Jackson, once again giving a banking cartel power to make or break the economy as

well as to bribe officeholders. Wilson's realization of the extent of the reinstituted corruption prompted him to lament, "I have unwittingly ruined my country. A great industrial nation is controlled by its system of credit. Our system of credit is concentrated. The growth of the nation, therefore, and all our activities are in the hands of a few men."

The "few men" referred to by Wilson were the newly empowered banker-racketeers, whose power to blackmail politicians by setting interest rates and other important banking norms was alarming. Along with their financial clout to dictate the narratives they wished to see printed by the newspapers, the central bankers had become *de facto* oligarchs with power to rule the hearts and minds of Washington decision-makers. Author G. Edward Griffin writes that "Wall Street control over important segments of the media was considerable." What was true then is still true today: secret dealings with bankers have become a mainstay for seekers of power. Barack Obama allowed the bankers at Citibank to choose his cabinet, and Hillary Clinton gave clandestine speeches to bankers during her presidential run. It is the lamentably lawful racketeers of the globalist system of finance and credit who want power concentrated in their hands alone.

In the Nick of Time

On July 13, 2015, Thomas Herold, in "Why the Value of FIAT Money Will Always Go to Zero," explained that "[t]he US government is guilty of every action that makes *fiat* money worthless. ... Current policy is only increasing these effects." The precarious situation described made the electoral choice of sound money proponent Donald Trump of paramount importance.

Trump took office in 2017, hoping to restore an economy whose dollar had lost 96% of its value since the establishment of the Fed. The overprinting of paper currency, accelerated by the decoupling of the dollar from gold altogether (courtesy of President Nixon in 1971), had worked to ease the dollar down the road to eventual worthlessness and economic destruction. Thus, it was a timely occurrence that Donald Trump — a negotiator, Twitter troll, and extremely stable genius — was elected president.

Working Hard to Set the Stage for a New Economy

Trump has worked unceasingly to pull the economy back from the precipice of doom, before the Fed's fiat money system fails. Trump will need to radically restructure the banking system into one backed by real money, rather than fiat currency that can be printed *ad infinitum*. Already having been put on life support, in the wake of the 2008 financial crisis, the economy was still teetering on the brink, with low growth and low opportunity, right up until Trump's election.

The necessary changes will not happen without pain, since any major shift in economic policy will bring both winners and losers. Trump's challenge is to transition the economy with the least amount of pain possible. To bolster the nation's economic health, ahead of instituting a sound money system, Trump has cut taxes to spur hiring, incentivized the transfer of offshore wealth into American banks, and deregulated business to restore manufacturing and increase energy production. Trump has also expanded foreign markets for farm goods and is negotiating important reciprocal trade deals with other countries. The economic shift appears to be on track for sometime after the 2020 election.

The transitional economy must be able to withstand the shock, when the shift to sound money occurs, because ceasing the printing of money out of thin air will put a halt to unrestrained spending. Budgets will have to be reined in once the money supply becomes tied to actual wealth creation.

Constitutional Money

In contrast to fiat currency, backed only by the promise to pay, sound money — or commodity money — offers a system whereby every dollar printed would be backed by precious metal. This means that dollars may be converted to gold or silver. Thus, the printing of currency can increase only if the amount of wealth in the economy increases. Globalist central planners will no longer devalue the dollar by overprinting. Congress will need to provide a plan that creates money constitutionally, in accordance with its power (in Article I, Section 8, Clause Five of the Constitution) to "coin Money, regulate the Value thereof, and of foreign Coin."

Rickards on Gold

For gold to back the dollar, its price would need to rise. Gold expert Jim Rickards was asked where the price of gold might go, upon conversion of the economy to a gold standard, to which he replied: "The answer's \$10,000 [per ounce] now if you have 40 percent backing [of M1] — and over \$50,000 [per ounce] if you have 100 percent backing of M2 [a measure of the money supply that includes savings deposits, mutual funds, etc.], which is a broader money supply. ... But even on the modest assumptions of M1 [real cash only] using 40 percent backing, gold would have to be \$10,000 an ounce to support the money supply." Gold is important, according to Rickards, because the people have confidence in gold. If Trump's vetting of gold-bug Judy Shelton for the Fed is any indication, Trump is moving toward a gold standard.

Change Is the Only Choice

If fiat money continues, the dollar will ultimately collapse, and that would be the sin of the Federal Reserve. However, Trump has enlisted gold advocates, such as Judy Shelton, to advise him. Like President Jackson, whose portrait hangs in Trump's Oval Office, Trump prefers the acceptable scope of difficulties posed by restructuring to the unacceptable range of problems that that would flow from inaction. So it appears that sound money is on the way, for anything else would be the sin of Donald Trump. *6

Pilgrims experimented with Communism—and rejected it!

High winds and treacherous tides along North America's coast blew the Pilgrims 500 miles off course, preventing them from joining Virginia's settlement at Jamestown, founded 14 years earlier.

Having to disembark in Massachusetts, there was no government to submit to, so the Pilgrims created their own - the Mayflower Compact.

It was the first "constitution" written in America.

The Mayflower Compact began:

"In ye name of God, Amen.

We whose names are underwritten, the loyall subjects of our dread soveraigne Lord, King James ...

having undertaken, for ye glorie of God, and advancemente of ye Christian faith, and honour of our king & countrie, a voyage to plant ye first colonie in ye Northerne parts of Virginia ...

in ye presence of God, and one of another, covenant & combine our selves togeather into a civill body politick ... to enacte ... just & equall lawes ... as shall be thought most meete & convenient for ye generall good of ye Colonie, unto which we promise all due submission and obedience ..."

The Mayflower Compact ended:

"In witnes wherof we have hereunder subscribed our names at Cap-Codd ye 11 of NOVEMBER, Ano:Dom. 1620."

There were three types of colonies:

- 1. Company Charter Colonies;**
- 2. Royal Crown Colonies;**
- 3. Proprietary Colonies.**

1. A **Company Charter Colony** - where the king gives monopoly permission to investors who risk their own capital attempting to found a colony. It does not "cost" the king anything and he gets a percentage of what comes in, according to king-approved bylaws.

The background of "joint-stock companies" is interesting.

Medieval Europe had a sin called usury - the paying or receiving of interest. This prevented the formation of joint-stock companies, where individual investors were protected by a limited-liability.

Though there existed merchant guilds, craft guilds, and religious guilds, these did not have large supplies of capital required for major undertakings.

Any significant endeavors, such as fitting out ships to sail the world, had to be financed by a king or wealthy noblemen.

After the Reformation, what is considered the first modern joint-stock company was England's Company of Merchant Adventurers to New Lands, chartered in 1553.

Outfitted with investments from 250 shareholders, they sent three ships to find a way to China. Unfortunately, they attempted to sail north of Russia where most of the crew froze to death.

The company was rechartered in 1555 as the Muscovy Company to trade with Moscow's Ivan the Terrible.

The most financially successful joint-stock company was the Dutch East India Company, founded in 1602.

Anyone, be it a baker, blacksmith, farmer, etc., could invest in a ship going to Indonesia, and they would get paid a profit when the ship returned filled with valuable spices, such as nutmeg, cloves, and mace, together with tea, coffee, silk, sugarcane, grain, rice, soybean, porcelain, silk, and textiles.

The Dutch added the feature that allowed individuals to trade their shares of stock. It was the Amsterdam Stock Exchange - the first of its kind in the world.

If the ship sank, the Dutch covered the loss by creating the first modern insurance companies.

By 1612, the Dutch East India Company had become the first intercontinental trade corporation with limited liability.

In the next two centuries, its profits grew to eclipse all other companies combined, being considered the most valuable company ever in world history.

The British East India Company was chartered by Queen Elizabeth I on December 31, 1600.

It transported tea, spices, salt, cotton, saltpetre, indigo blue dye, and opium, and grew to eventually account for half of the world's trade.

The Virginia Company of London was chartered in 1606.

The Virginia Colony suffered tremendous financial loss due to diseases, famine and Indian massacres. The colony was surrendered to the King who made it a Royal Crown Colony in 1624.

2. A **Royal Crown Colony** was ruled directly by the King through his appointed governor.

In Virginia's case, the King appointed a governor but did not provide financial support.

The Governor demanded landowners provide his funding, but left it up to them to determine how, leading to a degree of autonomy in the Virginia House of Burgesses - the first legislative assembly in the New World.

3. A **Proprietary Colony** was land given by the king to a private individual, notably:

- Maryland was originally given by King Charles I as private property to Lord Baltimore in 1632;
- The Carolinas were originally given by King Charles II as private property to seven lord proprietors in 1663;
- New York was originally given by King Charles II as private property to his younger brother, the Duke of York, in 1664;
- Pennsylvania was given by King Charles II as private property to William Penn in 1681.

The Pilgrims' "Plymouth Plantation" was originally a "company" colony, having obtained a land patent from the Virginia Company of London.

Company bylaws were drawn up by the investors, called "adventurers" - who loaned the money for the Pilgrims' trip. They expected to be paid back with a profit.

The bylaws set up a communal system for the first seven years, in which all capital and profits remained "in ye common stock":

"The adventurers & planters do agree that every person that goeth being aged 16 years & upward ... be accounted a single share ...

The persons transported & ye adventurers shall continue their joint stock & partnership together, ye space of 7 years ...

during which time, all profits & benefits that are got by trade, traffic, trucking, working, fishing, or any other means of any person or persons, remain still in ye common stock ...

That all such persons as are of this colony, are to have their meat, drink, apparel, and all provision out of ye common stock & goods...

That at ye end of ye 7 years, ye capital & profits, viz. the houses, lands, goods and chattels, be equally divided betwixt ye adventurers, and planters."

Pilgrim Governor William Bradford described in Of Plymouth Plantation that the sharing of "all profits & benefits ... in ye common stock," regardless of how hard each individual worked, was a failure:

"The failure of that experiment of communal service, which was tried for several years, and by good and honest men, proves the emptiness of the theory of Plato and other ancients, applauded by some of later times, - that the taking away of private property, and the possession of it in community, by a commonwealth, would make a state happy and flourishing; as it they were wiser than God ...

For in this instance, community of property was found to breed much confusion and discontent; and retard much employment which would have been to the general benefit ...

For the young men who were most able and fit for service objected to being forced to spend their time and strength in working for other men's wives and children, without any recompense ..."

William Bradford continued:

"The strong man or the resourceful man had no more share of food, clothes, etc., than the weak man who was not able to do a quarter the other could. This was thought injustice.

The aged and graver men, who were ranked and equalized in labor, food, clothes, etc., with the humbler and younger ones, thought it some indignity and disrespect to them.

As for men's wives who were obliged to do service for other men, such as cooking, washing their clothes, etc., they considered it a kind of slavery, and many husbands would not brook it ..."

Bradford explained that the "communistic plan" of redistributing wealth failed:

"If all were to share alike, and all were to do alike, then all were on an equality throughout, and one was as good as another; and so, if it did not actually abolish those very relations which God himself has set among men, it did at least greatly diminish the mutual respect that is so important should be preserved amongst them.

Let none argue that this is due to human failing, rather than to this communistic plan of life in itself ..."

Bradford described individual capitalism:

"I answer, seeing that all men have this failing in them, that God in His wisdom saw that another plan of life was fitter for them ...

So they began to consider how to raise more corn, and obtain a better crop than they had done, so that they might not continue to endure the misery of want ...

At length after much debate, the Governor, with the advice of the chief among them, allowed each man to plant corn for his own household ...

So every family was assigned a parcel of land, according to the proportion of their number ...

This was very successful. It made all hands very industrious, so that much more corn was planted than otherwise would have been by any means the Governor or any other could devise, and saved him a great deal of trouble, and gave far better satisfaction.

The women now went willing into the field, and took their little ones with them to plant corn, while before they would allege weakness and inability, and to have compelled them would have been thought great tyranny and oppression." *7

What Economists (Including Me [Paul Krugman]) Got Wrong About Globalization

The models that scholars used to measure the impact of exports from developing countries in the 1990s underestimated the effect on jobs and inequality.

Concerns about adverse effects from globalization aren't new. As U.S. income inequality began rising in the 1980s, many commentators were quick to link this new phenomenon to another new phenomenon: the rise of manufactured exports from newly industrializing economies.

Economists took these concerns seriously. Standard models of international trade say that trade can have large effects on income distribution: A famous 1941 paper showed how trading with a labor-abundant economy can reduce wages, even if national income grows.

And so during the 1990s, a number of economists, myself included, tried to figure out how much the changing trade landscape was contributing to rising inequality. They generally concluded that the effect was relatively modest and

not the central factor in the widening income gap. So academic interest in the possible adverse effects of trade, while it never went away, waned.

In the past few years, however, worries about globalization have shot back to the top of the agenda, partly due to new research and partly due to the political shocks of Brexit and U.S. President Donald Trump. And as one of the people who helped shape the 1990s consensus — that the contribution of rising trade to rising inequality was real but modest — it seems appropriate for me to ask now what we missed.

The 1990s Consensus

There was confusion and debate during the mid-1990s over how to use data on trade to assess wage impacts. Most studies focused on the volume of trade and the amount of labor and other resources embedded in imports and exports. Some economists objected to this approach, preferring to focus on prices rather than quantities.

What eventually emerged was a “but for” approach: asking how different wages would have been *but for* the rise of manufactured exports from developing countries — increases that were minimal in 1970 but higher by the mid-1990s. It turned out that imports of manufactured goods from developing countries, while much larger than in the past, were still small relative to the size of advanced economies — around 2% of their gross domestic products. This wasn’t enough to cause more than a modest change in relative wages. The effect wasn’t trivial, but it wasn’t big enough to be a central economic story, either.

Hyperglobalization

These assessments of the impact of trade made around 1995, inevitably relying on data from a couple of years earlier, were probably correct in finding modest effects. In retrospect, however, trade flows in the early 1990s were just the start of something much bigger, or what a 2013 paper by economists Arvind Subramanian and Martin Kessler called hyperglobalization.

Until the 1980s, it was arguable that the growth of world trade since World War II had mainly reflected a dismantling of the trade barriers erected before the war; world trade as a share of world GDP was only slightly higher than it had been in 1913. Over the next two decades, however, both the volume and nature of trade moved into uncharted territory.

This chart shows one indicator of this change: manufactured exports from developing countries, measured as a share of world GDP. What seemed in the early 1990s like a major disturbance in the trade force was just the beginning. [...]

What caused this huge surge in what was, in the 1990s, still a fairly novel form of trade? The answer probably includes a combination of technology and policy. Freight containerization was not exactly new, but it took time for businesses to realize how the reduction in transshipping costs made it possible to move labor-intensive parts of the production process overseas. Meanwhile, China made a dramatic shift from central planning to a market economy focused on exports.

Since manufactured exports from developing countries, measured as a share of the world economy, are now triple what they were in the mid-1990s, should we conclude that the effect on income distribution has also tripled? Probably not, for at least two reasons.

First, a significant part of the increase in developing-country exports reflects the rapid growth of trade among the modernizing economies of Asia, Africa and Latin America. That's an important story, but it's not relevant to the impact on advanced-country workers. Even more important, though, the nature of this trade growth — involving goods made by both unskilled and highly skilled workers — means that the value of the labor involved in North-South trade hasn't risen nearly as fast as the volume.

Consider two cases: imports of apparel from Bangladesh and imports of iPhones from China. In the first instance, we are in effect importing the services of less educated workers, putting downward pressure on the demand for such workers in the U.S. In the second case, though, most of the value of the iPhone reflects work done in high-wage, high-education countries like Japan; we are in effect importing skilled as well as unskilled labor, so the impact on income distribution should be much smaller.

Despite these qualifications, it's clear that the impact of developing-country exports grew much more between 1995 and 2010 than the 1990s consensus imagined possible, which may be one reason concerns about globalization made a comeback.

Trade Imbalances

One contrast between the way scholars measure globalization's impact and the way the broader public looks at it — the approach taken by Trump, for example — is the focus on trade imbalances. The public tends to see trade surpluses or deficits as determining winners and losers. But the economic trade models that underlay the 1990s consensus gave no role to trade imbalances at all.

The economists' approach is almost certainly right for the long run, both because countries must pay their way eventually, and because trade imbalances mainly affect the relative shares of traded and nontraded sectors in employment, with no clear effect on the overall demand for labor. Yet rapid changes in trade balances can cause serious problems of adjustment — a broader theme that I'll return to shortly. [...]

Until the late 1990s, employment in manufacturing, although steadily falling as a share of total employment, had remained more or less flat in absolute terms. But manufacturing employment fell off a cliff after 2000, and this decline corresponded to a sharp increase in the non-oil deficit.

Does the surge in the trade deficit explain the fall in employment? Yes, a lot of it. A reasonable estimate is that the deficit surge reduced the share of manufacturing in GDP by around 1.5 percentage points, or more than 10%, which means that it explains more than half the roughly 20% decline in manufacturing employment between 1997 and 2005.

This is over a relatively short time period and focuses on absolute employment, not the employment share. Trade deficits explain only a small part of the long-term shift toward a service economy. But soaring imports did impose a shock on some U.S. workers, which may have helped cause the globalization backlash.

Rapid Globalization and Disruption

The pro-globalization consensus of the 1990s, which concluded that trade contributed little to rising inequality, relied on models that asked how the growth of trade had affected the incomes of broad classes of workers, such as those who didn't go to college. It's possible, and probably even correct, to think of these models as accurate in the

long run. Consensus economists didn't turn much to analytic methods that focus on workers in particular industries and communities, which would have given a better picture of short-run trends. This was, I now believe, a major mistake — one in which I shared a hand.

It should have been obvious that the politics of globalization were likely to be much more influenced by the experience of individual sectors that gained or lost from shifting trade flows than by big questions of how trade affects the global blue-collar/white-collar wage gap or the broad statistical measure of inequality known as the aggregate Gini coefficient.

This is where the now-famous 2013 analysis of the "China shock" by David Autor, David Dorn and Gordon Hanson comes in. What they mainly did was shift focus from broad questions of global income distribution to the effects of rapid import growth on local labor markets, showing that these effects were large and persistent. This represented a new and important insight.

To make partial excuses for those of us who failed to consider these issues 25 years ago, at the time we had no way to know that either the hyperglobalization that began in the 1990s or the trade-deficit surge a decade later were going to happen. And without the combination of these developments, the China shock would have been much smaller. Still, we missed a crucial part of the story.

A Case for Protectionism?

What else did the 1990s consensus miss? A lot. Developing-country exports of manufactured goods grew far beyond their level at the time that consensus emerged. The combination of this rapid growth and surging trade imbalances meant that globalization produced far more disruption and cost for some workers than the consensus had envisaged.

Does this mean that Trump is right and a trade war would be in the interests of workers hurt by globalization?

No. This answer is based not so much on some rigid commitment to free trade as on the nature of the losses that globalization imposed. The problem with surging globalization wasn't so much changing demand for labor as the disruption that was caused by some of the most rapid changes in history. Rapid change now appears to be largely behind us: Many indicators suggest that hyperglobalization was a one-time event, and that trade has more or less stabilized relative to world GDP. You can see it leveling off in the first chart above.

As a result, major disruptions now would be more likely to come from an attempt to reverse globalization than from leaving the current trade regime in place. At this point, millions of decisions about where to put plants, and where to move and take jobs, have been made on the assumption that the open world trading system will continue. Making that assumption false, by raising tariffs and forcing a contraction of world trade, would set off a whole new wave of disruption along with a whole new set of winners and losers.

So while the 1990s consensus on the effect of globalization hasn't stood the test of time, its shortcomings don't make a case for protectionism now. We might have done things differently if we had known what was coming, but that's not a good reason to turn back the clock. ^{*8}

"It's impossible to awaken a man who is pretending to be asleep." —*Native American Navajo Proverb*

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