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THE TRUTH ABOUT INCOME INEQUALITY

BY

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President Obama, in a speech in December 2013, called income inequality a bigger threat to the United States economy than the federal budget deficit, which has been shrinking. Decrying a "deficit of opportunity," Obama called for an increase in the minimum wage, more investment in education, and a stronger social safety net.

The REAL problem, which is the cause of the accelerated growth of economic inequality, is that the system, as presently structured, empowers a narrow group of Americans to CONCENTRATE OWNERSHIP of wealth-creating, income-producing capital assets -- the non-human factor of production (primarily productive structures, machines, tools, super-automation, robotics, digital computerized operations, etc.). Productive capital is non-human and is the result of technological progress, which never ceases to march forward as it makes jobs in every sector of the economy scarcer.

Unfortunately, ever since the 1946 passage of the Full Employment Act, economists and politicians formulating national economic policy have beguiled us into believing that economic power is democratically distributed if we have full employment -- thus the political focus on job creation and redistribution of wealth rather than on full

production and broader capital ownership accumulation. This is manifested in the belief that labor work is the ONLY way to participate in production and earn income. Long ago that was once true because labor provided 95 percent of the input into the production of products and services. But today that is not true. Capital provides not less than 90 to 95 percent of the input. Full employment as the means to distribute income is not achievable. When capital workers (productive capital owners) replace labor workers (non-capital owners) as the principal suppliers of products and services, labor employment alone becomes inadequate. Thus, we are left with government policies that redistribute income in one form or another.

The "pursuit of happiness" phrase in the Declaration of Independence was interchangeable in those times with the word "property." The original phrasing was "the right to life, liberty and property." "The pursuit of happiness" phrase was a substitute for the "property" phrase. In the forerunner of the Declaration of Independence and Bill of Rights, the 1776 Virginia Declaration of Rights declared that securing "Life, Liberty, with the means of acquiring and possessing Property" is the highest purpose for which any just government is formed. The full wording, authored by George Mason and adopted on June 29, 1776, reads: "All men are by nature equally free and independent and have certain inherent rights, of which, when they enter into a state of society, they cannot, by any compact, deprive or divest their posterity; namely, the enjoyment of life and liberty, with the means of acquiring and possessing property, and pursuing and obtaining happiness and safety."

Democratizing economic power will return us to the pristine innocence and economic power diffusion we had in a pre-industrial society where labor was the principal factor in the creation of wealth.

Binary economist Louis Kelso, who President Obama and his economist advisers should study, was quoted as saying, "Conventional wisdom says there is only one way to earn a living, and that's to work. Conventional wisdom effectively treats capital (land, structures, machines, and the like) as though it were a kind of holy water that, sprinkled on or about labor, makes it more productive. Thus, if you have a thousand people working in a factory and you increase the design and power of the machinery so that one hundred men can now do what a thousand did before, conventional wisdom says, 'Voila! The productivity of the labor has gone up 900 percent!' I say 'hogwash.' All you've done is wipe out 90 percent of the jobs, and even

the remaining 10 percent are probably sitting around pushing buttons. What the economy needs is a way of legitimately getting capital ownership into the hands of the people who now don't have it."

As long as working people are limited by earning income solely through their labor worker wages, they will be left behind by the continued gravitation of economic bounty toward the top 1 percent of the people that the system is rigged to benefit. Working people and the middle class will continue to stagnate, resulting in a stagnated consumer economy. More troubling is that this continued stagnation will further dim the economic hopes of America's youth, no matter what their education level. The result will have profound long-term consequences for the nation's economic health and further limit equal opportunity and spread economic inequality. As the need for labor decreases and the power and leverage of productive capital increases, the gap between labor workers and capital owners will increase, which will result in turmoil and upheaval, if not revolution.

President Obama is trapped in the false presumption that the only way to balance mass productive power with mass purchasing power is through a wage system -- ignoring the possibility of democratizing future ownership of labor-displacing productive capital technologies (which his high-tech initiative for technology partnerships will boost) and promoting ownership incomes as a market-generated means of eliminating wage slavery, welfare slavery, debt slavery and charity slavery for the 99 percent of humanity. Obama's economist advisers and other conventional one-factor economists fail to see this simple cause and effect relationship.

Binary economist Louis Kelso argued that the Keynesian model (the model supported by President Obama and his economist advisers) fails to recognize that "when capital workers (owners) replace labor workers as the major suppliers of goods and services, labor employment alone becomes inadequate because labor's share of the income arising from production cannot provide the progressively better standard of living that technology is making possible. Labor produces subsistence at best. Capital can produce affluence. To enjoy affluence, all households must engage to an increasing extent in capital work."

Rather than advocate for broader private sector ownership with full voting participation and full dividend payouts of the earnings of corporations, President Obama's JOBS ONLY focus fosters class conflict without realizing that the wealthy are wealthy because they own wealth-creating, income-producing capital assets and

the poor are poor because they are effectively propertyless in terms of owning capital assets. The result is policies are enacted that behold the poor and middle class to government dependency supported by redistributive tax extraction and national debt.

President Obama suffers from an obviously narrow and unrealistic mindset that is driving America to welfare state status. This mindset permeates the highest levels of academia and every level of education, from the time a child is first exposed to the educational system. In turn, such mis-education of parents and children totally ignores private property ownership of all non-human "means of production" as an increasingly relevant means by which the economy can both grow faster toward general prosperity and every member of society could legitimately earn a decent living in the future with more and more time to engage in what Aristotle called "leisure work," producing without material compensation "the goods of civilization" and solve problems demanding uniquely human creative capacities beyond the creative capacity of computers, robots and other "energy slaves that are replacing the need for human "toil" labor.

As long as working people are limited by earning income solely through their labor worker wages, they will be left behind by the continued gravitation of economic bounty toward the top 1 percent of the people that the system is rigged to benefit. Working people and the middle class will continue to stagnate, resulting in a stagnated consumer economy.

The intense fear of losing jobs reflects the reality that Americans are, in reality, job serfs. While Americans want the private sector to "behave" and act as responsible producers, as soon as a company threatens to close their operations and relocate elsewhere, they don't want rules and regulations enforced that might cost them their livelihoods -- for they are solely dependent on jobs. Every year, due to tectonic shifts in the technologies of production, a smaller share of working-age and able Americans hold jobs, as jobs are eliminated and the worth of labor is devalued. The necessity of holding a job is so strong that Americans are afraid of change and too cowed to make a ruckus. Yet their ONLY hope to ever achieve an affluent lifestyle is to fight for the right to equal opportunity for every citizen to become a capital owner, and benefit from the income produced by their owning wealth-creating, income-producing capital assets.

There is ONLY ONE viable hope for creating consumer demand and it is NOT JOBS! The Job is DYING and with it our economy, while capital ownership for the wealthy ownership class is flourishing.

Those who address economic inequality and advocate for economic justice should be sensitive to the systemic barriers in today's tax laws, Federal Reserve policies and Wall Street financing practices that have enabled the 400 wealthiest Americans to have acquired more ownership of productive capital than the bottom 150 million Americans combined. The ownership gap between the top 1 percent and the bottom 90 percent continues to widen each year. Is it any wonder that a growing number of capital-less citizens vote each year for those politicians advocating government programs that provide social insurance benefits through redistributive tax extraction and incurred national debt?

If you reject broadened individual private sector ownership of the FUTURE then you will remain OWNED and controlled by others as a wage or welfare slave. It bears repeating that wealthy people are wealthy because they OWN, wealth-creating, income-producing capital assets. The reality is that labor input is becoming exponentially less necessary as humans are replaced by increasingly more productive non-human means of production that produce income for its owners. There will always be less and less human labor input as technology advances and non-human means replace the need for human labor.

There is a market-based alternative system that is becoming known as **Intrapreneurial Collectivism**. It is a nonpartisan ideology that advocates for broadened ownership of the FUTURE wealth-creating, income-producing capital assets of corporations growing the economy so that EVERY child, woman and man can benefit as an OWNER and secure a source of income produced by the non-human assets of corporate production? In this way we can put America on a path to prosperity, opportunity and economic justice as we build a future economy that can support general affluence for EVERY American and eliminate over time the wide economic inequality that the present system facilitates.

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