

# The question of the added value - the basis of any social equity -

Why do men dream of paradise? No doubt, it is because they live in hell! Such is the starting point of any social equity: the awakening of hell!

At the beginning there was only nature, which is said to be generous. In fact, it is nothing of the sort, because our first humanoid ancestors had to fight against animals to feed themselves. Archeologists assert that the discovery of the bow and arrow made it possible for man to impose himself upon animals.

But, once he had become the master of his territory, huntsmen, organized in tribes, had to fight against other tribes to monopolize the fruits of the land and animals. Thus, the first sedentary men were visited by wandering tribes who fought them for the territory and the animals. That was the beginning of war, that is to say, of hell, which has not ceased developing right up until today.

Homo Sapiens quickly distinguished himself from animals by the worship of the dead: their tombs are evidence of past civilizations. With the worship of the dead appeared the worship of Gods, accompanied by language and music. Such were the first signs of civilization: war, the worship of the dead and religious rites.

True work appeared only at a later stage, only a few millenniums ago. It mainly consisted of cultivating the land. The breeding and domestication of animals came later. If, at the beginning, the barter of goods was the first form of trade, man quickly imagined a means of equivalence to accumulate value. It was the beginning of minted coins, firstly made out of iron then out of bronze to finally include precious metals such as gold and silver. The latter term imposed itself to refer to any means of payment. Accumulating money thus became the second element of power apart from conquering territories, both subject to wars and the domination of a sovereign on his subjects.

Such is the starting point of modern civilization which only goes back 10,000 years. In addition to war and the slave trade, money trading also appeared. The latter gave rise to money lending, which means interest. Money thus became the symbol which embodied the cumulated added value, which increased thanks to the work of slaves. This money lending quickly gave rise to a new form of slavery which still exists today: the capital resulting from the work of slaves.

As such are the laws of nature, slavery and money lending quickly found adversaries. There was, for example, Aristotle in Greece and Spartacus under the Roman empire. Aristotle is the most famous adversary of money lending, practiced by the Jews since their return from Babylon. In fact money lending remained the main form of money trading up until today.

No doubt the most important character of modern history is Joshua the Nazarene who became famous under the name of Jesus. He was a scholar, supposedly born in Palestine, and spent the major part of his life in India, Egypt and in the territories of Asia Minor. The little we know about him is summarized in the

New Testament by the voice of the Apostles. There is in fact a great amount of legend with much debated origins. The only thing which is well established is that Jesus was a peaceful revolutionary whose message represented a deadly threat for all the empires: negation of slavery, women's liberation and condemning money lending. The most famous scene is that of Jesus driving the money lenders out of the Temple in Jerusalem. Spartacus and Jesus, thus, became the two main characters of Western civilization in the sense that both gave birth to the idea of Communism, already announced by Plato. But we shall not play with words: socialism has never existed except in the minds of certain politicians in order to secretly introduce Communism...

The first modern hours of capitalism go back to Christopher Columbus who by chance discovered America, although he wanted to go to the Indies... even though it is proved that someone else had preceded him. What is important here is that this conquistador sailed on a mission for the crown of Spain. We know what followed with the discovery of huge amounts of precious metals from the New World. Spain thus became a great colonizing power and accumulated amazing quantities of precious metals. The trouble is that Spain believed that gold constituted an eternal richness... It was not the case for the mere reason that the Spanish people had forgotten that gold, without work, did not have any value!

Adam Smith (1723 - 1790), Scottish philosopher and economist of the Enlightenment who professed that "an individual pursuing his own self-interest tends to also promote the good of his community", was the first to note this obviousness, because without marketable goods produced by work, one could not buy anything in Spain, even if gold made it possible to import these goods. The trouble here is that the Crown of England, with its powerful fleet, had constituted an empire mainly based on trade, that is to say, on the trade of goods. Quickly, Spain had to bow to British naval power, which had set up an industry on its continent.

The optimism of Adam Smith quickly came up against the harsh reality of the working class which had not seen the color of the general interest, because "the excess of freedom soon proved as harmful as the excess of money". The great theorist to describe this relation was David Ricardo (1772 - 1823). He noted especially that the benefit of the money coming from money lending was unequally distributed between men and he founded the theory of classes. The ground was prepared for Friedrich Engels (1820-1895) and Karl Marx (1818-1883) who worked out the famous theory of appreciation, which we describe as added value.

This term is always at the center of the debate which opposes the economic theorists, because it is the key to any prosperity and any social justice.

In Marxist understanding, appreciation is the part of the profit which should be allocated to the workers and which remains in the hands of the middle-class. This simplistic vision disregards

the need to reinvest part of the profit and to pay interest to the backers to finance cash investments.

The first to understand the mistake of Marxism was Leon Walras (1834 - 1910). His merit was to describe the mathematical complexity of the economic system using components and actors who could only work well within the framework of a balance in their relations. For the first time, the concept of reciprocity and that of a certain community of interests between the producer and the consumer appeared, whether he was a middle-class or a proletarian.

Despite his merit, Walras did not recognize the true problem which was to lead to the emergence of two great schools, which persist nowadays: monetarism and interventionism. These two schools are both imperfect, because each one claims to have a truth which in fact has two faces. Monetarism, represented by Irving Fisher (1867-1947) and especially Milton Friedman (born in 1912), asserts that economy and prosperity are initially a question of currency: a healthy economy must limit the money supply to restrain inflation. Inflation and depreciation of capital: this is the obsession of the monetarists. Monetarism is reproached for putting up with rigor and unemployment.

Interventionism, mainly represented by John Maynard Keynes (1883-1946) and John Kenneth Galbraith (1908-2006), takes back the socialist theses, ruling that the role of the State is to make sure that a balance is established between production and consumption. Doing so, it gives the consumer a purchasing power by means of loans or the initiative of the public authorities as regards investment, therefore intervention. The latter even recommends planning as well as price and wage freezing. Let us point out that this system supposes a margin of growth and thus at the beginning a rather low standard of living. It does not work any more in an advanced and opulent society at the limits of growth and consumption; which is the case today in industrialized countries.

Such is thus the starting point of our reflection: our economy has arrived at the limits of its growth and the pollution of the environment, which is devastating in all respects. Any social progress consequently goes hand in hand with ecological progress.

Thinking of it more closely, the problem can be easily solved as long as we acknowledge that the money of the investor is not the same as that of the consumer and that, in any case, added value is the fruit of work, whether mechanical or human. Such is the starting point of the theory of the universal monetary standard indexed on the energy converted by work.

Since we admit this basic principle, we may consider that man is a *"living machine producing energy"*. For this reason, he can sell this energy to the community. If we admit that this community is represented by the State, it means that this energy can be remunerate upstream of the process of work: man *fills the tank with money before working*, such as one fills the tank with gasoline before driving a car. Here, we are in the presence of an indisputable physical law and not that of a fantastic notion.

If we extend this principle to all the activities of the State, it will be enough that the price reflects the quantity of energy converted by work so that the price of the produced goods is the expression of this quantity of energy and nothing else. By doing this, we abolish money lending and the risk of inflation which results from it. How does it work in practice?

The People, by the voice of the Parliament, must adopt a law noting the relation hereafter:

*"The added value is indexed on the energy transformed by work and is expressed in kW."*

This law is consequently universal and valid for all people and in all countries until the end of time. It is absolute and dictates all the other laws which result from this on a worldwide scale! It is equivalent to an inversion of the entropy of the economic and traditional monetarist system. The State injects the money of the investor for free in the economic circuit to guarantee full employment, social justice and a maximum protection of the environment. This short phrase is thus the precondition to any balanced economy wholly in the service of the People.

It is obvious that the money of the investor, which is virtual, is limited to the banking circuit between the State and the company. If the State provides money for free (without interest) to companies, it has also the right to monitor that the pricing structure is adhered to at the companies' level. This control is exerted by the banks which thus become partners of the State. Since from now on taxation no longer exists, all the personnel of the public treasury department find new employment in the bank where their role consists of permanently checking that the pricing structure is adhered to. It is all the easier as each product shall from now on have a computerized identification card which reflects the work invested in it expressed in kW. This cost price can only be modified if the nature of the product changes.

As the company is no longer taxed, has no interest or staff to pay, the gigantic income of the added value machine (expression of the energy invested in work) shall be distributed equitably between all the members of the company (executives and employees). Here is a basic right appearing in the Constitution. Stock exchange speculation is de facto impossible and stock exchange activity is consequently limited to setting up markets and investments, whose services are concentrated at bank level under the monitoring of the State.

It is clear that the value of the transaction currency is related to the universal monetary standard through a relation of equivalence. But, what is important is that the dollar would cease to impose its law on the world and will have to make do with becoming simply transaction currency, like all the others.

The only concern of the People and in particular of the workers is limited to ensuring the law is abided by at company level. Justice shall be responsible for this inalienable right.

This system offers huge advantages for the mere reason that the company becomes completely free and is no longer subjected to the tricks of the market or the Stock Exchange. However, it is true that competition in such an economical context is mainly limited to the design and quality of the products and services since prices are locked. However, it will be noted that the price of the goods entirely includes the energy for the forwarding of the finished product to the place of consumption. That means that it will become impossible to transport finished products over long distances, unless they are qualified as of "public utility".

In this context, all scenarios based on this system are possible and offer a great number of possibilities to be adapted to all countries on a worldwide scale.

The only concern of the citizens, now that their honorable remuneration and their employment are guaranteed, is to enjoy life. In this context, leisure and culture hold an important place on the international scale within the framework of organized relations.

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