

CIVILIZATIONISM

Rescue plan

Matthew effect

/accumulated advantage/ regulatory proposal

- 2011 -

- 1 Creation of complex structure regulatory committee on 2 basic levels. 1 national and 2nd international. Where all major developments and law statements are discussed by panels of sector professionals. Same way as court can assign public members. Under university professors' eye students will work classes on particular projects. Developing future for them. This voice would be together with industry professionals judgemental and crucial to the project (or bill). Either new or existing structures and area of issues to be discussed. Especially regarding financial, insurance and stock exchange areas.
- 2 Regulatory of stock market, dividends, investments assets flows and guarantees review public "deep-view" rights.
- 3 Change (dramatic increase) of international taxation system regarding stock exchange assets flows and dividends. Complex algorithm preventing malfunctions and generating too powerful organizations - decentralization of assets. Require deployment of similar range of law within the international range of political and geographical areas where impact is the greatest.
- 4 Change in taxation law. Increasing tax rate for once off and annual bonuses up to 80% for cumulated thresholds over 900 000, and for once off bonuses higher then 90 000.
- 5 Assets from taxations and further incomes not to be covering bailouts and related public debts at any terms.
- 6 From implementations assets structure to be reverted to one before 2008 with additional modification regarding investment and law standing processes.
- 7 Election modernisation preventing from sponsorship and social engineered campaigns. Set of rules simplifying advertising techniques and voting systems.

- 8 Change of congress regulations. Wage increase together with setting up regulatory committee. Cancellation of politicians immunities in cases where committee has suspicion of congress member abusing new congress policy, especially regarding foreign assets and sponsorship.
- 9 Obligatory social involvement and meetings with public. No TV and other public appearances will be desirable for any purposes.
- 10 This is to separate congress from individual public eye. By localising the elections avoid political games.
- 11 Setting up dedicated group of trusted public members, together build with constant as well majority temporary local members. Idea is to give voting and judgemental power to local people, scaling down processes.
- 12 Investment and support of local productions, manufacturing processes and "in-house" developments.
- 13 Reviewing existing law standing and executioners institutions and institutions of failure.
- 14 Corporate and international taxation increase to support local businesses and producers.
- 15 Assets to protect part of society affected by corporate-local transformation - re-train programmes, re-evaluations, social welfare.
- 16 Blocking huge export/import trafficking, promoting and lifting restrictions regarding small goods and services international flow. Promoting international tourism and lifting visas and related requirements. Again downsizing to protect markets.

ARGUMENT ONE / FOREWORD

"The form of law which I propose would be as follows: In a state which is desirous of being saved from the greatest of all plagues—not faction, but rather distraction—there should exist among the citizens neither extreme poverty nor, again, excessive wealth, for both are productive of great evil ... Now the legislator should determine what is to be the limit of poverty or of wealth."

- Plato (427-347 B.C.)

If that was articulated hundreds of years ago, and ancient people even knew truths about it, how come we still making the same mistakes over and over. **Untouched by civilization part of human nature.** Never-ending competitiveness. Archaic powers that motivates and destroy us. Science seems to explaining that by natural way of whole universe. In low of physics it is named "Arrow of time" or rather "the thermodynamic arrow of time" provided by the Second Law of Thermodynamics. What it says is "that in an isolated system, entropy tends to increase with time. Entropy can be thought of as a measure of microscopic disorder". It is irreversible process, same as time. Psychology would explain this probably by archetypes and double-rooter personality (civilized and animal), philosophers would say its wrong and "pointless". People would say ... exactly, what people would say?

I know what I would say:

This paper presents several ideas regarding improvements from governing intuitions to prevent abuse of financial and banking systems. Those are areas that we can clearly point at as this weak cells and links in macro economical chain. It is not personal targeting system, rather regulatory of society environment. Drawing line of mankind collective benefit and mutual understanding. Those ideas would probably never be implemented in this form as they are presented. Especially in regards the percentages and detailed laws. However I would like to take opportunity to express my concerns and highlight certain facts in large-scale macro economical environments.

Most of us would compare it rather to Don Quixote story then serious bill. But extraordinary times requires extraordinary actions.

This is concept of merging capitalism with certain principles from socialism. By implementing control mechanism into "free economy" systems where ojective is to level unfair financial diffrences related to profits. Evaluation of humanistic (realistic) approach to contribution-measurment of profits generating processes.

"Socialism is an economic and political theory advocating public or common ownership and cooperative management of the means of production and **allocation of resources**. A socialist society is organized on the basis of relatively **equal power-relations**, self-management, dispersed decision-making (adhocracy) and a reduction or elimination of hierarchical and bureaucratic forms of administration and governance; the extent of which varies in different types of socialism."

- <http://en.wikipedia.org/wiki/Socialism>

"Capitalism is an economic system in which the means of production are privately owned and **operated for profit**. Income in a Capitalist system is **split between the business owners and the workers**, with profit is sent to the owners, in other words the Capitalists, who have invested money in businesses, and wages are paid to workers."

- <http://en.wikipedia.org/wiki/Capitalism>

Be advised those are outlines of certain ideas. I would like to encourage any sort of comments on this paper from anyone. If would like to criticise, add, change or simply give me your opinion, feel free to contact me. I do expect strong criticism especially from upper class and business studies lecturers (professionals). I would be even more disappointed if they didn't criticize this paper, as that would prove ignorance of this industry.

As George Modelski described: "Globalisation is the process of forming global institutions. Defined as the modern-era process of global institutional change, globalisation is a process that has already been underway for a number of centuries; say the best part of the second millennium now closing, and one likely to continue well into the future, beyond even the 21st century".

Looking on four dimensions of globalisation we cannot argue it is beneficial and it is the path to follow. Learning from our own experience, shall we exclude processes which failed us. Making that "process of forming global institutions" better for all of us.

Large scale assets decentralization changing meaning of word "globalisations" by regulating and scaling down corporate and stock market influence on global economy. Focus on globalisation as non-economical term. Working with people. Communication and dialog is the way of understanding. Understanding others is a way to be for wise and great people.

"Global markets are imperfect—and hurt most the poor."

2005 WIDER Annual Lecture, Why Inequality Matters in a Globalizing World, Helsinki, October 26. Nancy Birdsall, President, Center for Global Development, Washington, D.C.

Source: http://www.cgdev.org/doc/commentary/birdsall/WIDERlecture_inequality.pdf

"If you're totally illiterate and living on one dollar a day, the benefits of globalization never come to you."

-Jimmy Carter, former President, USA

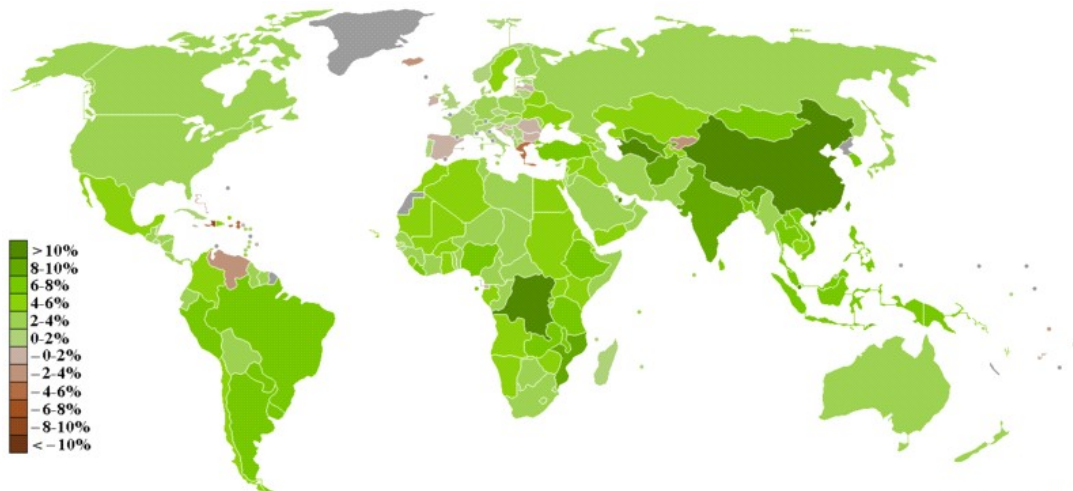
ARGUMENT TWO

SYSTEM ERROR

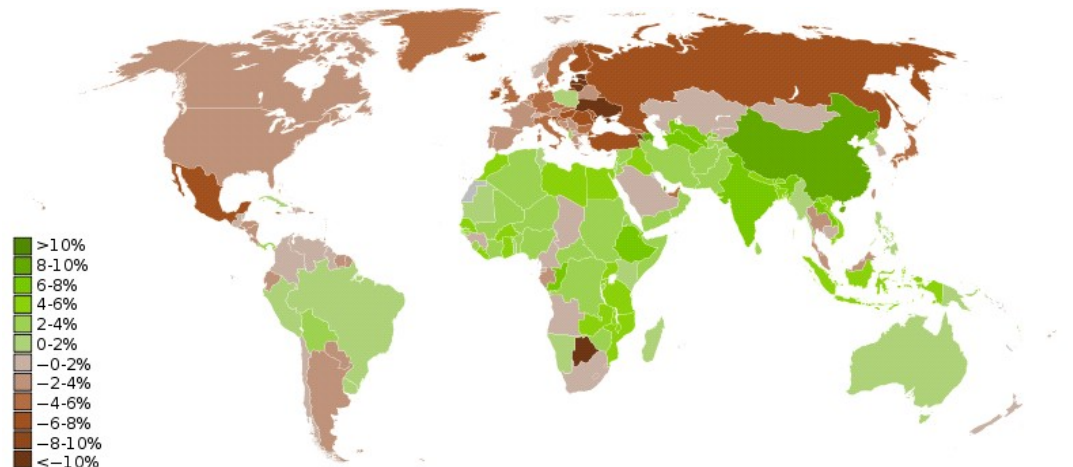
global economical and financial crisis

Those two maps shows how world has changed. According to that data, in just two years. Is it possible? No. World hasn't changed in two years that much. Process started long time ago. We were just living in illusion that we are doing better then we really are. Time has come to face the unpleasant facts.

Before the crisis - GDP 2007*



After the crisis - GDP 2009 (real)*



*Gross domestic product (GDP) refers to the market value of all **goods and services produced within a country** in a given period. It is often considered an indicator of a country's standard of living.

Those differences around the globe are perfect visualisation how badly and how many people were affected. Despite obvious western economies you can notice colour green (GPD >10%) just disappeared from the map.

Instead most of the world is covered in brown (GPD from - 2% up to - 10%). We can see impact all over the world.

This is direct effect of misjudgment of global economy.

Market mechanisms working in such huge scales it is first time in history mankind reached that level.

"Why "corporate capitalism" kills its own creations? "

(<http://gargasz.info/index.php/profitability-will-destroy-facebook-why-corporate-capitalism-kills-its-own-creations/>)

Moving manufacturing to whenever is cheaper to make. Mainly very poor countries where people are "**modern world slaves**" not employees. Those areas we can see are market as "**greenest**" (**highest GPD**) in the world. **That is where statement: "DPD ... is often considered an indicator of a country's standard of living" is proven wrong.** Clearly not because higher country's standard of living we have GPD >4-10% in **China, Africa and India!** But because each day we living on huge loan to those people. They are working for us. They making products we buy. Western countries are not manufacturing pretty much anything anymore. And that is very worrying fact to me. As we writing this ashamed pages of contemporary, or rather "present-history" we finding that we reached times where laws of economy failed us. Where financial processes we have build to serve us are out of our control. Where abuse of financial and banking system are legal. Times where we moved from dealing with touchable real exchange of good to fictional paper goods called **assets**.

"In financial accounting, assets are economic resources. Anything tangible or intangible that is **capable of being owned or controlled** to produce value and that is held to have positive economic value is considered an asset. Simply stated, assets represent **ownership of value** that can be converted into cash (although cash itself is also considered an asset)."

In financial accounting assets can be described by following algorithm.

Assets = Liabilities + Stockholder's Equity (Owner's Equity)

And there is very important word here. We all are aware briefly of stockholders equity. But interesting and misleading word here is **liabilities**.

"A liability is defined by the following characteristics:

- * Any type of **borrowing** from persons or banks;
- * A duty or responsibility to others that entails settlement by **future transfer** or use of assets;

- A duty or responsibility that **obligates the entity to another**, leaving it little or no discretion to avoid settlement;

<http://en.wikipedia.org/wiki/Asset>

So what it is, basically you saying that your assets are what you have, cash, house, car, but also that 5 euro you've borrowed to Mr X, and that he will return 5 euro in 5 years with 10% extra.

In addition to that insurance you paid for your house, money you will never see, but if your house will burn down you will get lets say 1 milion euro. So as different forms of insurance may also be treated as long term investments. You could use some minor tricks to bring it as assets.

Complete fiction build on manipulating facts. Money you don't have, and you will never have are your assets. How misleading and different meaning that word "assets" have in everyday life and in financial accounting. This is one of the "tools" that brought financial and banking system down. Well to be honest it didn't bring the sector down, it just brought working-class people down by sucking real assets from us to fed the system's monster hunger for "people's dependancy" and cash.

"Where the money are.... big brands 2011"

(<http://gargaszk.info/index.php/where-the-money-are-big-brands-2011/>)

Going through those definitions, graphs etc it becomes to clerify that all the theories and models are just simply proven wrong by facts. So what is that real cause the global economic crisis?

Well strarting from human nature (the biggest reason), up to inresponsibility and incompetence of few we put our trust in. We could also put organizations like respectfull universities and governing bodies on that list. In no particular order, just to name few.

- **London Business School**
- **Columbia** University
- **Harvard** University
- **Johns Hopkins** University
- University of California, **Berkeley**
- **US Treasury**
- **White House** National Economic Council
- **Federal Reserve** Bank
- **Barclays** Bank
- **AIG**
- **Goldman Sachs**
- **Citigroup**

"Brains" of our economies, governments, financial and bank controllers. Long chain of names to put the blame stamp on. Few professors, US presidents, politicians, advisors, CEO's - other worlds, people responsible for making and executing laws of economy. They simply failed to do their jobs. Or did they? Maybe we looking from wrong angle here. Maybe they were very successful. What were their principles? Their targets?

If they are not willingly admitting failures, how is it happening that we all in working-class paying with our jobs and higher taxes for that mistakes? The rich get richer and the poor get poorer. Interestingly when I lookup that phrase on wiki, it says :

The rich get richer and the poor get poorer

From Wikipedia, the free encyclopedia

This article is about the catchphrase. For the theoretical process, see wealth condensation. For a full discussion of the social, economic, and political phenomena to which the phrase refers, see economic inequality.

"**The rich get richer and the poor get poorer**" is a catchphrase and proverb, frequently used (with variations in wording) in discussing economic inequality.

Related articles: Capital accumulation, Wealth condensation, Preferential attachment, [Matthew effect \(sociology\)](#)

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Predecessors

[edit]

Andrew Jackson, in his 1832 bank veto, said that

when the laws undertake... to make the rich richer and the potent more powerful, the humble members of society... have a right to complain of the injustice to their Government.^{[1][2]}

Something called **Matthew effect** (or **accumulated advantage**) in sociology. "Those who possess power and economic or social capital can leverage those resources to gain more power or capital. The term was first coined by sociologist Robert K. Merton in 1968 and takes its name from a line in the biblical Gospel of Matthew:

For to all those who have, more will be given, and they will have an abundance; but from those who have nothing, even what they have will be taken away.

—Matthew 25:29, New Revised Standard Version."

[http://en.wikipedia.org/wiki/Matthew_effect_\(sociology\)](http://en.wikipedia.org/wiki/Matthew_effect_(sociology))

So was it really a mistake?

Lets try to go deeper into the source of the issue. It all started with the birth of stock exchange. It took destructional path when political movement toward **deregulation** in financial sector won. Expecially stock market exchange operations. That allow few "hungry" sharks to develop complex trading. They've started playing around with huge money. Money they didn't have, but which were on the table. How come? Loans, depts,

insurance sector. For large increases in risk taking that circumvented older regulations that were intended to control systemic risk. They cheated some, and created another "financial products".

To name few which failed in its core:

- Collateralized Debt Obligation (CDO)** and Synthetic CDO
- Commercial mortgage-backed security (CMBS)**
- Asset Backed Security (ABS)**
- Credit Rating Agency (CRA)
- Mortgage Backed Securities (MBS)

Manipulating facts, and criteria. As you see it is pretty smart. Silly but that reminds me words from "Leggaly Blond 2" movie: "**You can not fight with the system, you have to change the system**". That is exactly what they did.

One person responsible for deregulation of this area. An American economist first appointed as Federal Reserve chairman by President Ronald Reagan in August 1987, he was reappointed at successive four-year intervals until retiring on January 31, 2006. His **free-market ideology** led US to creation of unreviewed deregulation laws. His name is Alan Greenspan. As many argues (citing from John Robbins) that "Greenspan may be more responsible than any other single human being for the disastrous developments in our nation's economy,". The question we should ask is: What were his intentions?

I would have to say a word in his defence. **Error is in allowing ideologists to execute their ideas without reviewing them.** Same way as idea of communism wasn't evil itself, its execution was proven tragic for masses. We talking about similiar situation with Mr Greenspan ideas. We simply CAN NOT trust each others. Our simple prime instincts are always leading us to self destruction. Same as communism, giving too much power to too few hands, same Greenspan's idea allowed too few hands to gain too much power. Was he aware of it? Who knows. As he refuses to participate in any interviews, we could only "read-him" through his work and books.

As he says himself:

"Innovation has brought about a multitude of new products, such as subprime loans and niche credit programs for immigrants. Such developments are representative of the market responses that have driven the financial services industry throughout the history of our country ... With these advances in technology, lenders have taken advantage of credit-scoring models and other techniques for efficiently extending credit to a broader spectrum of consumers. ... Where once more-marginal applicants would simply have been denied credit, lenders are now able to quite efficiently judge the risk posed by individual applicants and to price that risk appropriately. These improvements have led to rapid growth in subprime mortgage lending; indeed, today subprime mortgages account for roughly 10 percent of the number of all mortgages outstanding, up from just 1 or 2 percent in the early 1990s"

Greenspan, Alan (April 8, 2005). "Consumer Finance". Federal Reserve System's Fourth Annual Community Affairs Research Conference. Federal Reserve Board.

<http://www.federalreserve.gov/BoardDocs/speeches/2005/20050408/default.htm>.

Retrieved June 22, 2009.

Despite this, Greenspan still claims to be a firm believer in free markets, although in the 2007 publication of his biography, he writes, **"History has not dealt kindly with the aftermath of protracted periods of low risk premiums"** as seen before the credit crisis of 2008.

In Congressional testimony on October 23, 2008, **Greenspan finally conceded error on regulation**. The New York Times wrote, "a humbled Mr. Greenspan admitted that he had put too much faith in the self-correcting power of free markets and had failed to anticipate the self-destructive power of wanton mortgage lending. ... Mr. Greenspan refused to accept blame for the crisis but acknowledged that his belief in deregulation had been shaken."

Same way as Mr Greenspan believed in main principle of capitalism and "free" market :

"Deregulation is the removal or simplification of government rules and regulations that constrain the operation of market forces. Deregulation does not mean elimination of laws against fraud or property rights but eliminating or reducing government control of how business is done, thereby moving toward a more laissez-faire, free market. It is different from liberalization, where more players enter in the market, but continues the regulation and guarantee of consumer rights and maximum and minimum prices.

The stated rationale for deregulation is often that fewer and simpler regulations will lead to a raised level of competitiveness, therefore higher productivity, **more efficiency and lower prices overall.**"

more: <http://en.wikipedia.org/wiki/Deregulation>

We believed in those in power. Profesors, presidents, and those making laws. And I am terribly sorry to say that history has proven them wrong so far.

Bulding imperiums build on borrowed money. Financial products designed not only to suck money from the people now, but future incomes as well.

1% of people versus 90% of people
99% of power versus 1% of power

Through the chain of processes in un-regulated market, constant "hunger" for more lead this sector to tricking whole nations. This is awazing how few people manipulated regulatory standarts, rating standarts to such huge level.

Again, we can see in Hollywood productions, who has money has power. "Sponsored" US government campaigns, big players simply buying their vote in Congress. What that means, if you are reach enough you standing the law.

But even that was not enough to cover their huge hunger for more. They manipulated law and economical/financial market in general to take money from people now, in the future. But also they found a way to get money from people they wouldn't get otherwise.

Higher taxes, bailouts etc are simply money that government has to pay to them. Because they were so large and uncontrollable (unregulated) they could do pretty much everything. They were big enough to make the rules, to influence the governments and global economies. Each of those involved, creating the 1% of world population of the reachest. What they've managed to do is to make poor poorer, and reach reacher. And everything build on irrational, "fake" financial processes. It is game of illusion they played very well. In such huge scale it went un-noticable for the 99% of word population.

It is pretty fair to say that 99% of the people in the world were played by 1%. And this is how 1% can enslave 99%. This is modern-slavery, dependancy. With all agro-cultural laws, manufaturing outsources, we became societies of very dependant people. We simply can not exist without what in-derectly represents this 1% group. And what just happened during this word crisis, we were shown where our place is, and how "weak" we are.

It is fatal global "system error". System we've trusted too much. System we crutially depend on now.

And what is going to happen now?

Nothing, we will pay with higher taxes for artificialy designed world crisis. It is time of reversions, and also that is our future, going step back in some areas, just to improve in others. Its is good lesson, not only in economic terms. Lesson we should pay attention too.

Showing us how self-destructive man kind is and how self-destructive I, you, all of us are to ourselves. Our desires to have more, to achieve

something we don't really need. It is quite shiny example with this 1%, buying 6 houses, 5 planes....what for?

We ALL should be allow to have as much as we need, NOTHING MORE, NOTHING LESS.

That means selling you second car so person manufacturing parts for this car can be paid reasonable wages. So they human-rights can be equally executed around the globe.

Did you know average income/salary in Manufacturing or Construction in china is 100USD?

Talking about reasons of world crisis, just to provide an idea of who is we could put our blames on (just a start of the list):

- financial economist who was awarded the Nobel Memorial Prize in Economic Sciences for a new method to determine the value of derivatives in 1997.
- chairperson of the U.S. Securities and Exchange Commission (SEC)
- an American macroeconomist. The chairman of US President Council of Economic Advisors.
- former Chairman and Chief Executive Officer of Lehman Brothers.
- President and CEO of Fannie Mae, CEO of Fortress Investment Group in New York City.
- Professor, Dean of the London Business School. He is also non-executive Chairman of the National Audit Office and a non-executive Director of Barclays Bank plc.
- president of Columbia University. Chair of the Federal Reserve Bank of New York board of directors for 2011.
- Director of the White House National Economic Council for US President. University Professor at Harvard University's Kennedy School of Government. Secretary of the Treasury for the last year.
- professor of Economics at London Business School. President of the Centre for Economic Policy Research which he founded in 1983.
- Chairman of the Federal Reserve of the United States 1987-2006.
- American insurance executive who was an officer at AIG Financial Products
- Chairman and Chief Executive Officer of Goldman Sachs Group, Inc.
- former CEO and chairman of Citigroup.
- United States Secretary of the Treasury . Temporarily Chairman of Citigroup.
- current Chairman of the United States Federal Reserve. US President Council of Economic Advisers.
- United States Treasury Secretary. Chairman and Chief Executive Officer of Goldman Sachs. Fellow at Johns Hopkins University's School of Advanced International Studies (SAIS).
- former Chair of the US President's Council of Economic Advisers. Director of the National Economic Council. Professor at the Haas School of Business of the University of California, Berkeley.
- current United States Secretary of the Treasury. President of the Federal Reserve Bank of New York.

source: <http://www.sonyclassics.com/insidejob/site/#/declined>

Did we learned from that lesson?

No. There is still no regulations, no right law, nothing beside bailouts has been done. So we still feeding the monster, but not fixing our economies. We still flushing money down to toiler, payching for someone's yacht, for 4th new 20 mln USD house, but we are not paying back to people doing acctual work.

It will continue to fall down, it already did, we just still hoping it will wake up. It will not. Worse is just to come. I see maybe not dark, but diffrent future ahead us then we always thought.

Whole situation so reminds me of history books about Stalin, Hitler, Fidel Castro, Hu Jintao. But what bathers me, those people were living under such preseure for centuries, they were born in that evironment. It is easier to adopt psychologically speaking to such terms. But for western world, where we were living in illusion of "freedom", Freedom understood as right to go and BUY. Limiting that previlage might rise waves of societies in shock of reality. People feeling cheatet and mislead. Furius and lost. And we all know from history where such emotions area leading in such huge scale....

....The French Revolution (French: Révolution française; 1789-99) was a period of radical social and political upheaval in French and European history. **The absolute monarchy that had ruled France for centuries collapsed in three years.** French society underwent an epic transformation as feudal, aristocratic and religious privileges evaporated under a sustained assault from liberal political groups and the masses on the streets. Old ideas about hierarchy and tradition succumbed to new Enlightenment principles of citizenship and inalienable rights.

source: http://en.wikipedia.org/wiki/French_Revolution

We already had a scent of it in Greece. Hope those "lions" behind

- JP Morgan
- Goldman Sachs
- Morgan Stanley
- AIG
- Barclay's
- Enron
- many others.....

source:<http://www.sonyclassics.com/insidejob/site/#/crimeandpunishment>

can hear rising voices from cornered sheps ...how important our involvement is to the well-being of our democracy: "I forgot to use my voice... Now I know better. I learned that one honest voice can be louder than a crowd's... So speak up... Speak up for the home of the brave..." from http://en.wikipedia.org/wiki/Legally_Blonde_2:_Red,_White_%26_Blonde

I want to unite with those people included in this 1%. We all do undersdant reasons why they doing what they do. If you or me will be in their shoes, we probably would do the same. So I would say

John 8:7

"He who is without sin among you, let him be the first to throw a stone at her."

Matthew 7:3

"Why do you see the speck in your brother's eye but fail to notice the beam in your own eye?."

Don't be too quick to judge, because we all are sinners of this sin. And whatever it is, socialism, capitalism, democracy, totalitarizm - it will all be the same, because people are the same. So what you can do? You can do a lot.

"Only wisdom, dedication and sacrifice can safe mankind."

<http://gargaszk.info/sociology/index.php/only-wisdom-dedication-and-sacrifice-can-safe-mankind/>

I am discussed and ashamed of this 1% spending money of unnecessary houses, planes 1000USD/hour prostitutes, drugs. That only tells us those are people without any compunction or conscience.

Essence that what drives us, people, destroys us as well.

It simply cannot be out of control, same way as wild animals. Power, money and sex. What else motivates you what doesn't relates to those 3 keywords?