

The Utter Futility Of The Billionaires Club

In November 1999 I wrote an open letter to Bill Gates, which predictably he ignored. At the time, he was the richest man in the world, and had recently announced that he intended to give away his entire fortune. He has kept that promise, is no longer the richest man in the world, and in recent years has recruited a number of other billionaires to this cause. Predictably, the reward for his largess has been to become the target of a number of conspiracy theories – read lurid and baseless Internet-oriented speculation – about his motives and his plans for the future of Mankind.

It is not the purpose of this dissertation to give spurious credence to any of this nonsense, which as usual is perpetuated by people who have done not the slightest research on the subject at hand, and simply use the word conspiracy in lieu.

Having said that, I intend to demonstrate that whatever good has come of or may come of this unquestionable idealism, Gates and his good lady wife, and the rest of the world's billionaires, would better serve the cause of humanity by keeping their money, and doing something to tackle the root causes of the world's problems, such as poverty, over-population, environmental despoilation, and depletion of scarce natural resources. Not to mention solving the Palestinian problem, the Kurdish problem, Darfur, the two Koreas, etc and ad nauseum.

Bill Gates set up a foundation in 1994, the year he married; five years later it was renamed the Bill & Melinda Gates Foundation, though the *minutae* are not important. In 2006, he persuaded Warren Buffett to join him, and at the time of writing the Foundation has given away nearly \$24 billion in grants.

While some of this grant money has gone to worthy causes, some of it has, well...how about this from the Foundation's information sheet/pamphlet *AVAHAN – THE INDIA AIDS INITIATIVE: The Business of HIV Prevention at Scale?*

At page 13 we are told that “Avahan distributes about 10 million free condoms each month” including to “female sex workers, high-risk men who have sex with men, transgenders, and injecting drug users” (page 37).

The Foundation's mission statement includes “the belief that every life has equal value”. Let us for the moment assume that in the eyes of her spouse, the lives of Ian Huntley and Terry Blair are every bit as valuable as that of Melinda Gates, exactly how does subsidising the distribution of condoms to whores and sodomites improve the lives of people in India or anywhere?

While doubtless the unmentionables of Calcutta have much to thank Bill and his good wife for, the people who work for them have even more so. According to a July 2008 report by Clay Holtzman from the *Puget Sound Business Journal*, the Foundation has around five hundred and forty employees, and is expected to grow to around twelve hundred. To ensure their comfort, the organisation was building a nine hundred thousand square foot campus for these good people at a cost of five hundred million dollars, and that is only in Seattle! Consult its literature, which can be downloaded from its website, and you will see that Gates Foundation employees throughout the world – London, New Delhi and Beijing – enjoy not only excellent salaries but all manner of perks. Bill baby, it's your money, but was it really necessary to employ over five hundred people *and* build a five hundred million dollar headquarters to give it away?

Although Bill and Melinda are doing things on a grand scale, this is in fact rather typical of charities worldwide. Whatever the ideals of their founders – and once again I do not dispute the good intentions of Mr and Mrs Gates for one nano-second – whatever the intentions of any charity or foundation's founders, there is always, and I mean always, a large professional class of

administrators, accountants, lawyers and others to take the first bite of the cherry. And what a bite in this case.

Alas, while the nice Mr Gates is taking great care of his staff, others are taking great care of themselves with his money. According to an Associated Press report of January 24, 2011, fraudsters have targeted the Global Fund – which Gates has funded to the tune of \$650 million with more to follow - and which is also financed by sundry governments and private organisations.

Fraud aside, Gates would do a lot more good if he were simply to travel round the world dishing out cheques to any worthy cause or individual that took his fancy – by the way Bill, my address is still 93c Venner Road.

Putting aside frivolity as well as fraud, I said earlier that laudable though his goals are, and while he is obviously doing some good, at the end of the day he is simply rearranging the deckchairs on the *Titanic*, because vast though his wealth is, a) once it is gone, it's gone, and b) though it took him half a lifetime to accumulate, governments can and do create the same amount of wealth – or rather the equivalent in credit – with the stroke of a pen. Last year, the British Government created some £200 billion pounds by quantitative easing, literally by writing figures in a book, or blips in cyberspace as is now the fashion. At the time of writing, the UK's National Debt is estimated at £1,000,000,000,000 (at 5pm on January 17 according to one source). The interest on this debt is estimated at £43 billion per annum, which is more than Bill and Melinda's gross worth. So, if he chose, he could instead pay the interest on our national debt for one year. And that would be the lot.

Let us assume that Bill and Melinda succeed in recruiting ten, fifty, a hundred billionaires to join them in this venture. How far will all their money go? More to the point, is there an alternative? There certainly is, that is to reform the financial system so that Britain, the United States, India, and indeed every other nation on the face of this planet, is free from any sort of debt-servicing, then organisations like the Gates Foundation will be superfluous, because nation states will be able to provide for their own people, all their own people, far better than even an exclusive club of the richest men in the world ever could.

There is now and has been for some considerable time, more debt in the world than actual money. It is the nature of this Ponzi scheme that this debt can never be paid. I say paid rather than re-paid because the word repayment implies that there must have been an initial loan or loans in the first place, yet this is not and has never been the case. Money is deposited in banks by customers, but this money stays on deposit; when a bank lends money to a customer – including a government – credit is created, this newly created money ends up being deposited in other banks, and when the initial loan is (re)paid by the borrower, the new money is cancelled out of existence, but the interest remains as a debt.

If one considers the entire world as a zero-sum system, it follows that the indebtedness of nations must and indeed can only increase. All manner of undesirable things can and do result from this: depressions, recessions, wars, depreciation of currency, the flight to precious and semi-precious metals as bad money drives out good (Gresham's Law), inflation, hyper-inflation, and, most topically, cuts.

The latter affects chiefly, as always, the vulnerable; public sector workers and the services they provide have been especially badly hit this time round. So what can Bill Gates and company do that will benefit all mankind?

They can use their financial clout to campaign for and indeed instigate a system of what John Tomlinson called honest money. In the first instance, the law must be applied to money the same as to any other commodity, namely, banks must not be permitted to lend what they do not have. Governments worldwide as the designated holders of their nations' purse strings should not borrow money but create their own credit for new capital projects such as infrastructure, and should spend

this into circulation debt-free. As per the proposals of the Duke of Bedford, if too much credit is created for this purpose, then some of it can be recouped by anti-inflation taxation.

Customers who deposit money with banks should pay for the privilege; this would entail a small fee for the “strongroom” service and small fees for any book-keeping and related transactions, because fundamentally this is all a bank is – a strongroom and a book-keeping system.

If bank customers or banks themselves lend money to businesses, entrepreneurs, etc, they should not be paid interest but should receive shares in the relevant ventures, ie they should become partners, perhaps junior partners or sleeping partners, but partners, not creditors. If the business fails, so does, and should, the investment.

I said these reforms would benefit all mankind, that is not quite true, they would benefit most of mankind, but they would certainly not benefit the huge army of speculators, fund managers, bankers and other parasites who currently batten off the system – and off the rest of us. These people would become redundant overnight. There is a great myth that somehow these parasites benefit the community, a myth that is perpetuated by all manner of people, including Mayor of London Boris Johnson who told the Conservative Party Conference in October 2009 that “we” – ie we the people - needed the “leper colony” in the City of London because it contributed enormously to the economy. This is part of the rhetoric that would have us believe that banking reform or the regulation of banks would drive all these “talented” people out of the country, and that they would take their business and “their” billions with them. The reality is very different.

If managed funds were abolished so that individuals, companies and others had to manage their own funds by investing directly in shares, the cost of dealing would fall considerably, and the value of investments would rise. And as for raising capital, again, as far as governments are concerned, they can and should exercise their sovereign right to create credit for desirable public works. As for companies, there always have been venture capitalists and others prepared to bankroll new ventures, indeed the Gates Foundation is itself bankrolling many worthwhile projects in Africa, to develop new strains of maize, to give just one example.

Laudable though his ideals may be, Gates has missed, and is continuing to miss, a golden opportunity to genuinely improve, and perhaps even to save, the world. Currently we have a financial system in which anything that is desirable and physically possible can only happen if first it is financially possible. What we need is a financial system that makes anything that is both desirable and physically possible financially possible per se. If Bill Gates and a few dozen of the richest men in the world were to make a concerted effort to bring that about, then it just might happen.