

## Exchange caused the current crisis

Last week's Strategy Note 307 said exchange caused our current crisis and merely trying to regulate exchange will fail. Why?

When we base our economy on exchange, we require people (and other economic actors such as businesses, organizations, and governments) to have something to trade for what they want or need. This creates a need to accumulate exchange value (money, etc.) so we can get what we need/want when we need/want it.

Assuming social sanctions prevent most economic actors from stealing, the need to accumulate --while still exchanging for what we need-- creates a need to profit.

When someone profits from an exchange, they end with more exchange value than they began with. Many years of exchange and profit-seeking tends to create a small segment of society with more wealth than others. In an exchange economy, it takes money to make money, so wealth inequality tends to accelerate. The rich get richer faster and faster. Exchange creates worsening inequality.

In a democracy, the non-wealthy many could regulate the wealthy few and prevent their excesses. Therefore, the wealthy organize to prevent democracy. They have to. Otherwise they --especially the super-wealthy-- could not exist.

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