

KKOB 06.19.2020 Money and the Social Contract

Brandon: Well Greg, if I could re-title our last two segments it would be, *The Morality of Money*. You're making the case there is moral component to money.

Greg: Right. Who we are shows up in our money. For example, at the individual level...are you getting liquored-up every night, or buying shoes for your kids? Are you buying a brand new sports car every year, or saving for retirement? Show me a person's checkbook (and credit card statements) and I'll tell all about him (or her) in about 10 minutes.

The same principle holds true for governments. The relationship between a government and its citizens will manifest in the money. Sometimes we call this the social contract...those unwritten agreements based on trust.

With respect to money, there are certain things "we the people" agree to do. We agree to work hard, pay our taxes, add value, and be good citizens. In exchange, the government agrees to spend responsibly and provide us with a currency that is of value.

So, Brandon, what happens when our government prints trillions and trillions of dollars? What will eventually happen to the value of the currency?

Brandon: It'll go down....and prices will go up. Dollars are devalued and inflation comes.

Greg: Right. So, as they devalue the currency, that devalues your work....without your permission. That's breaking the deal. In the old days this was called "unjust weights and measures". Societies that went down this path, didn't fare well. In short, there is a moral aspect to

money, because it reflects the honesty and integrity exchanged between two parties.

Anyway, whenever you see a government breaking the deal by devaluing, you'll soon see people break the deal at their end. They'll cheat on their taxes. They'll learn to "game the system" for tax breaks. They won't work as hard. They'll sign up for benefits they don't deserve. Stuff like that.

As government sees this behavior, it then steps in to "tighten the screws" on those "dishonest citizens who rob from all of us". That, of course, leads to more government and more waste, which means even more money printing and more currency debasement.

Thus, you end up with a spiraling down of mistrust. We don't trust them to give us currency of value. And they don't trust us to work hard, pay our taxes, and so on.

And the root cause isn't the money. It is the lack of virtue and ethics that shows up in our money. At its core, trust is the basis of all money. And trust is anchored by a strong ethical code of conduct.

Brandon: So when trust in money erodes, that manifests in the culture--- and the society. And that is what we are seeing now. Faith in our institutions is fading.

Greg: Some would say collapsing. And, you're right, since money permeates all parts of society, you'll see a loss of confidence across the board.

Let me ask your listeners, "Do you trust the main stream media as an institution? Do you trust the judiciary for unbiased and fair judgments? Do you trust the banks? How about the education system(?)-- both at the lower and university levels. Do you trust big tech and corporate America to do the right thing?"

Brandon: Well, I don't know what our listeners would say, but I have my concerns.

Greg: Exactly. And, in each case, the common denominator is money. When money is corrupted and compromised, the institutions it touches become corrupted and compromised.

Thus, in my mind, America's current pain isn't caused by:

- Racism or White Privilege
- Police brutality
- Social injustice
- Trump or Pelosi
- The left or right wing media, or
- The elites in the Deep State

Those are pretexts----not causes. The root cause is we detached ourselves from the moral and ethical behavior that forms the glue of the social contract.

Brandon: And, again, it shows up in our money. I see it. But you never hear our leaders talk like this. How do people reach you?

Greg: No. It sounds too preachy. I know that. But, I wanted to throw out a different perspective. Anyway, my number is 250-3754. Or, go to my website at zanettifinancial.com.