Studia Gilsoniana 8, no. 4 (October–December 2019): 789–818
ISSN 2300–0066 (print)
ISSN 2577–0314 (online)
DOI: 10.26385/SG.080432

Patrick S. J. Carmack

Reforming the Primary Instrumental Cause of Increasing Income Inequality

The worldwide phenomenon of increasing income disparities between the very rich and the vast majority of the population of the world is rapidly worsening. Unfortunately, the principal instrumental cause of that phenomenon is almost entirely unknown to the public, and hence the remedies commonly proposed will prove—as some have already—to be little more than band aids on the dying patient. We here present consideration of a more effective remedy to the problem as "the griefs and the anxieties of the men of this age, especially those who are poor or in any way afflicted, these are . . . the griefs and anxieties of the followers of Christ."[1]

To return to the matter at hand: the level of income inequality in most Western nations and particularly in the U.S. has inevitably reached levels sufficient to awaken public interest in this consequence of fundamental economic injustice. Here are a few of the most salient statistics on the present state of concentration of the world's $280 trillion[2] in measurable, material wealth:

Patrick S. J. Carmack — Adler–Aquinas Institute, Colorado Springs, Colo., USA
e-mail: pat2000ad@aol.com ▪ ORCID: no data

[1] *Gaudium et Spes*, Preface, 1, Pastoral Constitution on the Church in the Modern World, Promulgated by His Holiness, Pope Paul VI on Dec. 7, 1965; available online—see the section *References* for details.

[2] Credit Suisse, Nov. 14, 2017.

ARTICLE — Received: Sept. 6, 2019 ▪ Accepted: Dec. 11, 2019

● The world's 8 richest billionaires own as much wealth as the 3.8 billion people who make up the poorest half of the world population (5 years ago the like figure was 85 billionaires).[3]

● The wealthiest 1% of the world population now owns over 50% of the world's wealth.[4]

● The wealthiest 10% now own 84% of the world's wealth.

● The poorest 64% of the world's population now own just 2% of global wealth.

● 80% of the world population live on under $10 per day.

● 46% of the world population live on less than $5.50 per day (3.4 billion people).[5]

● 192 million people are unemployed worldwide.[6]

● The world's 2,200 billionaires were worth $9.1 trillion, up from $7.6 trillion a year earlier.[7]

● 41 nations containing 567 million people are heavily indebted —a mere 8 people own more of the world's wealth than the entire GDP of those 41 nations.

For Pope Francis, "[T]he growth of equality . . . also calls for decisions, mechanisms and processes directed to a better distribution of wealth, the creation of sources of employment and an integral promotion of the poor which goes beyond a simple welfare mentality."[8]

---

[3] According to Oxfam, 2018. The world's richest man, Jeff Bezos, the owner of Amazon, saw his fortune increase to $112bn. Just 1% of his fortune is equivalent to the whole health budget for Ethiopia, a country of 105 million people.

[4] According to a Credit Suisse report, 2017.

[5] World Bank Press Release, Oct. 17, 2018.

[6] World Employment and Social Outlook: Trends 2018.

[7] According to Oxfam, 2018.

[8] Pope Francis, *A Message to the Executive Chairman of the World Economic Forum on the Occasion of the Annual Meeting at Davos-Klosters, Switzerland* (Vatican, Jan. 17, 2014); available online—see the section *References* for details.

But which "mechanisms and processes directed to a better distribution of wealth"? Contrary to much popular media opinion, the incredible concentration of the world's wealth is not primarily the result of the Victorian virtues of being prudent, clean and sober, nor of talent, skill, economies of scale, the internet, more efficient production techniques, prices for oil or other commodities, computerized trading, or the globalization of business—except for one specific area of globalization, the globalization of a modern banking technique, specifically: fractional reserve banking ("FRB" herein). That is the most important *mechanism and process* in need of reform. The present FRB system is profoundly unjust and amounts to a "structure of sin," as defined by St. John Paul II.[9]

FRB is a means of credit creation determined as a certain multiplier of an increase in a bank's deposits. Since this is the crux of the problem, I will provide a brief explanation and history of it.

History of Fractional Reserve Banking (FRB)

In the late Middle Ages (between the fourteenth and fifteenth centuries) the mercantile and entrepreneurial classes in regions such as Tuscany, Lombardy and Flanders began to be more involved in international trade. Cash or specie (usually gold or silver coin) began to be de-

---

[9] John Paul II, *Sollicitudo Rei Socialis* (Rome 1987), 36: "In this consists the difference between sociopolitical analysis and formal reference to 'sin' and the 'structures of sin'. According to this latter viewpoint, there enter in the will of the Triune God, his plan for humanity, his justice and his mercy. The God who is rich in mercy, the Redeemer of man, the Lord and giver of life, requires from people clear cut attitudes which express themselves also in actions or omissions toward one's neighbor. We have here a reference to the 'second tablet' of the Ten Commandments (cf. Ex 20:12–17; Dt 5:16–21). Not to observe these is to offend God and hurt one's neighbor, and to introduce into the world influences and obstacles which go far beyond the actions and brief life span of an individual. This also involves interference in the process of the development of peoples, the delay or slowness of which must be judged also in this light." Available online—see the section *References* for details.

posited with them as payment for goods being purchased from merchants in distant places. Delivery of the goods could take months or even years. In the interim, the merchants with whom the payment had been deposited would either send promissory notes to their agents in the distant place, or collect enough of such funds to justify the expense involved in the physical transfer of the payment. Usually this was handled by the exchange of notes in payment for goods travelling in both directions, from various merchants, which would cancel out in time, without the risk involved in the transport of specie.

The temptation for the merchants with that specie on hand was to lend the money deposited with them out at interest in the interim. Once sufficient sums were deposited with the merchants by several depositors, such loans could be extended indefinitely as not all depositors were likely to require the sums simultaneously. Of course, there was a risk that if sufficient depositors (or their distant creditors) required their funds at the same time that the fraud would be exposed as the merchant would not have enough cash or specie on hand to repay their deposits.

St. Thomas Aquinas had accurately predicted the results of such an increase in trade involvement:

> If the citizens themselves devote their life to matters of trade, the way will be opened to many vices. Since the foremost tendency of tradesmen is to make money, greed is awakened in the hearts of the citizens through the pursuit of trade. The result is that everything in the city will become venal; good faith will be destroyed and the way opened to all kinds of trickery; each one will work only for his own profit, despising the public good; the cultivation of virtue will fail since honor, virtue's reward, will be bestowed upon the rich. Thus, in such a city, civic life will necessarily be corrupted.[10]

[10] St. Thomas Aquinas, *On Kingship* II, 3, trans. G. B. Phelan, I. Th. Eschmann (Pontifical Institute of Mediaeval Studies, 1949), 76–77.

Few could reasonably doubt that this result is on full display in modern society.

Medieval goldsmiths engaged in a similar practice whereby gold or specie left on deposit with them for safekeeping in their secure vault, as evidenced by a written receipt, was soon being transferred simply by transferring the receipt (like a bearer bond) rather than by the tedious process of going to the goldsmith each time to retrieve the gold then redeposit it and receive a new receipt in the name of the new owner. Goldsmiths' receipts thus became a paper money, substituting for the gold being held in reserve by the goldsmith. Like the medieval merchants, the goldsmiths soon realized they could loan out some of the gold they were holding for others, at interest, since it was unlikely all the depositors of the gold would demand it at the same time—though that risk was there too. Later they realized they could simply loan out receipts (since these were already circulating as money with few coming in to claim any physical gold), and thus they could actually have more receipts in circulation than gold on hand. In both historic examples cited, more receipts (paper money) were being circulated than specie or gold in reserve (in the vault)—hence the name "fractional reserves" (as opposed to *full reserve* or *100% reserve*), meaning only a fraction of the receipts in circulation had adequate gold or specie backing.

These receipts soon took on a role very much like that played by modern checks—orders to transfer funds. Modern banks engage in a virtually identical practice when they make more loans than they have cash on hand or in reserve. The principal difference is that modern banks retain far less in reserves (often only 2–3% in reserve) than the originators of the practice, who often retained 33–40% or even more. As in medieval times with respect to gold, very few people today actually go to the bank to receive cash. This trend has been greatly exacerbated by the fact that checks, credit cards, and debit cards have almost entirely taken the place of cash.

The practice earlier was considered variously as fraud, embezzlement, theft, a form of counterfeiting and/or usury. "Roman law recognized that bankers were often tempted to use deposits for themselves. To penalize these actions, they would be not only charged with theft, but had to pay interest *so that, in fear of these penalties, men will cease to make evil, foolish and perverse use of deposits*."[11] However, as St. Thomas had predicted in the quotation cited above, when greed flourishes the way is "opened to all kinds of trickery; each one will work only for his own profit, despising the public good; the cultivation of virtue will fail since honor, virtue's reward, will be bestowed upon the rich. Thus, in such a city, civic life will necessarily be corrupted." Over time, at the urging of the goldsmiths, some of whom had developed into wealthy and influential "bankers," with much bribery involved to change banking laws and regulations, what was once considered illegal became law. Despite often fierce opposition by those who knew what evils it would entail, FRB was legalized in nation after nation.

The first nation to embrace the FRB scheme by legalizing it for a national central bank was Sweden when it chartered Johan Palmstruch's privately owned *Stockholms Banco* in 1657. When it collapsed as a result of issuing more notes than reserves (i.e., FRB) and was unable to honor them when too many depositors wanted them at once, Palmstruch was condemned to death, but later received clemency from the king. England was next when, after the "Glorious Revolution" overthrew the legitimate Stuarts, the Bank of England—also a privately owned bank—was chartered in 1694.[12] Nation after nation has followed suit,

---

[11] *Fractional reserve banking*, a Wiki-article available online—see the section *References* for details. And also Jesús Huerta de Soto, *Money, Bank Credit, and Economic Cycles*, trans. Melinda A. Stroup (Auburn: Ludwig von Mises Institute, 2006), 32.

[12] The Bank of England was nationalized in 1946.

legalizing what had been recognized as a fraud engaged in for personal gain and subject to the death penalty in some nations. Today, virtually every nation on earth has legalized FRB.

The subsequent creation of central banks allowed for: centralized coordination of FRB by banks; establishment of limits to their fractional reserve lending, thus keeping the greedier bankers from overstepping and thereby exposing the whole extent of the scheme; created legalized banking cartels by requiring banks to be chartered by the government, thus restricting entry; requiring banks to accept the national currency being created by the central banks or member banks and none other. In the United States the central bank is named the Federal Reserve System. Despite numerous failed attempts at passage and the dire warnings of those few who understood the cunningly complicated scheme, it was finally adopted into law in 1913.

Virtually every nation has imposed some minimum on the percentage of reserves banks must retain—"required reserve ratio" (RRR). In the U.S. it is only 10%, and less for smaller banks, but the ratio varies widely from country to country (e.g., Lebanon 30%, China 20%, Switzerland 2.5%; these RRRs are changed now and then). Most banking laws allow numerous exceptions to the RRR (the U.K., Canada, New Zealand, Australia and Sweden have no reserve requirements), so that in practice most banks typically retain little in reserve. They can do this without much concern over bank "runs" (too many depositors demanding their money at once) for four reasons: (1) almost all nations now have fiat currencies and so only back their money with more fiat money; (2) the central banks can rush large sums of paper money (or transfer electronic deposits) to any bank that needs it; (3) governments guarantee most deposits with taxpayers' money; (4) the checks of member banks are generally accepted at all other member banks (with exceptions). FRB was further globalized in 1988, when the Bank for International Settlements imposed the "Basil I" regulations on banks worldwide. After that, minimum capital requirements (such as 3 to 8%) have become the principal means of limiting the leverage ratio of loans to this form of reserves, increasingly replacing the use of RRRs.

Thus the spread and cartelization of FRB, when privately-owned as most banks are, created a banking plutocracy in nearly every nation, grown much richer with each generation. Access to bank loans by this plutocracy, directly and indirectly, has gradually resulted in the categorization (i.e., monopolization) and banker control of industry after industry—including the mass media (and hence influence over politics). This practice is kept largely hidden through nominee and corporate stock ownership and overlapping Board memberships. The underlying reality is that a few major banks (and hence their principal stockholders) control virtually every major corporation in the world, directly, or indirectly through critical loan control and/or Board membership or economic control and influence over Board members.

The vast sums of profit reaped by this money creation ("seigniorage," the "right of the lord" to mint money) only go into the Treasury Department of the nation involved if the central bank is government-owned and creates the money supply in the nation. That is not the case in any major Western nation. Instead, in the typical case, when a government runs a budget deficit (as nearly all do nearly every year) it borrows the needed funds by issuing government bonds (government I.O.U.s/promises to repay), paying interest to the bond purchaser/holder.

To give an illustration, let us use the example of the U.S. which ran over a trillion dollar ($1T) budget deficit each year from 2009–2019. If, in a given year, the United States government needed to borrow $1T (as expenditures exceeded tax and other revenues that year by $1T), the U.S. Treasury issued and *sold* government bonds in the amount of $1T, paying a certain rate of interest to the purchasers as their incentive to buy the bonds. However, draining that vast sum from the capital markets—from capital available in the U.S. and elsewhere—would seriously reduce capital available for all other economic activity and would drive interest rates up dramatically, thus seriously harming the economy. To prevent that, the central bank—Federal Reserve ("Fed")—would simultaneously *purchase* $100 billion in U.S. government bonds from bond holders in open market purchases. Why sell $1T in bonds from the U.S. Treasury Department and simultaneously have the Fed buy $100B of outstanding bonds back? Because of how FRB works, as explained next.

When the Fed purchases $100B in bonds it pays for them with electronic deposits made to the accounts of the bond sellers' banks. This "money" is simply created *ex nihilo* by the Fed. It thus increases the money supply by $100B. But since the government borrowed $1T, there is still a need for another $900B in the economy for it to balance out. Because banking law in the U.S. only requires that banks retain 10% of loans in reserve, the banks receiving the $100B in new deposits may collectively loan out 90% of that $100B, or $90B, retaining $10B in reserve.

But this is the more or less hidden reality of the process which explains why the Fed only purchased $100B: the $90B the banks loan out in the first round of loans after the initial $100B in *ex nihilo* deposits inevitably gets (almost entirely) re-deposited in banks by those who borrowed the money or those whom they paid. The banks thus soon have a new round of deposits of $90B. They may then loan 90% ($81B) of that total, retaining 10% ($9B) in reserve. At this point, the Fed has created $100B in new money, the seigniorage benefit of which the government received, and the banks have collectively loaned out $171B at interest (the benefit of the seigniorage the banks received by extension). Next, as the $81B in new loans gets re-deposited in other banks, of that $81B in new deposits the banks retain $8B as reserves and loan out the other $73B at interest. This process continues, with re-deposits and new loans and 10% reserves retained each time until the total reaches $900B in loans and $100B in reserves.

This is all made possible by the fact that the RRR is not 100% but only 10%, and because the resulting multiplier effect of repeated re-deposits and more loans leverages the difference to create a chain reaction of reduplicated seigniorage. The privately-owned banks thus ultimately have the benefit of $900B in new loans made at interest, and the government of only $100B (10%), but the net effect is that $1T total new money has been put into the economy to balance the effect of government borrowing. Thus, privately-owned banks have benefitted nine (9) times as much for their stockholders as the government has for the public. This is all thanks to the Federal Reserve Act of 1913, which effectively transferred the benefits of sovereign *seigniorage* to them. (Due to the time this process takes to play out, and the occasional lack of loan demand or qualified borrowers, the process described above rarely reaches full monetary expansion and is normally somewhat less.)

Due to the 10% RRR the government cannot simply create $1T and spend it, as that would result in $1T being deposited in banks which would cause hyper-inflation due to the multiplier effect—up to $10T in new money would eventually be created on that $1T monetary base. Of course, that could be avoided by first changing the law to require 100% reserve banking. Nevertheless, whenever economists propose that the government itself simply create the money (as Abraham Lincoln did in 1863 when he ordered that U.S. Notes be issued by the U.S. Treasury), to silence their critics the banks invariably reply that for the government to create all new money would cause hyper-inflation, which indeed it would due to the multiplier effect—without a change in the RRR to 100%.

What is important to bear in mind is that the banks (the great bulk of the money described above is deposited into a handful of major banks) have benefitted from government deficit spending of $1T by being enabled to create and loan out $900B at interest once the process of fractional reserve lending reaches its maximum extent. This and this alone is the *primary* cause of the concentration of wealth worldwide. At a rate of even 1% average interest, that $900B, from just one year, would generate $9B in interest each and every year to these privately-owned banks, much of it distributed directly to the owners in dividends and the rest used as retained earnings to increase bank capital so that even more can be earned the next year, and so on. This explains why banks can make vast profits even when the rest of the economy is doing very poorly. For example, the combined *net* profit at just the six largest U.S. banks jumped to $74B in the middle of the Great Recession (2013), even after the same banks allocated $18B to deal with penalties and fines for the laws they broke and for cheating investors.[13]

There is yet another warning in all of this. Due to credit worthiness criteria being currently more stringent and governments pressuring banks (while paying interest on excess reserves) to "sterilize" much of the new money created during the Great Recession in order to avoid hyper-inflation, major banks temporarily have large excess sums on reserve with central banks such as the Fed.[14] This has the effect of sidelining that money out of the economy, temporarily removing it from the re-deposit, re-loan scenario described above. In effect, the Fed is borrowing the money *back* from the banks to remove it from the capital markets, and paying interest to the banks to do so. As interest rates rise,

[13] See Jesse Hamilton, "U.S. Banks Had Second-Best Earnings Ever in 2012, FDIC Says," *Bloomberg* (Feb. 26, 2013); available online—see the section *References* for details. And also Jesse Hamilton, "U.S. Banks Posted Record Profits in Second Quarter, FDIC Says," *Bloomberg* (Sept. 2, 2015); available online—see the section *References* for details.

[14] By October 2013 the excess reserves at the Federal Reserve had exceeded $2.3 trillion meaning in excess of the 10% RRR. Federal Reserve Bank of St. Louis (March 20, 2013), "Series: WRESBAL, Reserve Balances with Federal Reserve Banks," *FRED Economic Data System*. *The 10 Biggest Banks in the World, Investopedia* (April 23, 2017).

the governments will either have to pay more and more interest to keep those sums sterilized, or the banks will withdraw the funds from the Fed's balance sheets and begin to loan them, thus increasing the money supply and, eventually, inflation.

Concentration of Wealth

The world's top 10 banks (all privately owned) have assets of over $25T.[15] The bulk of this money was simply created *ex nihilo* by the banks as loans, but loans having only a fraction of the loan amount deposited in reserves. The banks simply write checks as loans, with little or no deposits to back them up. Stockholder equity in these corporations is approximately 10%, or $2.5T, a figure which doesn't include prior annual dividend payments to the stockholders. This is the *primary* cause of the increasing concentration of wealth world-wide. Indeed, given how this FRB mechanism and process are designed, it could not be otherwise. Further, due to FRB, the wealth thereby concentrated in banks is used to categorize (i.e., monopolize or cartelize) various other sectors of the economy, exacerbating the baneful effects of FRB. It is this byproduct of FRB which accounts for many of the non-financial sector billionaires. Nothing compares to the scale of wealth concentration FRB results in. No other corporations have values close to those large bank asset totals. The three largest non-bank companies—Apple, Amazon and Microsoft—have total stock value (valued at many times annual earnings) of just over $1T; no others come close (e.g., Alibaba $350B, Facebook $138B, Google $102B, General Motors c. $140B). More importantly, banks can lend their assets out, at interest, giving banks the enormous economic (and hence political) leverage and influence.

[15] Kevin B. Johnston, "The 10 Biggest Banks in the World," *Investopedia* (Nov. 21, 2019); available online—see the section *References* for details.

As the foregoing numbers make clear, the primary instrumental cause of wealth concentration and the gradual impoverishment of the masses worldwide is FRB. We are not here considering the issue of usury as it was traditionally understood: earning interest on loans. Here we have a new order or structure of injustice, which involves the coopting by private corporations (banking cartels) over the last 300 years, but especially over the last 100 years, of the previously sovereign right to create money, for their private advantage and to the disadvantage of all other economic sectors, in a system designed to conceal what is happening from all but the most astute politicians and economists, and *then* charging interest on that money. The temptation to create more and more money, which debases and devalues all existing money (such as savings), is what has led to over 90% of the inflation and reduction in purchasing power of nearly all national currencies in the last 100 years and the tendency of politicians to overspend tax revenue and borrow more every year, since the subsequent inflationary effects of these practices are delayed and obscured, thereby attenuating the political consequences of profligacy.

The Usurpation of *Seigniorage* vs. Usury

The morality of charging interest on loans considering various extrinsic "titles" (such as risk of loss, delay, related expenses, lost alternative profits, etc.)[16] in modern circumstances eventually muddied the waters about the continued validity of medieval prohibitions against usury with respect to such charges, and may reasonably be debated, and should be. However, the transfer of the benefits of money creation—*seigniorage*—from the public benefit to private gain has no similar ambiguity

[16] Brief summary of extrinsic titles: http://branemrys.blogspot.com/2009/07/usury-and-titles-to-interest.html.

nor justification. It is inherently unjust[17] and results in an increasing concentration of wealth in fewer and fewer hands and increase in the poverty of more and more billions of people. In this instance, a return to the pre-modern prohibition of money-creation by private persons is not only justified, but is necessary to restore equity to the economic order. The notion of equity (or fairness) as being at the heart of justice is rooted in our common human nature, and more deeply considered, in the equality of persons in the Blessed Trinity. It is therefore iniquitous to arrange matters in the economic order in a way that implicitly violates the higher truth of the equal respect due to persons of the same, equal nature and being.

Regarding Economic Systems and FRB Capitalism

Depending on the definition of *capitalism* chosen (there are many), if FRB is included within it as a valid or permissible part of it, then it renders *capitalism* a deeply flawed economic system, inherently unstable[18] and unjust, which in the long-term inevitably results in the concentration of wealth in fewer and fewer hands—the exact opposite of the "better distribution of wealth" encouraged by Pope Francis, and

[17] Pius XI, *Quadragesimo Anno* (Rome 1931), 114: "For such sovereignty belongs in reality not to owners but to the public authority. . . . For certain kinds of property, it is rightly contended, ought to be reserved to the State since they carry with them a dominating power so great that cannot without danger to the general welfare be entrusted to private individuals." Available online—see the section *References* for details.

[18] Milton Friedman, *A Program for Monetary Stability* (New York: Fordham University Press, 1959), 66: "Our present fractional reserve banking system has two major defects. First, it involves extensive governmental intervention into lending and investing activities that should preferably be left to the free market. Second, decisions by holders of money about the form in which they want to hold money and by banks about the structure of their assets tend to affect the amount available to lend. This has often been referred to as the 'inherent instability' of a fractional reserve system." The book proposed fractional reserve banking should be abolished and replaced with full reserve banking.

therefore an economic system worthy of severe criticism and in need of fundamental reform.[19]

However, if by *capitalism* is meant a free and fair market economy, then we cannot consider the present economic system in most of the world (including the U.S.) as truly capitalism, as it is neither free nor fair, but is in fact thoroughly rigged by laws which establish bank cartels for most money creation by privately-owned banks. The banks are thereby inequitably privileged over and thus inequitably tilted against *all* other sectors of the economy. One cannot defend any economic system that contains such an unjust and ultimately self-destructive element as FRB, regardless of the name.

On the other hand, all definitions of capitalism recognize the right to private property, and when used synonymously with a "free market economy," as it generally is in common usage, then such *capitalism* represents an ideal economy, not fully achieved in the U.S. or elsewhere, except in a few historical cases outside the scope of this paper. It is precisely the equivocal use of the term *capitalism* that unites bankers engaged in FRB with many Distributionists, free-marketeers, libertarians and Christian economists, unaware of the injustice of FRB embedded in the present economic system of the West and most of the rest of the world. Those aware of this distinction tend to prefer the use of the term *free* or *open market economy* or *free enterprise economy*, rather than *capitalism*—however, this important distinction is not common in the popular discourse about economics or politics. In any case, *capitalism*, in this latter sense, is *fundamentally* just and would preclude FRB, and hence to attain this ideal from our present capitalist system would require the abolition of FRB. Such a notion of *capitalism*, which is both free and fair, we entirely support.

---

[19] Cf. also Pius XI, *Quadragesimo Anno*, 50: "Is it not deplorable that the right of private property defended by the Church should so often have been used as a weapon to defraud the workingman of his just salary and his social rights?"

The foregoing distinctions regarding capitalism (simply put as either good or deeply flawed) are supported by various Papal documents. For example:

● In *Rerum Novarum* (1891), Pope Leo XIII condemned *unrestricted* capitalism.[20]

● In *Quadragesimo Anno* (1931), Pope Pius XI wrote:

> [I]t is evident that . . . [capitalism] is not to be condemned in itself. And surely it is not of its own nature vicious. . . . For certain kinds of property, it is rightly contended, ought to be reserved to the State since they carry with them a dominating power so great that cannot without danger to the general welfare be entrusted to private individuals. . . . This dictatorship is being most forcibly exercised by those who, since they hold the money and completely control it, control credit also and rule the lending of money. Hence they regulate the flow, so to speak, of the life-blood whereby the entire economic system lives, and have so firmly in their grasp the soul, as it were, of economic life that no one can breathe against their will.[21]

● In *Populorum Progressio* (1967), St. Paul VI taught: "This unbridled liberalism paves the way for a particular type of tyranny, rightly condemned by Our predecessor Pius XI, for it results in the *international imperialism of money*."[22]

● In *Sollicitudo Rei Socialis* (1987), St. John Paul II affirmed:

> [T]he tension between East and West is . . . in itself an opposition between . . . two concepts of the development of individuals and peoples both concepts being imperfect and in need of radical correction. . . . This is one of the reasons why the Church's social

[20] See Leo XIII, *Rerum Novarum* (Rome 1891); available online—see the section *References* for details.

[21] Pius XI, *Quadragesimo Anno*, 101, 114, and 106.

[22] Paul VI, *Populorum Progressio* (Rome 1967), 26; available online—see the section *References* for details.

> doctrine adopts a critical attitude towards both liberal capitalism and Marxist collectivism.[23]

● In *Christifideles Laici* (1988), St. John Paul II points to a good example for us to ponder. He states we should "keep a watchful eye on this our world, with its problems and values, its unrest and hopes . . . a world whose economic . . . affairs pose problems and grave difficulties."[24] This violates personal dignity and "cries out in vengeance to God."[25] So the Holy Father bids us even to denounce as evil "collectivity, institutions, structures and systems"[26] but with a Christian spirit. His watchful eye found that "maximum vigilance must be exercised by everyone in the face of the phenomenon of the concentration of power and technology . . . worsening the condition of entire peoples . . ."[27]

● The Pontifical Council for Justice and Peace's *Towards Reforming the International Financial and Monetary Systems in the Context of Global Public Authority* (2011): "Since the 1990s, we have seen that money and credit instruments worldwide have grown more rapidly than the accumulation of wealth in the economy, even adjusting for inflation."[28]

● In his Apostolic Exhortation *Evangelii Gaudium* (2013), Pope Francis added his voice:

> The need to resolve the structural causes of poverty cannot be delayed. . . . One cause of this situation is found in our relationship with money . . . [t]he worldwide crisis affecting finance and the

[23] John Paul II, *Sollicitudo Rei Socialis*, 21.

[24] John Paul II, *Christifideles Laici* (Rome 1988), 3; available online—see the section *References* for details.

[25] *Ibid.*, 37.

[26] *Ibid.*

[27] *Ibid.*, 38.

[28] Pontifical Council for Justice and Peace, *Towards Reforming the International Financial and Monetary Systems in the Context of Global Public Authority* (2011), 1; available online—see the section *References* for details.

> economy lays bare their imbalances . . . We can no longer trust in the unseen forces and the invisible hand of the market . . . justice requires more than economic growth . . . it requires decisions, programmes, mechanisms and processes specifically geared to better distribution of income . . . It is vital that government leaders and financial leaders take heed . . . There are other weak and defenceless beings who are frequently at the mercy of economic interests . . . [M]ore than a few sporadic acts of generosity. It presumes the creation of a new mindset which thinks in terms of community and the priority of the life of all over the appropriation of goods by a few.[29]

Socialism

Virtually all definitions of socialism include large-scale restrictions on the natural right to ownership of private property. These restrictions range all the way to State ownership of all property: that is, communism, which is socialism's natural terminus. This is easily established by the numerous historical examples of socialism we can now view in the past, from the "International Socialism" of Stalin in the Soviet Union, to the "National Socialism" of Hitler in Germany, to the two systems in Mao's one China (providing a clear contrast between the success of capitalist Hong Kong with socialist mainland China). Many other failed socialist states merely confirm the same point, such as Castro's Cuba, Pol Pot's Cambodia, Kim's North Korea, Maduro's Venezuela, and on and on. It is remarkable that besides the economic catastrophe socialism inflicted on every one of these nations—even though the degree of socialism varied considerably among them—each one also spawned dictatorial regimes to take the private property of individuals by force, often resulting in mass murder the scale of which

[29] Francis, *Evangelii Gaudium* (Rome 2013), 202, 55, 204, 205, 215, 188; available online—see the section *References* for details.

beggars the imagination. Well over 100 million civilians were killed by socialists and their partisans in the first three above-named nations alone.

Given this, and given that natural rights are naturally defended, it is no wonder that men of good will have always been against such evils. The popes, too, have stood firm against socialism and communism. Some relevant Papal quotations follow:

> [Leo XIII:] Lured, in fine, by the greed of present goods, which is 'the root of all evils, which some coveting have erred from the faith' (1 Tim. 6:10), they [socialists] assail the right of property sanctioned by natural law; and by a scheme of horrible wickedness, while they seem desirous of caring for the needs and satisfying the desires of all men, they strive to seize and hold in common whatever has been acquired either by title of lawful inheritance, or by labor of brain and hands, or by thrift in one's mode of life.[30]

> [Pius IX:] Our Venerable Predecessor, Pius IX, of holy memory, as early as 1846 pronounced a solemn condemnation, which he confirmed in the words of the Syllabus directed against *that infamous doctrine of so-called Communism which is absolutely contrary to the natural law itself, and if once adopted would utterly destroy the rights, property and possessions of all men, and even society itself.*[31]

Moderated Socialism

The plain historical fact of socialism, the greed and murder it brings in its train, have led some to seek other varieties of socialism which have kept the name "socialism," but are said to be more moder-

---

[30] Leo XIII, *Quod Apostolici Muneris* (Rome 1878), 1; available online—see the section *References* for details.

[31] Pius XI, *Divini Redemptoris* (Rome 1937), 4; available online—see the section *References* for details.

ate, thus obtaining the putative benefits of socialism without inviting the horrors listed above. As Pius XI pointed out, such a so-called moderate socialism

> not only professes the rejection of violence but modifies and tempers to some degree, if it does not reject entirely, the class struggle and the abolition of private ownership. One might say that, terrified by its own principles and by the conclusions drawn therefrom by Communism, Socialism inclines toward and in a certain measure approaches the truths which Christian tradition has always held sacred; for it cannot be denied that its demands at times come very near those that Christian reformers of society justly insist upon.[32]

Something seemingly akin to the free market economy mentioned above, is the *Third Way* position developed in response to overuse of State intervention in economics, but rejecting *laissez-faire* capitalism. The *Third Way* rejects the traditional conception of socialism, i.e., ethical doctrine and centrism. Many have sought to combine the two. For example, a "social justice" which emphasizes "commitment to balanced budgets, providing equal opportunity which is combined with an emphasis on personal responsibility, the decentralisation of government power to the lowest level possible, encouragement and promotion of public-private partnerships," labour supply, and human development.[33]

In current political terms, some view the *Third Way* as represented in the U.S. by self-avowed Socialist Bernie Sanders. Yet American socialists have criticized Sanders, arguing that he is not really a socialist because he aims to reform capitalism rather than to replace it

[32] Pius XI, *Quadragesimo Anno*, 113.

[33] Cf. *Third Way*, a Wiki-article available online—see the section *References* for details.

with an entirely different socialist system.[34] Sanders' recent pronouncements do not show signs of such timidity. For instance, after the 2017 general election in the U.K., Sanders wrote in *The New York Times* that "the British elections should be a lesson for the Democratic Party" and urged the Democrats to stop holding on to an "overly cautious, centrist ideology," arguing that "momentum shifted to Labour after it released a very progressive manifesto that generated much enthusiasm among young people and workers."[35]

Without delving more deeply into the numerous, nuanced versions of moderated socialism, suffice it to quote at some length here the words of Pope Pius XI on moderated socialism:

> But what if Socialism has really been so tempered and modified as to the class struggle and private ownership that there is in it no longer anything to be censured on these points? Has it thereby renounced its contradictory nature to the Christian religion? This is the question that holds many minds in suspense. We make this pronouncement: Whether considered as a doctrine, or an historical fact, or a movement, Socialism, if it remains truly Socialism, even after it has yielded to truth and justice on the points which we have mentioned, cannot be reconciled with the teachings of the Catholic Church because its concept of society itself is utterly foreign to Christian truth. . . .
>
> For if the class struggle abstains from enmities and mutual hatred, it gradually changes into an honest discussion of differences founded on a desire for justice, and if this is not that blessed social peace which we all seek, it can and ought to be the point of departure from which to move forward to the mutual cooperation of the Industries and Professions. So also the war declared on private ownership, more and more abated, is being so restricted that

---

[34] Patricia Murphy, "Real Socialists Think Bernie's a Sellout," *The Daily Beast* (13 October 2015); available online—see the section *References* for details.

[35] Bernie Sanders, "How Democrats Can Stop Losing Elections," *The New York Times* (June 13, 2017); available online—see the section *References* for details.

now, finally, not the possession itself of the means of production is attacked but rather a kind of sovereignty over society which ownership has, contrary to all right, seized and usurped. For such sovereignty belongs in reality not to owners but to the public authority. If the foregoing happens, it can come even to the point that imperceptibly these ideas of the more moderate socialism will no longer differ from the desires and demands of those who are striving to remold human society on the basis of Christian principles.

Such just demands and desire have nothing in them now which is inconsistent with Christian truth, and much less are they special to Socialism. Those who work solely toward such ends have, therefore, no reason to become socialists.

Yet let no one think that all the socialist groups or factions that are not communist have, without exception, recovered their senses to this extent either in fact or in name. For the most part they do not reject the class struggle or the abolition of ownership, but only in some degree modify them. Now if these false principles are modified and to some extent erased from the program, the question arises, or rather is raised without warrant by some, whether the principles of Christian truth cannot perhaps be also modified to some degree and be tempered so as to meet Socialism halfway and, as it were, by a middle course, come to agreement with it. There are some allured by the foolish hope that socialists in this way will be drawn to us. A vain hope! . . .

Because of the fact that goods are produced more efficiently by a suitable division of labor than by the scattered efforts of individuals, socialists infer that economic activity, only the material ends of which enter into their thinking, ought of necessity to be carried on socially. Because of this necessity, they hold that men are obliged, with respect to the producing of goods, to surrender and subject themselves entirely to society. Indeed, possession of the greatest possible supply of things that serve the advantages of this life is considered of such great importance that <u>the higher goods of man, liberty not excepted, must take a secondary place and even be sacrificed to the demands of the most efficient pro-</u>

> duction of goods [underlining added]. This damage to human dignity, undergone in the "socialized" process of production, will be easily offset, they say, by the abundance of socially produced goods which will pour out in profusion to individuals to be used freely at their pleasure for comforts and cultural development. Society, therefore, as Socialism conceives it, can on the one hand neither exist nor be thought of without an obviously excessive use of force; on the other hand, it fosters a liberty no less false, since there is no place in it for true social authority, which rests not on temporal and material advantages but descends from God alone, the Creator and last end of all things.
>
> If Socialism, like all errors, contains some truth (which, moreover, the Supreme Pontiffs have never denied), it is based nevertheless on a theory of human society peculiar to itself and irreconcilable with true Christianity. Religious socialism, Christian socialism, are contradictory terms; no one can be at the same time a good Catholic and a *true* socialist.[36]

There is much more to be said about the *insurmountable* difficulties and dangers with implementing any form of socialism, and the inevitable disastrous consequences, however moderated to distance itself from more complete versions of socialism and communism it may be. We will let the history of the socialist regimes speak to that for the historically educated reader and turn now to what is specifically needed to reform *capitalism* as it is found in the West, and now virtually worldwide.

---

[36] Pius XI, *Quadragesimo Anno*, 117, 114, 115, 116, 119–120. Popes thereafter have continuously reaffirmed these teachings. See, for example, John XXIII, *Mater et Magistra* (Rome 1961), 34; Paul VI, *Octogesima Adveniens* (Vatican 1971), 31; Benedict XVI, *Deus Caritas Est* (Rome 2005), 28; John Paul II, *Centesimus Annus* (Rome 1991), 13.

Specific Solutions

In 2012 researchers at the IMF discovered that fractional reserve banking is inherently unstable and is the primary cause of both national and private debt (*ergo* the concentration of wealth). They wrote:

> At the height of the Great Depression [1929–39] a number of leading U.S. economists advanced a proposal for monetary reform that became known as the Chicago Plan. It envisaged the separation of the monetary and credit functions of the banking system, by requiring 100% reserve backing for deposits. Irving Fisher (1936) claimed the following advantages for this plan: (1) Much better control of a major source of business cycle fluctuations, sudden increases and contractions of bank credit and of the supply of bank-created money. (2) Complete elimination of bank runs. (3) Dramatic reduction of the (net) public debt. (4) Dramatic reduction of private debt, as money creation no longer requires simultaneous debt creation. We study these claims by embedding a comprehensive and carefully calibrated model of the banking system in a DSGE model of the U.S. economy. We find support for all four of Fisher's claims. Furthermore, output gains approach 10 percent, and steady state inflation can drop to zero without posing problems for the conduct of monetary policy.[37]

The IMF authors noted that all four of the benefits of the Plan foreseen by Fisher were supported by their research, as well as increased output gains and no inflation.[38] Although such a reform could be accomplished very easily, the IMF has done nothing to support this much needed reform. The fundamental reform is simply to require banks to have $1 on deposit for every $1 they loan. This is called *full reserve* or

---

[37] IMF Working Paper, *The Chicago Plan Revisited*, prepared by Jaromir Benes and Michael Kumhof, Research Department, authorized for distribution by Douglas Laxton (August 2012), 1; available online—see the section *References* for details.

[38] *Ibid.*

100% reserve banking, and would replace FRB, adding the 7th benefit listed below. This reform would have to be implemented gradually over a period of 1 or 2 years with the purchase of government bonds by governments (with new government-issued money) to provide the capital and deposits necessary to enable banks gradually to achieve the 100% deposit requirement (100% RRR). The benefits are noteworthy, supported by the IMF research, and earlier, by Milton Friedman:[39]

- Better Control/Reduction of Business Cycle Fluctuations (the Boom/Bust Cycles).
- Elimination of Bank Runs.
- Dramatic Reduction or Elimination of National Debt.
- Dramatic Reduction of Private Debt.
- National Output Gains of 10%.
- Inflation Reduced to Zero.
- Elimination of the Concentration of Wealth due to Fractional Reserve Banking.

Conclusion

Genuine reform of capitalism into a free market economy is possible, and does not advocate that the State nationalize the banking system—which is really another form of socialism (and a dangerous violation of the principle of subsidiary)—rather, authentic reform requires that private individuals and privately owned corporations (i.e., private banks) not arrogate to themselves and for their personal gain any exclusive or semi-exclusive right to create money (and that laws be reformed accordingly), which is a grave injustice and the root instrumental cause of the worldwide concentration of wealth in fewer and fewer private

[39] See Friedman, *A Program for Monetary Stability*.

hands[40] (most of the recent wealth concentration has gone not even to the top 1%, but to the top .1%, especially, but not exclusively, to those in banking and finance). Pope Francis challenged economic leaders including many bankers assembled in Davos in 2014 to put their wealth at the service of humanity instead of leaving most of the world's population in poverty and insecurity. Pope Francis was exactly correct in calling for the need to resolve the structural causes of poverty and for mechanisms and processes to be directed to a better distribution of wealth. The principal structural case of poverty is FRB. Unfortunately, all economists and bankers of the last two generations have been raised with this profoundly unjust structure of sin, and even if they are among the relatively few who fully understand its implications and inevitable consequences, they take it for granted that it is moral and not subject to reform. As Upton Sinclair sagely noted, it is difficult to get a man to understand something when his salary depends on his not understanding it.

Likewise, many Catholic moralists take it for granted that because it is now privileged legally it is moral, and must be the result of free exchange in a free market (or those more poorly informed assume it is a form of usury, which is an incorrect assumption or only partially true in its least significant part). But here again, the Magisterium (cited above) has it correct: over the last 300 years unseen forces with irresist-

---

[40] Caveat: while reducing private bank money creation is a good thing in itself—absent safeguards the Chicago Plan *per se* would increase State control over the economy, and it does not abolish fiat money which would be more subject to political control (and monetary expansion) under the Chicago Plan. As noted in the draft *Monetary Reform Act* and by Dr. Friedman, remedies to those two deficiencies would be that either monetary growth must be regulated by a Constitutional or legislative change establishing either a zero (i.e., stable supply—no change) or a low fixed rate of annual growth (such as 3%), or, fiat money should be replaced with a commodity-based money such as gold (and/or silver or whatever the free market develops as money), to prevent the government from debasing the currency. Promoting those additional safeguarding elements would also be huge improvements over the current system.

ible power—the power of the creation and control of money—have introduced influences and obstacles to development which go far beyond the actions and brief life span of an individual, vitiating a free and fair market economy and corrupting the political/legal system to achieve this present unjust banking mechanism, worldwide, which is rapidly concentrating all wealth in a very few hands, impoverishing the vast majority of humanity "whose anguish is our anguish."

Reforming the Primary Instrumental Cause of Increasing Income Inequality

SUMMARY

It is undisputed that fewer and fewer people own and control more and more of the total material wealth of the world, and conversely, that more and more people—the vast majority of mankind—own and control less and less of it, which situation is rapidly worsening. This paper identifies and examines the primary instrumental cause (i.e., prescinding from human avarice) for that phenomenon, which we argue is the usurpation of the sovereign right of money creation, known as *seigniorage* (from the Old French *seigneuriage*, "right of the lord to mint money"). This usurpation has been accomplished by a cunning and complex banking technique known as *fractional reserve banking*, which enables banks to make loans based on the fraudulent representation that they possess sufficient reserves to back the loans (described in detail in the article). Originally considered criminal, and its practitioners even subject to the death penalty, over the last three centuries by hook or by crook fractional reserve banking has been legalized in nearly all the nations of the world, to the benefit of bankers and the harm of all other economic sectors and the public.

The article then examines the deleterious effects of fractional reserve banking on capitalism, and how its extirpation may be accomplished, thereby reforming capitalism—"which is not of its nature vicious"—into a more just economic system. Finally we note how socialism—in any of its various stripes—is radically contrary to the private ownership of material goods necessary for proper human liberty, and rooted as it is in the purely materialistic notion that man should be subject to the State or society in order to to maximize production, *cannot* be acceptably reformed. Economics is not necessarily a zero sum game: even when vitiated by fractional reserve banking capitalism will result in greater total wealth, but shared more and more unequally, whereas socialism inevitably results in less total wealth, recalling Winston Churchill's apt observation

that: “The inherent vice of capitalism is the unequal sharing of the blessings. The inherent virtue of socialism is the equal sharing of the miseries.”

KEYWORDS

economic inequality, fractional reserve banking, full reserve banking, *seignoirage*, capitalism, socialism, free market economics, economic reform.

REFERENCES

Aquinas, Thomas. *On Kingship*. Translated by G. B. Phelan & I. Th. Eschmann. Pontifical Institute of Mediaeval Studies, 1949.

Benedict XVI. *Deus Caritas Est*. Rome 2005. Available online at: http://www.vatican.va/content/benedict-xvi/en/encyclicals/documents/hf_ben-xvi_enc_20051225_deus-caritas-est.html. Accessed Aug. 20, 2019.

Fractional reserve banking. A Wiki-article available online at: https://wiki.mises.org/wiki/Fractional_reserve_banking. Accessed Aug. 20, 2019.

Francis. *A Message to the Executive Chairman of the World Economic Forum on the Occasion of the Annual Meeting at Davos-Klosters, Switzerland*. Vatican, Jan. 17, 2014. Available online at: http://www.vatican.va/content/francesco/en/messages/pont-messages/2014/documents/papa-francesco_20140117_messaggio-wef-davos.html. Accessed Aug. 20, 2019.

Francis. *Evangelii Gaudium*. Rome 2013. Available online at: http://www.vatican.va/content/francesco/en/apost_exhortations/documents/papa-francesco_esortazione-ap_20131124_evangelii-gaudium.html. Accessed Aug. 20, 2019.

Friedman, Milton. *A Program for Monetary Stability*. New York: Fordham University Press, 1959.

Gaudium et Spes. Pastoral Constitution on the Church in the Modern World. Promulgated by His Holiness, Pope Paul VI on Dec. 7, 1965. Available online at: http://www.vatican.va/archive/hist_councils/ii_vatican_council/documents/vat-ii_const_19651207_gaudium-et-spes_en.html. Accessed Aug. 20, 2019.

Hamilton, Jesse. “U.S. Banks Had Second-Best Earnings Ever in 2012, FDIC Says.” *Bloomberg* (Feb. 26, 2013). Available online at: https://www.bloomberg.com/news/articles/2013-02-26/u-s-banks-report-second-best-earnings-ever-in-2012-fdic-says. Accessed Aug. 20, 2019.

Hamilton, Jesse. “U.S. Banks Posted Record Profits in Second Quarter, FDIC Says.” *Bloomberg* (Sept. 2, 2015). Available online at: https://www.bloomberg.com/news/articles/2015-09-02/u-s-banks-posted-record-profits-in-second-quarter-fdic-says. Accessed Aug. 20, 2019.

Huerta de Soto, Jesús. *Money, Bank Credit, and Economic Cycles*. Translated by Melinda A. Stroup. Auburn: Ludwig von Mises Institute, 2006.

IMF Working Paper. *The Chicago Plan Revisited*. Prepared by Jaromir Benes and Michael Kumhof. Research Department. Authorized for distribution by Douglas Laxton. August 2012. Available online at:

http://www.imf.org/external/pubs/ft/wp/2012/wp12202.pdf. Accessed Aug. 20, 2019.

John XXIII. *Mater et Magistra*. Rome 1961. Available online at: http://www.vatican.va/content/john-xxiii/en/encyclicals/documents/hf_j-xxiii_enc_15051961_mater.html. Accessed Aug. 20, 2019.

John Paul II. *Centesimus Annus*. Rome 1991. Available online at: http://www.vatican.va/content/john-paul-ii/en/encyclicals/documents/hf_jp-ii_enc_01051991_centesimus-annus.html. Accessed Aug. 20, 2019.

John Paul II. *Christifideles Laici*. Rome 1988. Available online at: http://www.vatican.va/content/john-paul-ii/en/apost_exhortations/documents/hf_jp-ii_exh_30121988_christifideles-laici.html. Accessed Aug. 20, 2019.

John Paul II. *Sollicitudo Rei Socialis*. Rome 1987. Available online at: http://www.vatican.va/content/john-paul-ii/en/encyclicals/documents/hf_jp-ii_enc_30121987_sollicitudo-rei-socialis.html. Accessed Aug. 20, 2019.

Johnston, Kevin B. "The 10 Biggest Banks in the World." *Investopedia* (Nov. 21, 2019). Available online at: https://www.investopedia.com/articles/investing/122315/worlds-top-10-banks-jpm-wfc.asp. Accessed Aug. 20, 2019.

Leo XIII. *Quod Apostolici Muneris*. Rome 1878. Available online at: http://www.vatican.va/content/leo-xiii/en/encyclicals/documents/hf_l-xiii_enc_28121878_quod-apostolici-muneris.html. Accessed Aug. 20, 2019.

Leo XIII. *Rerum Novarum.* Rome 1891. Available online at: http://www.vatican.va/content/leo-xiii/en/encyclicals/documents/hf_l-xiii_enc_15051891_rerum-novarum.html. Accessed Aug. 20, 2019.

Murphy, Patricia. "Real Socialists Think Bernie's a Sellout." *The Daily Beast* (Oct. 13, 2015). Available online at: https://www.thedailybeast.com/real-socialists-think-bernies-a-sellout. Accessed Aug. 20, 2019.

Paul VI. *Octogesima Adveniens*. Vatican 1971. Available online at: http://www.vatican.va/content/paul-vi/en/apost_letters/documents/hf_p-vi_apl_19710514_octogesima-adveniens.html. Accessed Aug. 20, 2019.

Paul VI. *Populorum Progressio*. Rome 1967. Available online at: http://www.vatican.va/content/paul-vi/en/encyclicals/documents/hf_p-vi_enc_26031967_populorum.html. Accessed Aug. 20, 2019.

Pius XI. *Divini Redemptoris*. Rome 1937. Available online at: http://www.vatican.va/content/pius-xi/en/encyclicals/documents/hf_p-xi_enc_19370319_divini-redemptoris.html. Accessed Aug. 20, 2019.

Pius XI. *Quadragesimo Anno*. Rome 1931. Available online at: http://www.vatican.va/content/pius-xi/en/encyclicals/documents/hf_p-xi_enc_19310515_quadragesimo-anno.html. Accessed Aug. 20, 2019.

Pontifical Council for Justice and Peace. *Towards Reforming the International Financial and Monetary Systems in the Context of Global Public Authority* (2011). Available online at: http://www.vatican.va/roman_curia/pontifical_councils/justpeace/documents/rc_pc_justpeace_doc_20111024_nota_en.html. Accessed Aug. 20, 2019.

Sanders, Bernie. "How Democrats Can Stop Losing Elections." *The New York Times* (June 13, 2017). Available online at: https://www.nytimes.com/2017/06/13/opinion/bernie-sanders-how-democrats-can-stop-losing-elections.html. Accessed Aug. 20, 2019.

Third Way. A Wiki-article available online at: https://en.wikipedia.org/wiki/Third_Way. Accessed Aug. 20, 2019.