Table 13.1

Ancient, Oligarchic and Socialist Economic Relations		
Bronze Age Near Eastern Monarchies	**Western Democracy / Oligarchy**	**Socialism**
The market is regulated by the palace administering land tenure, credit terms and interest rates. But trade and other activities are delegated to merchants. The result is a palace-dominated mixed economy.	Financial and landlord oligarchies unseat kings and minimize state power, public spending and regulation. Economies polarize as the state serves the wealthy at the expense of overall prosperity.	A state-regulated economy administers basic prices and public services, leaving opportunity for business innovation to create personal fortunes within limits, but not letting wealthy families monopolize national growth and prosperity.
Land is a public utility, allocated in standardized lots with holders owing corvee labor, service in the armed forces, and in some cases sharecropping payments to the palace. The aim is to preserve smallholders as viable taxpayers, free from debt bondage.	Land becomes "commodified" as the crop surplus is concentrated in the hands of absentee landlords becoming an entrenched oligarchy. *Latifundia* are farmed by tenant labor (initially working off their debts), slaves and later by serfs. Housing becomes debt-financed and its price inflated on credit.	State ownership of land manages it as a public utility, but may lease it. Owner-occupancy is promoted by a land-rent tax that discourages absentee ownership and debt financing that turns rent into interest payments instead of tax revenue.
Citizens are self-supporting on the land, but pay debts by working for their creditors and turning over crops.	Pro-creditor laws force debtors into clientage, leading to debt bondage and ultimately to serfdom.	Citizens receive basic needs as a human right without a need for debt financing for housing, health care and education.
Money is developed to denominate debts, public services and taxes, above all to the palace and temples, by standardizing prices for products designated for such payments.	Monetary fortunes and hence credit shift to private owners. Silver money is still given value by being accepted as taxes and tribute.	The state creates money and credit as a public utility. Its central bank extends credit for public purposes, not for financial speculation.

Major prices are administered for payment of taxes and other transactions between the community and the palatial economy.	Prices may be controlled for basic needs such as food. But most services and prices are privatized, leading to monopoly rents and profits.	Basic needs and services are provided freely or at subsidized prices. The aim is not to make a profit but to subsidize widespread growth.
Debts and their associated clientage to creditors are reversible, being cancelled by new rulers taking the throne or in times of economic disruption or warfare.	Debts are irreversible as they accumulate over time. Advocates of debt cancellation are denounced by oligarchies and often killed. Modern bankruptcy laws only cancel debts on a case-by-case basis.	Debts are written down when that is needed to avoid major close-downs and economic disruption.
The palace and temples are the major early creditors. Hence, royal Clean Slates are cancelling debts mainly to the palatial economy itself.	Credit is privatized, and debts are cancelled only by civil war. Debt dependency, clientage and forfeiture of land become irreversible.	The state is the major creditor via its public banks, and treats credit as a public utility to finance tangible investment and growth.
"Divine kingship" is sanctified by rulers being subordinate to their patron deities and the ethic of justice and equity protecting the weak (widows and orphans) from the strong and powerful (creditors).	Monetary fortunes and money-love (wealth addiction) break "free" of public regulation, as the wealthy gain control of ideology and religion. Private charity replaces public social welfare spending.	The state and its officials are committed to protect overall prosperity and restrict the power of wealthy individuals to act in ways adverse to public policy and prosperity.
Restoring widespread self-support and viability preserves a resilient economy. Royal Clean slates and palace regulation prevent an independent creditor-landlord power base from emerging more than temporarily.	Social resilience is lost as a creditor-landlord oligarchy gains control of the state to enact pro-creditor laws, administer its courts and prevent debt cancellations and land redistribution.	Resilience is achieved by subordinating personal wealth-seeking, above all in finance and land tenure, to social objectives. Wealthy individuals remain subject to public oversight.
The palace is the major customer and also creditor for merchants. Unlike the grain debts of smallholders, mercantile silver-debts are not cancelled by Clean Slates.	States and localities become net debtors to a creditor oligarchy, which privatizes tax collecting and mobilizes state power to enforce its claims on debtors.	The state organizes money and credit as a public utility, adjusting debt service to the ability to pay without causing economic disruption.

Circular time: Rulers intervene from outside "the market" by proclaiming Clean Slates to restore economic balance as an idealized *status quo ante*. That reverses the buildup of debts, bondage and forfeiture of land for debt arrears.	Linear time: Economic inequality, debt bondage and loss of land rights become cumulative and irreversible as debts and financial savings grow exponentially. The resulting economic polarization is only reversed by revolution.	State-sponsored stability prevents a financial debt cycle from emerging. Debts may be written down to save individuals or firms threatened by insolvency when that would disrupt the economy.

Credit and debt regulation as a natural public utility

When the basic economic elements of markets were being put in place in the third millennium BC in Mesopotamia and Egypt, almost all transactions during the crop year took place on credit, from farming inputs to drinking beer at the public ale house. The palatial sector developed the monetary and credit system to facilitate fiscal account-keeping and resource allocation, and leased land on tenure arrangements that obliged its holders to provide corvée labor to build public infrastructure and serve in the military.

Money was innovated as an administrative device to allocate the flow of labor, crop production, temple handicrafts and foreign trade, not as a commodity to enable its holders to disrupt this economic order. Harvest time was the occasion for smallholders to settle the debts that they had run up during the crop year. These debts were denominated in grain, and were paid on the threshing floor, the point at which actual money payment was required. Most agrarian debts were owed to the palace and temples, as well as to officials acting on their own account.

Silver was the unit of account for merchants, who typically paid debts at the end of their contracted voyage or trading venture (typically five years). The palace for its part kept unified economic accounts by setting a unit of grain equal to a unit of silver for keeping balance sheets of its relations with the rest of the economy. This created a common denominator to consolidate its various operations, track income and spending, and calculate overall institutional surpluses and deficits.

Agrarian debtors who could not pay enough grain or other crops to settle their debts at harvest time usually had to pay the remaining debt balance by performing labor services for their creditors. This caused a fiscal tension between the palatial economy and individual creditors. Early societies could not afford to leave private creditors with a "free" right to enserf the population and take crops for themselves at the