

## Essay on "Original Wealth" and "Natural Economic Law"

by **Thayne Cozart**

President Emeritus, National Organization for Raw Materials (**NORM**)

With the U.S. economy buried in both public and personal debt — all because of poor and misdirected national economic policy — it's appropriate to discuss the concept of "Original Wealth," as compared to just plain ol' "Monetary" wealth or "Add-On" wealth. Additionally, there's a vital need for better understanding of why agriculture and from-the-Earth raw materials play an indispensable role in the discussion.

Let's begin with a definition of "original wealth." It's any physical "something" that is created naturally or provided by human labor, but hasn't yet entered the realm of economics because it hasn't been priced. By its very definition, "original wealth" has an origin. That origin is firmly rooted in Our Mother Earth.

Humans had no role in the creation of the most basic free-of-cost forms of original wealth. We didn't create the air we breathe. We didn't create the water we drink. We didn't create the living, fertile soil. We didn't create cellular photosynthesis. We didn't create the untold trillions of microbes in the soil, or in digestive systems, or the plankton in oceans that work for free for themselves and for mankind every moment in time. And, yet, all forms of human wealth are entirely dependent upon these "free" forms of "original wealth."

Yet, mankind does bring forth "original wealth" from the Good Earth, predominantly through farming, ranching, mining, drilling, logging and fishing. Everything in the economy -- from sewing needles to space needles, from toothpicks to nuclear reactors, from a slice of bacon to every single computer chip, from the myriad of plastics, to fuels, to a can of green beans — is original wealth that originates from Our Good Earth.

Everything that happens to "original wealth," after it is produced, priced, and sold as it moves through the economy becomes some level of "add-on" or "monetary" wealth.

Benjamin Franklin, one of our nation's most astute founding fathers understood the role of agriculture in original wealth creation. Here's his famous quote on the subject: :

*"There seem to be but three ways for a nation to acquire wealth. The first is by war. This is robbery. The second by commerce, which is generally cheating. The third by agriculture, the only honest way, wherein man receives a real increase of the seed thrown into the ground, in a kind of continual miracle ..."*

Extrapolating Franklin's quote to real life, a simple, clear example is a plain ol' ear of corn. An internet search reports that the number of kernels on an ear of corn ranges from 400-800 — so call

the average 600. Original wealth is created when a farmer plants a single kernel of corn and five months later at harvest that single kernel yields 600 kernels. Eureka! Bonanza! A 600-fold increase — and every kernel represents original wealth.

But, it's monetary value hasn't been determined yet. That value is determined by the price that mankind places on it before it's sold. **Failure to price original wealth adequately, fairly, and wisely is mankind's biggest and most costly failure.**

Now's the time to introduce two other important terms when it comes to a discussion about "original wealth." Both, sadly, have fallen out of favor in current day economics and in education.

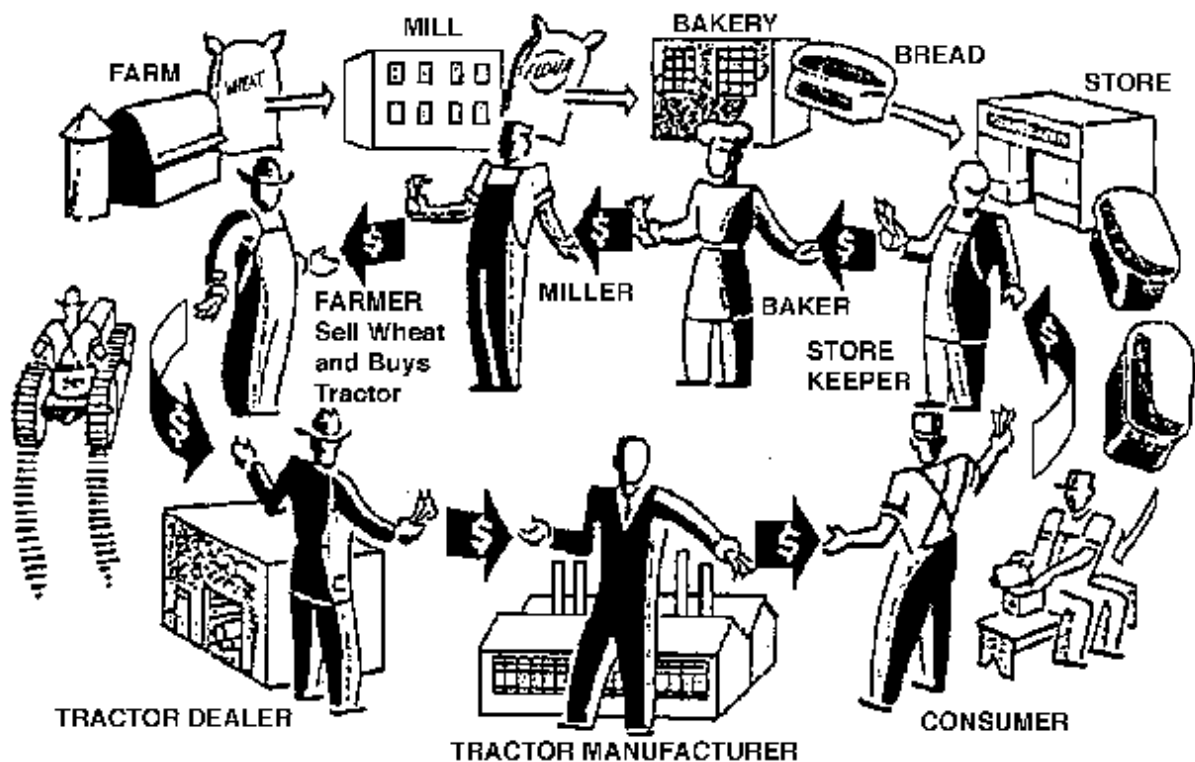
First is the "trade turn." It is the number of times the money from a unit of priced and sold "original wealth" moves through the economy — or trades hands — until its effect or influence runs out. **The end value to the U.S. from the national trade turn of "original wealth" is a function of both production and price per unit.**

Increase in raw materials production is a slow and costly process, largely dependent on applied research, production innovations, labor supply, geography and favorable weather. In contrast, increases in unit-price can be made quickly and inexpensively through wise and proven policy.

The trade turn for agricultural commodities has long been considered as five or higher. Since the trade turn is influenced higher by increases in production efficiency, the current trade turn certainly is much higher than five.

Also, 70 percent of "original wealth" that enters and leaves the economy annually is food and fiber. Once used, it disappears forever. Any "add-on" wealth it represented, but wasn't achieved, is also gone forever.

The second term — the "distribution cycle" — no longer is discussed in classrooms, nor printed in texts or references. The "distribution cycle" is pictured. However, it still exists and the accompanying drawing clearly illustrates how the "trade turn" works — influenced by both production units and price per unit. It is the economic mechanism that provides and distributes all the *earned* "add-on" wealth or "monetary" wealth to our capitalist economy.



The end-game of the annual nation-wide distribution cycle is our National Income statistic. Thankfully, most years the U.S. achieves a bumper harvest of food and fiber “original wealth.” But, sadly, those bumper harvests don’t prevent economic crisis on America’s farms and ranches. Too often, the rural sector of our economy remains on the cusp of a re-run of the farm crisis of the 1980s, complete with bankruptcies, auctions, bank crises, and a long list of other costly economic and social maladies.

A bountiful harvest should be considered a boon. Yet, predictably, the media deems it a “surplus” with predictions of gloom and doom about the “burden on prices” of a bountiful harvest. Here’s what is not factored into the commodity news. There is always a temporary surplus after harvest because there is only short-term demand, but a 365-day supply. And, remember, so called surplus is always used somewhere, somehow. It is never discarded. It always has some value.

**Here’s an important question: How can you have too much “food and fiber original wealth” in a hungry and debt-ridden world? You can’t. Bountiful harvests are not a burden. They represents a potential bonanza of “add-on” and “monetary” wealth, providing it’s properly monetized as it enters the economic chain.**

So, now this discussion on monetizing “original wealth” comes down to policy. The U.S. errs in even having an official “farm policy,” because farm policy is more correctly, and nothing more than, monetary policy. And, monetary policy is constitutionally placed as a congressional responsibility. In the Constitution, Article I, Section 8, Clause 5 is known as the coinage clause. It gives Congress the exclusive power to coin and regulate money. It says:

*"The Congress shall have the power to coin Money, regulate the Value thereof, and of foreign Coin, and fix the Standard of Weights and Measures."*

Our nation's Founding Fathers granted monetary policy exclusively to the Congress, the people's branch of government, not to the Federal Reserve or any other entity.

For that reason alone, the Congress should concentrate on "original wealth policy." In short, U.S. economic policy should laser focus on how best to "monetize" its bounty of annually produced "original wealth" brought forth from farming, ranching, mining, drilling, logging, and fishing. Just watch that "original wealth" from our annual crop harvests move through the distribution cycle and the trade turn. As mentioned before, **its final "monetary" or "add-on" wealth creation is dependent on both total production and price per commodity unit.** As both go up, astounding sums of tens of billions of dollars of "add-on" or "monetary" wealth is created. All that wealth can be more equitably distributed through the entire economy, but at present it isn't.

**Determining the size and value of our national economy boils down to simple arithmetic. It doesn't require computers or artificial intelligence to determine its annual end value. It's units of commodity production multiplied times price per unit sold equals "primary original wealth income." That primary income multiplied times the trade turn equals the final gross monetized value of all the nation's "original wealth" after it has completed the distribution cycle.**

It's a fallacy to believe supply and demand solely determine price. Supply and demand does not exclusively determine price — policy does. Why? Because it's impossible to know where the top-side of demand is until consumers have the ability to buy what they want — not what they can afford — without going into debt (credit cards).

Does anyone think that ramen noodle eaters — if they had sufficient earned income to spend — wouldn't prefer hamburger or chicken wings or even a nice TV dinner? Of course they would. So, their limited ability to spend is a downward damper on demand.

So, why doesn't the U.S. have a mechanism to properly price "edible and fiber" commodities so that disposable income from every productive acre of Mother Earth is maximized?

Both political parties are equally guilty of prioritizing "corporate" capitalism over "people's" capitalism and free trade over wise and well-managed trade. Corporate capitalism, without stringent oversight through antitrust enforcement, is an all-out, no-holds-barred quest to capture market share by offering to the mass market a product or service that is "most affordable." That's a convenient, arbitrary, even sneaky, way to say "CHEAPEST!"

Corporate capitalism, as currently embedded in the economy, ends up accumulating extraordinary monetary wealth and economic power to a relatively few people or corporations. The top-heavy accumulation of monetary wealth is well recognized and discussed as a societal disrupter. It does not

produce general, across-the-board prosperity. It buys original wealth at too little price, then short-circuits the distribution cycle and its across-the-board benefits — to the detriment of all, but highly beneficial to a select few. For comparison, people's capitalism more equitably rewards the actual producers of "original wealth" and distributes the "monetary" wealth from top to bottom of society — not equally, but more fairly, by rewarding effective hard work, effort and innovation.

It cannot be denied that there are "hidden costs of cheap food." But those societal costs — the burden of which every American pays without knowing it — are never recognized nor mentioned by the mass media, by social media, by economists, by academics, by the U.S. Dept. of Agriculture, or the Federal Reserve. And yet, they are an observable fact. Those hidden costs of cheap food start with the obvious — the billions of dollars in farm and ranch subsidies paid out annually through Congressional policy law [The Farm Bill], or special Congressional compensations for emergencies, to keep farmers and ranchers financially afloat and producing without marketplace profit.

Those billions of subsidies would be unnecessary if farmers and ranchers were able to garner profitable prices from the marketplace that keep them financially apace with the other economic sectors.

There are myriad other hidden costs of cheap food. Some obvious ones are farm, ranch, and agribusiness bankruptcies and/or foreclosures, dispersal auctions, and legal fees. Debt-ridden farmers do not buy new equipment, but make-do and extend the useful life of used equipment, which hurts agribusinesses and agri-employment.

Long-term, the hidden cost of cheap food has directly accelerated the depopulation of rural America and the withering of formerly robust small rural towns and communities into forlorn enclaves with deteriorating infrastructure. and an aging population. The ever-increasing size of farms and consolidation of land into fewer and fewer hands is another obvious long-term hidden cost. Such a demoralizing list could go on and on, but the biggest burden to include as a hidden cost of cheap food is the ever-growing national debt and the equally burdensome personal debts — made clear by the trillions of dollars of unpaid credit card debt. All that debt is avoidable with proper policies in place.

The secret to monetizing "original wealth" is no secret. It's an intentionally buried historical fact — buried by powerful financial, educational and political interests. The solution? Simply return to the successful national economic policy enacted in the U.S. during the 1940s in the aftermath of WWII. It was called the Steagall Amendment. It worked through a congressionally-created mechanism called a non-recourse loan.

Here's roughly how a non-recourse loan worked. After the harvest of storable commodities — mainly corn, wheat, other grains and cotton — an "original wealth" creator (farmer) was offered a non-recourse loan on his production. The loan allowed the farmer be paid for his production at a per-unit

rate of legislatively mandated USDA-reported 90% parity. The value of the loan assured equitable exchange of that “original wealth” with the other sectors of the economy — which in turn enabled the trade turn to work effectively each year.

**It’s all important to note that this advanced payment was a *loan*, not a subsidy. While under the loan, the wealth did not enter commercial channels.**

That advance payment effectively optimized the disposable income (profit) of every bushel, bale, hundredweight and ton of commodities immediately following harvest. That simple policy action monetized the “original wealth.”

The farmer then either repaid the loan when he sold his commodity back into the economy, or kept the loan and released the wealth to the government for sale into commerce. Federal records prove the 1940’s program had minimal cost to the government.

As an additional benefit, any real surplus beyond regular use is stored by farmers at their expense, which serves as a national food reserve to use when annual production lags, or as a source for charitable global food donations or domestic food aid for the victims of natural disasters.

The Steagall Amendment, in effect, served as a “cost of living adjustment” for producers of original wealth. It made Mother Earth raw materials economically beneficial for a wide-swath of society. It worked to perfection for everyone but powerful financial interests, who benefit from debt, and global free trade advocates, who see maximum efficiency (cheap priced products) as the ultimate achievement.

**But, the most important outcome from the Steagall Amendment is that it proved — actually, demonstrated in real life — the existence of a “natural law of economics.”** After the amendment got the post-WWII economy back on its feet and thriving, those special interests -- who don’t prosper when Average Joe is living well with earned income and doesn’t need to acquire debt -- exercised their political influence and the Steagall Amendment went the way of the woolly mammoth and the free traders resumed their exploitive ways.

Critics of federal government involvement in advancing payments to farmers at harvest time -- claiming that it flies in the face free markets and impedes them-- should compare the essential production of food to the essential production of electricity.

Electric power company profit margins are set by regulatory commissions, usually state ones, not federal. Public reports on the range of profit margins allowed the companies by the rate commissions is 10% to 14%. The commissions apparently conclude that 10% to 14% profit is needed for the electricity companies to both stay in business and to serve customers reliably and affordably.

Now ask: Why are electricity rates that allow 10% to 14% profit margin deemed essential for electricity providers, and good for everyone, but never considered essential for food producers? Is electricity more essential to mankind than food and fiber? Certainly not! The U.S. economy has been headed for a crash down a sink-hole of debt in all the ensuing decades since the Steagall amendment was shelved. Average Joe, businesses, and the nation have been profit-squeezed and have been forced to replaced earned income with debt.

The evidence is as plain as the nearly \$40-trillion of national debt (early 2026) and trillions of dollars of credit card and personal debt in the U.S. It is a massive debt, accumulating compound interest by the minute, that can not be honestly repaid with a steady-value or shrinking-value dollar.

The interest the U.S. is paying per month on the national debt is \$88-billion -- more than is spent by the federal government on national defense and educational programs combined. That interest payment gets larger each month.

In concluding this “original wealth” and “natural economic law” discussion, it’s interesting that the natural laws of physics and math are universally accepted, never challenged, never questioned, but no one believes there could be a natural law of economics.

Why? The nation’s economic record proves that there is a natural law of economics, but powerful interests ignore its existence for selfish reasons.

History shows that properly monetizing “original wealth” and letting it move through the distribution cycle and the trade turn is both natural and sustainable and creates across-the-board prosperity.

A summary in one short statement: **The U.S. economy thrives, debt-free when the disposable income from the productive acres of Mother Earth — “Original Wealth” — is maximized annually.**

Let's close with this thought: The relentless drive for cheapness leads to debt, which leads to poverty, which spreads malnutrition, inability to think, faulty economics and social policy failure. Pursuing a ‘free lunch’ will ruin civilization. Guaranteed!

May, 2026