A REVOLUTIONARY BOOK OF ECONOMIC THEORY

ARM

The End of Debt

Domenico Alfieri

ARM
(Abolition, Redistribution, Money)

The End of Debt

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WHY THIS MODEL?

ARM theory belongs to everyone. The mathematics, logic, and vision of a debt-free economy must be freely accessible to anyone who wants to understand, share, and discuss them.

Knowledge should not be hidden behind economic barriers.

If you purchased this book, you have helped fund its translation, promotion, and distribution. If you downloaded it for free, you are helping spread these ideas to those who need them most.

Both paths serve the same goal: ending the debt system.

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AUTHOR'S NOTE

I am not an economist. I don't have a PhD in economics. I don't teach at any university. I don't work for banks or investment funds.

This is my strength, not my weakness.

I wrote this book using 21st-century tools: artificial intelligence to verify calculations, global economic databases to compare scenarios, computational models to test hypotheses.

I did what orthodox economists don't do: I questioned the fundamental axioms.

Every number in this book is verifiable. Every calculation is based on official data (Census Bureau, Federal Reserve, BEA, OECD). Every projection is mathematically coherent.

If you find errors in the calculations, let me know. I'll correct them.

But if the calculations are correct, then we must admit that alternatives exist.

The rest is political choice, not economic necessity.

Domenico Alfieri, October 2025

ARM

Abolition, Redistribution, Money

Work Less, Earn More, Pay Zero Taxes

New York, October 2025

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INTRODUCTION

Why I Wrote This Book

I am not an economist.

This characteristic has allowed me to observe the economic system from a different perspective, without the constraints of traditional schools of thought. Economics, in its essence, is simply: “How a community organizes resources to survive and prosper.”

Bees do it. Ants do it. Wolf packs do it.

They divide labor. They share resources. They protect the weak. They plan for winter.

No bee has an economics degree, yet bees have created an efficient economic system that has lasted millions of years:

Every bee has a role
Every bee contributes
Every bee eats
The colony prospers

Simple. Natural. Functional.

Portoferraio, Summer 2004: The Insight

It was a sunny day. I was sitting on a wharf at the port of Elba Island, eating ice cream. In front of me, an empty pier.

After a few minutes, three or four people approached. Sailors, dock workers. They were preparing ropes, checking mooring equipment.

At the same time, a yacht was entering the harbor. Not just a yacht, but a mega yacht – at least forty-five, maybe fifty meters. As the vessel approached, I could see one of the outer decks: a round table, ten people seated comfortably, a waiter serving them with ease.

In fifteen minutes the maneuvers were completed. The sailors on land tied the lines, positioned the fenders. Perfect. Then they left.

The ten people at the table continued dining peacefully. They hadn't even noticed the work done to allow them to arrive there.

In that moment I conducted a thought experiment.

What if those four workers on land hadn't been there?
The crew would have had to send a tender ashore. Someone would have had to interrupt their work for the mooring.

What if there weren't enough sailors?
The chef would have left the kitchen. The waiter would have stopped serving. The ten people would have had to wait.

What if we removed cooks and waiters too?
Those ten people would have had to get up. Prepare their own meals. Clean. Manage the maneuvers.

What if we removed all the staff?

Those ten people would have had to get to work. Grab the lines. Throw the fenders. Sweat. Toil. Or the yacht couldn't have docked.

The Truth Hidden in Plain Sight

Sitting on that wharf, I understood something elementary:

We give enormous importance to the yacht. To its fifty meters. To its several million dollars. We give zero importance to those who make things work.

The dock workers. The sailors. The cooks. The waiters. All the people working so that mega yacht can exist, navigate, dock, function.

Those ten people at the table could dine only because dozens of other people were working for them.

And this is the economy. All of economics.

It's not money that creates value. Not financial capital. Not the fifty-meter yacht.

It's labor. It's those who produce. It's those who make things work.

But the current economic system works in reverse.

Those who own the yacht have power. Those who work on it are dependent.
Those with financial capital make the rules. Those who produce real wealth submit.
Those who accumulate credits are rewarded with interest. Those who work are taxed on income.

The system values those who own, not those who do.

When Economics Became Complex

Human economics was equally straightforward in its fundamental principles. For 200,000 years, human tribes functioned with mechanisms similar to bees: division of labor, resource sharing, collective protection, planning.

Nobody needed differential equations to understand this.

Then something changed. About 5,000 years ago, with the advent of the first complex civilizations, economics began to stratify. Specialized figures emerged in resource control: priests who controlled granaries, bankers who lent at interest, specialists who elaborated complex distribution systems.

This growing complexity created new power dynamics.

Today economics is considered a science with complex equations, sophisticated charts, specialized technical terms. This sophistication has distanced the common citizen from understanding fundamental economic mechanisms.

Yet basic economic questions remain simple:

Who produces? (Workers)
What is produced? (Food, houses, clothes, services)
How is it distributed? (Through currency)
Who controls the currency? (Here complexity begins)

The first three questions have intuitive answers. The fourth question is what determines the power structure of the economic system.

My Path

That intuition born on a wharf stayed with me for years. I was not studying economics. I was occupied with other things. I had neither the time nor the tools to formalize what I had understood.

I knew the system was wrong. I knew why it was wrong. But I couldn't prove it mathematically.

Until today.

Modern tools – artificial intelligence, computational economic models, access to global economic databases – finally allowed me to do what I couldn't before: verify calculations, test models, formalize the theory.

And I discovered something extraordinary: the intuition held. The numbers worked. The model functioned.

I also discovered that other thinkers had intuited similar fragments:

Silvio Gesell and demurrage money
John Maynard Keynes and the Bancor
Modern Monetary Theory
David Graeber and debt jubilees

But nobody had integrated all these elements into a coherent system. Nobody had taken the next step: building a complete economic model, mathematically verifiable, immediately implementable.

Who This Book Is For

This book is not for academic economists, who already have their consolidated schools of thought. It is not for policy makers, who operate within defined political constraints.

This book is for anyone who wants to understand if an alternative mathematically sustainable economic model exists.

For those who work but struggle to make ends meet. For those who studied but can't find adequate employment. For those who pay high taxes and see insufficient public services. For those who wonder if the current system is the only possible one.

REAL economics – that of bees, that of tribes, that of fundamental principles – is understandable to anyone willing to follow logical reasoning. Complex finance is obscure, often deliberately.

This book will teach you to distinguish between the two.

What You'll Find in This Book

PART 1: ANALYSIS OF THE CURRENT SYSTEM (Chapters 1-2)

Global debt is mathematically equal to global credit
To reduce debt we must redistribute from creditors
Creditors have elaborated systems to resist redistribution
The fetishes of power: gold and "independent" central banks

PART 2: THEORETICAL PRECURSORS (Chapter 3)

Silvio Gesell and demurrage money
John Maynard Keynes and the Bancor
Modern Monetary Theory (MMT)

David Graeber and debt jubilees
Why nobody integrated all these elements

PART 3: THE ARM MODEL (Chapters 4a-4d)
The three pillars: tax abolition, automatic redistribution, money based on productive capacity
How it works technically
Why it eliminates the structural problem

PART 4: THE PRACTICAL SIMULATION (Chapters 5-7)
How ARM would work in developed countries (with detailed calculations)
The impact on daily life (through case studies)
How it would interact with the global economy

This Book's Objectives

If you read this book to the end, you will be able to:

1. UNDERSTAND FUNDAMENTAL ECONOMIC MECHANISMS
You'll understand what mainstream economists tend to take for granted or not emphasize in their analyses.

2. EVALUATE THE SYSTEM WITH A CRITICAL EYE
When you understand how the monetary system works, many political and economic decisions will appear in a different light.

3. JUDGE MATHEMATICAL FEASIBILITY
This isn't a book limited to criticism. It's a book that proposes an alternative model with verifiable numbers. You'll be able to evaluate for yourself if the calculations hold.

A Warning

This book might modify your perception of the economic system.

You'll understand that:

- Global debt is an accounting construction that hides power relationships
- The current system creates structural accumulation dynamics
- Theoretically sustainable alternatives exist, even if politically difficult
- The mathematically most elegant solution has been historically ignored

My Proposed Method

I don't ask you to "trust" me because I'm an expert (I'm not). I propose: "Look at the numbers. Do the calculations. Reason autonomously."

In the end you'll understand that:

Economics is simple in its principles. Complex finance is often obscure by design.

We need the first, not necessarily the second.

The Red Pill

In The Matrix (1999), Neo must choose between two pills:

Blue pill: remain in the illusion, continue believing the system is "natural" and immutable

Red pill: see reality, understand the system is a human construction that can be modified

This book is an economic red pill.

Once read, you can no longer believe that “there are no alternatives.” Alternatives exist, they are mathematically sustainable.

You can decide to prefer the current system. It’s a legitimate choice.

But you can no longer say “it’s impossible to do differently.”

The following pages show you the numbers. The rest is your choice.

New York, October 2025

A non-economist who understood what nobody explains

CHAPTER 1 — The Accounting Identity of Global Debt

Let’s do a very simple thought experiment.

Open any economic newspaper, turn on the evening news, listen to a political debate. Within minutes you’ll hear about public debt: Italian debt is too high, American debt is out of control, Greek debt almost destabilized Europe. Alarmist headlines daily inform us: “World debt exceeds $300 trillion!”

Numbers so large they become difficult to comprehend. Figures that seem like insurmountable problems, constraints for future generations, systemic threats to our civilization.

The Evening News

Imagine this scene. Evening news, 8:00 PM.

📺 ECONOMIC NEWS
———————————————————

The anchor, with a grave tone:

“Terrible news for the global economy. World public debt has reached a record $313 trillion today. A frightening number that represents a threat to future generations. Experts are deeply concerned.”

Commercial break. Three minutes later, same news program.

The anchor, now smiling:

“And now wonderful news! Global private credit has reached an extraordinary $313 trillion today. A historic achievement demonstrating the strength of the global financial system. Investors are optimistic.”

But… isn't that the same number?

The Obvious Question

Stop for a moment and ask an elementary, almost obvious question:

Who do we owe all this debt to?

To Mars? To Jupiter? To an alien civilization that lent us resources and now demands repayment?

No, obviously. We're on this planet, in a closed system. We human beings.

And here emerges the first fundamental accounting identity, the one that reveals the nature of the global economic system:

If the whole world has $313 trillion in debt, then someone somewhere has $313 trillion in credit.

It's elementary mathematics. It's basic accounting. For every debtor there must exist a creditor. For every liability there must exist an asset. One person's debt is always, necessarily, inescapably someone else's credit.

The Truth Hidden in Plain Sight

Consider this mechanism. When we hear "Italy has a public debt of $2.8 trillion," what does that mean technically? It means that someone – Italian citizens, banks, pension funds, foreign investors – owns Italian government bonds worth $2.8 trillion. The Italian government's debt is the investment, the asset, the credit of these creditors.

The same applies to every country in the world. French public debt is the credit of those who own French government bonds. American debt is the asset of those who purchased Treasury bonds.

Add up all these public debts, add private debts, corporate debts, mortgages, loans – and you get the famous $313 trillion of global debt.

But on the other side of the planetary balance sheet there are exactly $313 trillion in credit. Distributed differently, certainly. Concentrated in statistically significant ways, this is measurable. But they exist. They must exist. It's an accounting identity.

The Logical Impossibility

And here emerges the first structural implication.

We're told that "we must reduce debt." Fine, but how do you reduce debt in a closed system? If the world's total debt equals the world's total credit, the only way to reduce the former is to reduce the latter.

To decrease debt, we must decrease credit.

And how is this result obtained? There is only one possible mechanism: transfer resources from those who have credits (the creditors) to those who have debts (the debtors).

In technical terms: tax the creditors and use those resources to extinguish debts. When someone owes $100 to a bank and the state taxes the bank $100 to transfer it to the debtor so they can repay, what happens accounting-wise? Both the

debt and the credit disappear simultaneously. The system shrinks.

But here's the crucial observation: those who own credits have very strong incentives to maintain and protect them.

Credit as a Position of Power

Why this resistance to redistribution? The answer is structural: **credit represents power.**

Those who own credits have negotiating leverage over those who have debts. The creditor can influence the debtor's conditions. They can require interest rates. They can impose contractual clauses. They can, in systemic cases, influence the political choices of entire countries through sovereign debt mechanisms.

The debt system is not just an accounting problem. It's also an economic power structure.

And creditors have developed sophisticated mechanisms over recent centuries to protect themselves from redistributive taxation.

The Structural Paradox

Let's recap the implications of this analysis:

- Global debt is mathematically equal to global credit — it's an accounting identity
- To reduce debt we must reduce credit, meaning redistribute from creditors
- Creditors have developed effective mechanisms to resist redistribution

Credit represents power, and those with economic power have incentives to maintain it

Moderate inequality is functional, but excessive inequality is dysfunctional

A paradox therefore emerges: the current system generates unsustainable dynamics, but conventional mechanisms to rebalance it are structurally ineffective due to creditor resistance.

We find ourselves in an apparent stalemate. The system shows signs of stress, but traditional rebalancing tools (progressive taxation, fiscal redistribution) encounter systemic resistance.

An Unconventional Solution

And this is where a radically different approach comes into play, which we'll explore in the following chapters. An approach so counterintuitive, so apparently simple, and yet so rarely discussed that when you hear it you'll wonder why it was never seriously considered.

The proposal is this: if the problem is tax evasion, let's eliminate taxes.

If there's nothing to evade, the evasion problem disappears by definition.

But how can a modern state function without fiscal revenue? How are public services, infrastructure, welfare financed?

The answer will seem contrary to orthodox economic common sense. But in the next chapters you'll discover it might be the only mathematically coherent solution to the structural paradox we've identified.

Frequent Questions

Q: If global debt equals global credit, can't we just cancel both?
A: Theoretically yes. Practically, those holding the credit (wealthy individuals, institutions) have the political power to prevent it. The system is designed to maintain this asymmetry.

Q: Hasn't debt always existed in human societies?
A: Debt yes, but not this specific monetary system. For most of history, periodic debt cancellations (jubilees) prevented accumulation. The modern system removed this safety valve.

Q: What about national debt being "owed to ourselves"?
A: A misleading simplification. It obscures who specifically holds the credit (the wealthy) versus who bears the burden (everyone through austerity, inflation, or future taxation).

Q: Can't countries just "grow their way out" of debt?
A: The mathematics make this nearly impossible. Interest compounds faster than realistic growth rates. It's a treadmill designed never to stop.

Q: Why don't economists talk about this accounting identity?
A: They do, but rarely emphasize its implications. Admitting the system is mathematically unsustainable threatens vested interests who benefit from current arrangements.

CHAPTER 2 — The Fetishes of Power: Gold and Central Banks

In the first chapter we identified the fundamental accounting identity: global debt is mathematically equal to global credit, and the system presents structural incentives to maintain this asymmetry. But how has this system become so resistant to change? How has it become "natural" and "inevitable" in the collective imagination?

The answer lies in two constructs that have achieved the status of almost religious truths, of rarely contested dogmas: gold as the basis of monetary value and independent central banks as guarantors of stability.

We can call them, in an anthropological sense, economic fetishes: objects or concepts that have acquired symbolic power beyond their real function.

The Gold Myth

"Money must have intrinsic value."

How many times have we heard this statement? How many times have we been told that "serious" money must be anchored to something "real," "tangible"? And what could be more tangible, more durable, more "precious" than gold?

Gold shines. Gold doesn't rust. Gold is rare. Gold is… economically not very useful.

The Functional Analysis of Gold

Stop for a moment and consider: why should gold have intrinsic value?

It’s not edible. It doesn’t provide shelter. It doesn’t produce energy. If tomorrow you found yourself on a desert island with a kilo of gold and a kilo of grain, which would be more “precious” for your survival?

Gold has value because we have collectively decided it has value. It’s a social convention, nothing more. Like money itself, after all. But while we can issue money based on our productive needs, gold is limited by geology.

And it’s precisely this limitation that makes it functional as an instrument of economic control.

Scarcity as a Mechanism of Power

Here’s the real function of gold in the economic system: it creates artificial scarcity.

If money must be covered by gold, and gold is scarce by geological definition, then money will also necessarily be scarce. And if money is scarce, those who control it have negotiating leverage over those who need it.

It’s not coincidental that historically those who owned gold mines (or controlled gold trade) held disproportionate economic power. The Spanish and Portuguese empires conquered entire continents primarily to access their gold reserves. Not because gold was industrially useful, but because it allowed them to control money issuance.

The End of Gold (That Didn’t Really End)

On August 15, 1971, President Richard Nixon announced the end of dollar convertibility into gold. It was called the “end of the Bretton Woods system” or “the end of the gold standard.”

From that moment, the dollar – and with it all major world currencies – became fiat money: money by state decree, money without gold “backing.”

What happened? From an economic perspective, no collapse. Indeed, the global economy recorded significant growth in subsequent decades.

And yet still today, more than 50 years later, economic schools, politicians, commentators invoke the “return to gold.” As if it were a lost truth to recover.

Why the Myth Persists

The gold myth persists because it serves to justify monetary scarcity.

When someone states “we cannot issue money freely,” the subtext is: “we must maintain scarcity.” And scarcity means that those who own credits maintain the value of their assets protected from inflation.

Gold is the perfect symbol of this scarcity ideology. It’s the totem that justifies austerity, balanced budgets, “fiscal responsibility” that, in practice, means creditor protection.

But there’s a second, even more pervasive fetish: “independent” central banks.

The Cult of Independent Central Banks

“The central bank must be independent from political power.”

This is the other great contemporary economic dogma. It’s presented as a conquest of modern civilization, a guarantee of stability, a bulwark against irresponsible monetary policies.

But independent from whom, exactly? And in service of whom?

A Brief History of "Independence"

Central banks haven't always been "independent." For most of modern economic history, they were instruments of economic policy at the service of the state.

In Italy, until 1981, the Bank of Italy was obliged to purchase unsold government bonds on the market. This guaranteed that the state could always finance itself. In 1981 this practice was abolished – an event called the "divorce between Treasury and Bank of Italy."

Note the terminology: "divorce." The language implies there was something dysfunctional in the state controlling its central bank.

The Analysis of Independence

Here's the crucial observation: when we say central banks must be "independent from politics," we're actually saying they must be independent from representative democracy.

Consider this: who do we citizens elect? Political representatives. Who do we NOT elect? Central bankers. Yet central bankers make decisions that significantly influence the economy: interest rates, quantity of money in circulation, public debt financing.

"But this serves to protect the economy from populist decisions motivated by electoral consensus!"

This is the standard argument. But who, exactly, does this "independence" protect the economy from?

Independent From Politics, Aligned With Creditors

The observable reality is that "independent" central banks are not neutral. They're structured around a specific priority: price stability (keeping inflation low).

And why is inflation considered the primary economic problem?

Because inflation erodes the real value of credits.

If I, as a creditor, have lent you $1,000 and next year with that $1,000 you can buy 5% fewer goods, I, the creditor, lose 5% of the real value of my credit. Inflation redistributes wealth from creditors to debtors.

Therefore "independent" central banks are programmed to protect creditors from inflationary erosion. This is not an accidental consequence. It's their institutional mandate.

The Case of the ECB

The clearest example is the European Central Bank. Its statute provides that:

- The primary objective is "price stability" (keeping inflation low)
- "Monetary financing" of states is explicitly prohibited (issuing money to finance public spending)
- It is completely independent from national governments

Observable result: During the Eurozone crisis of 2010-2012, while citizens of Greece, Italy, Spain, Portugal experienced

mass unemployment and severe austerity, the ECB focused mainly on… avoiding inflation.

European peoples couldn't vote to modify its priorities. Elected governments couldn't influence its decisions. The ECB responded only to its statutory mandate: price stability.

This is the operational meaning of "independence."

The False Dichotomy

We're presented with a binary choice:

EITHER independent central banks that protect against political irresponsibility OR politicians who print money uncontrollably causing hyperinflation

But this is a false dichotomy. The real structural question is: who should monetary policy serve?

In service of creditors (savers, banks, investors) who want to preserve the value of their assets?
Or in service of the real economy, which requires full employment, public services, functional wealth distribution?

Central bank "independence" is a way to hide this fundamentally political choice under a technocratic veil.

The Two Fetishes as a System

Gold and independent central banks are not isolated concepts. They work in synergy:

Gold (or its modern form: the ideology of monetary scarcity) provides the theoretical justification for why we cannot issue money freely.

Independent central banks are the institutional mechanism that guarantees that we don't issue money freely.

Together, they create a system where:

- Money is structurally scarce
- Scarcity systematically benefits creditors
- Creditors are protected from redistributive inflation
- The population cannot modify this system through voting
- Every crisis is managed with "more austerity" (protecting creditors) rather than "more money issuance" (helping the real economy)

The Fundamental Theoretical Question

At this point we can pose the central question:

What would happen if we removed both these constraints?

What if we admitted that:

- Gold has no necessary relationship with the "real" value of money
- Money can be issued based on the economy's productive capacity
- Central banks could serve the real economy rather than primarily creditors
- Money issuance doesn't necessarily cause catastrophic inflation if managed rationally

What would happen from an economic perspective?

The answer is that economic power would shift from those who accumulate financial credits to those who produce real wealth – workers, productive businesses, the tangible economy.

And this is, presumably, the reason why these theoretical constructs are defended with such determination.

Frequent Questions

Q: Why do governments maintain the gold standard myth?
A: It provides psychological legitimacy to current monetary arrangements and obscures real power structures. People trust “gold-backed” currency more than fiat, even though modern money hasn’t been gold-backed since 1971.

Q: Are central banks truly independent?
A: Technically yes, but they operate within constraints that benefit existing power structures. They can’t fundamentally change the system even if they wanted to.

Q: Isn’t gold a natural store of value?
A: Gold is valuable only because we collectively agree it is. It has limited industrial use. Its “value” is as much a social construct as paper money.

Q: What about Bitcoin replacing gold?
A: Bitcoin faces the same fundamental issue: it’s based on artificial scarcity rather than productive capacity. It doesn’t solve the underlying monetary distribution problem.

Q: Don’t we need central banks?
A: We need monetary management, but not necessarily in the current form. ARM proposes a different system based on transparent, rules-based money creation tied to productive capacity.

CHAPTER 3 — Theoretical Precursors: From Gesell to MMT

Every economic development has its anticipators. Thinkers who glimpsed alternative solutions before the times were ripe, who challenged dominant thought often paying the price of academic isolation.

The ARM model we propose is not an invention from nothing. Over past centuries, various economists and thinkers intuited fragments of the solution. Some were marginalized, others ignored, others still celebrated only to see their most radical ideas forgotten.

None of them, however, integrated all elements into a coherent system. This chapter examines these precursors and analyzes why their insights, though brilliant, remained incomplete.

Silvio Gesell: Money as Flow

If there's one thinker who came closest to the ideas we're developing, it's Silvio Gesell.

The Fundamental Insight

Silvio Gesell was born in Germany in 1862, but it was in Argentina, during the devastating economic crisis of the late 19th century, that he developed his theories. Observing businesses failing and workers reduced to misery despite productive capacity being intact, he asked himself: what's the structural problem?

His answer, exposed in the masterpiece "The Natural Economic Order" (1916), was radical: the problem is in money's accumulable nature.

His reasoning was elegant: every commodity deteriorates over time. Grain rots, clothes wear out, houses require maintenance. Only money can be accumulated indefinitely without costs. And this asymmetry creates a structural advantage for those who possess money compared to those who produce real goods.

His solution? Demurrage money (or “money with negative interest”).

The Technical Mechanism

Gesell’s system worked like this: banknotes periodically lost (for example every month) a small percentage of their nominal value. To maintain the value, the holder had to purchase a stamp from the post office and apply it to the banknote.

Expected result: incentive to spend or invest money immediately, increased velocity of circulation, stimulus to consumption and investment, tendency toward full employment.

And here the most interesting element for our analysis: Gesell proposed the abolition of traditional taxes, replacing them with this “tax on money” at the moment of its periodic validation.

Gesell, more than a century ago, had intuited the mechanism: eliminate conventional taxes and tax accumulated liquidity directly.

The Bavarian Experiment

In 1919, during the post-World War I chaos, Gesell had a brief practical opportunity. He was appointed Finance Minister of the Bavarian Soviet Republic.

His ministry lasted seven days. The republic was militarily suppressed. Gesell was arrested and tried (later acquitted), but his ideas were buried with the Bavarian experiment.

The Limitations of the Gesellian Approach

Gesell's insights were profound but presented gaps:

- Demurrage money addressed accumulation but not the structural problem of global debt
- It didn't propose mechanisms for managing systemic transition
- It hadn't elaborated the concept of periodic monetary "resets"
- It operated in an era when gold anchoring was considered unquestionable

However, he had identified a fundamental truth: you can tax money instead of taxing productive activities.

John Maynard Keynes: The Respectable Heretic

Gesell was too radical for the establishment. Keynes, instead, was moderate enough to become influential while maintaining unorthodox positions.

The General Theory

In 1936, while the world experienced the Great Depression, Keynes published "The General Theory of Employment, Interest, and Money." It was a systematic critique of classical economic orthodoxy.

His central thesis: in a recession, the state must increase deficit spending to relaunch aggregate demand. We mustn't wait for market self-adjustment (as classics preached), because the social cost of waiting is unacceptable.

But Keynes also developed more radical ideas in designing the post-war international monetary architecture.

The Bancor: The International Insight

In the Bretton Woods agreements of 1944, Keynes proposed an international currency called Bancor.

The Bancor was supposed to be an international unit of account, issued by a Clearing Union. The most interesting element: countries with trade surpluses would have to pay a penalty (similarly to how Gesell made those hoarding money pay!).

Why? Because Keynes had understood that international creditors (countries with surpluses) contributed to imbalances as much as debtors (countries with deficits).

The idea was rejected. The United States, the dominant creditor country, imposed instead the dollar-gold system.

Keynes's Limitations

Keynes had brilliant insights but remained constrained by some contradictions:

- He accepted the gold standard (at least in initial phases of his thought)
- He never proposed tax elimination

He conceived deficit spending as a countercyclical measure, not as a permanent system

He underestimated creditors' capacity to obstruct structural reforms

But he had identified a crucial principle: creditors should pay a cost for accumulating, not be rewarded with interest.

Modern Monetary Theory: The Contemporary Heresy

Let's make a temporal leap. 1990s, United States. A group of post-Keynesian economists formulates what would become Modern Monetary Theory (MMT).

The main protagonists: Warren Mosler (investor turned economist), Stephanie Kelton, Randall Wray. Their thesis is simple but revolutionary.

The Fundamental Principle of MMT

A sovereign state that issues its own currency can never "run out of money," because it can always issue more.

This statement, apparently obvious, overturns the theoretical building of conventional economics.

If the state can issue money, then:

It doesn't need to tax to finance itself

It cannot technically default on debt denominated in its own currency

The "balanced budget" as an absolute constraint is a concept without theoretical foundation

"But then what are taxes for?"

According to MMT, taxes serve to:

Create demand for state money (need to obtain currency to pay taxes)
Control inflation (reducing private sector purchasing power)
Reduce inequalities
Discourage socially harmful behaviors

But they don't serve to finance the state. It's the state that creates money, not taxpayers.

Mosler's Proposal

Warren Mosler developed the most radical idea: a "tax holiday" – total suspension of taxes – during periods of high unemployment and low growth.

The logic: if the problem is insufficient aggregate demand, why reduce people's purchasing power with taxes? Better to leave liquidity in the system, stimulate spending, and issue additional money for public spending if necessary.

This approach is very close to our tax elimination proposal.

MMT's Limitations

MMT is the contemporary theory closest to the ARM model, but it also presents limits:

It doesn't propose permanent tax abolition, only temporary reductions
It doesn't systematically address the problem of global debt and credit/debt relationships
It doesn't propose periodic monetary resets
It maintains the concept of "independent central bank," though reinterpreted

It doesn’t sufficiently distinguish between real economy and finance

However, it demolished the myth that “the state must finance itself through taxes.” This is a fundamental theoretical contribution.

David Graeber: The Anthropology of Debt

David Graeber wasn’t an economist. He was an anthropologist. And perhaps precisely this external perspective allowed him to see dynamics that economists tend to ignore.

Debt: The First 5,000 Years

In 2011 he published what became a reference: “Debt: The First 5,000 Years.” The book’s thesis is that:

Debt isn’t a neutral economic contract. It’s an instrument of social domination.

Graeber documents how, throughout human history, debt has constantly been a source of conflict and oppression. From Mesopotamia to the Roman Empire, from medieval peasant revolts to the 2008 crisis, history cyclically records debtors rebelling against creditors.

But it also documents a recurring pattern: debt jubilees.

Jubilees: The Historical Precedent

In ancient Mesopotamia, sovereigns periodically proclaimed jubilees in which:

All debts were cancelled

Lands were redistributed
Debt slaves were freed

Why? To prevent social collapse. They understood that if too much population ended up in debt slavery, the system would implode.

Even in biblical tradition we find the concept of Jubilee (every 49 years). It's not coincidental that the word "redemption" in Hebrew literally means "liberation from debt."

Graeber concludes with an appeal: we need a new global debt jubilee.

Graeber's Limitations

Graeber had identified the problem but didn't develop a systemic solution:

A one-time jubilee doesn't solve the structural problem
He didn't explain how to prevent debt reaccumulation post-jubilee
He didn't connect the jubilee to a new monetary system
He died prematurely in 2020, at only 59 years, without being able to further develop his analyses

But he left us a crucial legacy: periodic debt resets are not utopia, they're documented historical necessity.

Milton Friedman: The Unexpected Insight

Ironically, even the economist most associated with free markets had a useful insight for our discussion.

In 1969, Friedman coined the concept of "helicopter money": issuing money and distributing it directly to citizens, as if falling from a helicopter.

It was a thought experiment to illustrate inflationary mechanisms, but the idea was taken seriously. Even Ben Bernanke, Federal Reserve governor during the 2008 crisis, discussed it as a monetary policy option.

Friedman conceived it as a temporary emergency measure, not as a permanent system. But the insight is significant: in extreme situations, direct money issuance can be the optimal solution.

The Unfinished Puzzle

Let's recap the precursors' insights:

Gesell: You can tax money instead of productive activities
Keynes: Creditors should pay for accumulating
MMT: The state doesn't need taxes to finance itself
Graeber: Periodic debt resets are necessary
Friedman: You can distribute money directly to citizens

Five fundamental elements. But never integrated into a coherent system.

Why? Perhaps due to fear of implications. Perhaps due to academic constraints. Perhaps because each remained prisoner of some residual orthodoxy.

Toward Synthesis

Today we find ourselves in a particular situation:

The worst wealth concentration in modern history
Global debt at unprecedented levels
Technologies making previously impractical mechanisms possible
A climate crisis requiring massive investments

And, crucially, productive capacity to guarantee everyone a dignified existence

All theoretical elements are available. In the next chapter we'll begin constructing the integrated system that synthesizes these insights into a coherent model.

The ARM system: Abolition, Redistribution, Money.

Frequent Questions

Q: Why haven't these ideas been implemented before?
A: Political power structures benefit from the current system and resist fundamental changes. Economic theory often serves power rather than challenging it.

Q: Isn't this just socialism rebranded?
A: No. ARM maintains markets, competition, and innovation while fixing monetary distribution. Socialism focuses on ownership of means of production; ARM focuses on monetary creation.

Q: Did any of these thinkers get it completely right?
A: No single thinker integrated all elements. Gesell understood demurrage, Keynes saw aggregate demand, MMT grasped state money creation, but none proposed the complete ARM system.

Q: Why did Gesell's experiments fail?
A: They were limited in scope and faced political opposition. The Wörgl success actually led to its prohibition by the Austrian central bank—it worked too well.

Q: Is MMT the same as ARM?
A: No. MMT describes how money currently works. ARM proposes how it should work—with abolition of taxes and periodic resets, which MMT doesn't advocate.

CHAPTER 4 — The ARM System: Theoretical Foundations & Multi-Nation Application

CHAPTER 4a — The ARM System: Theoretical Foundations — Italy

We have dismantled the false idols of the current system. We have seen how precursors intuited fragments of the solution. Now it's time to put all the pieces together.

Welcome to the ARM System: Abolition, Redistribution, Money.

An economic system that is not utopia, but necessity. Not fantasy, but mathematics. Not ideology, but logic applied to the reality of the 21st century.

The Three ARM Pillars

PILLAR 1: ABOLITION OF TAXES
If the problem is tax evasion, we eliminate what can be evaded. No taxes means no evasion. Simple, radical, resolutive.

PILLAR 2: AUTOMATIC REDISTRIBUTION
Controlled inflation becomes the redistribution instrument. Those accumulating credits pay automatically. Those who work benefit automatically. No bureaucracy, no loopholes.

PILLAR 3: MONEY BASED ON PRODUCTIVE CAPACITY
Money is not anchored to gold or central bank whims. It's anchored to the only real thing: human capacity to produce value.

These three pillars are not separable. They function as an organic system. Remove one and the entire edifice collapses. Keep them together and you obtain something revolutionary.

The ARM Model Italy: Real Numbers 2024

Basic Parameters

Total population: 59 million
Active population (18-67 years): 38 million
Current employed: 23.5 million
GDP 2024: €2,100 billion

The Hourly Revolution

In the ARM system, the work week is 24 hours.

Employees needed with ARM: 28.2 million
Increase of 4.7 million jobs
Virtually full employment

Indicator	Value
Total population	59.0 million
Active population (18-67)	38.0 million
Current employed	23.5 million
Employed with ARM	28.2 million
New jobs	+4.7 million

TABLE 1 — DEMOGRAPHICS AND EMPLOYMENT

Indicator	Value
Italy GDP 2024	€2,100 billion
Current wage mass	€705 billion
ARM wage mass	€670 billion
Difference	-€35 billion

TABLE 2 — ECONOMY

Category	Amount
National base minimum	€1,800
Milan minimum (+30%)	€2,340
Weighted average	€1,980
Annual average	€23,760

TABLE 3 — MONTHLY SALARIES

Service	Cost
Enhanced universal healthcare	€210B
Universal education (0-99)	€118B
Universal pensions	€346B
Free public transport	€20B
Right to housing	€55B
Basic essential services	€31B
Culture and public sports	€15B
Specific welfare	€80B
Lean public administration	€50B
TOTAL SERVICES	€925B

TABLE 4 — PUBLIC SERVICES (€B/year)

Item	Amount
Labor cost	€670B
Public services	€925B
Infrastructure investments	€100B

Emergency reserve (5%)	€85B
TOTAL ANNUAL	€1,780B

TABLE 5 — TOTAL REQUIREMENT (€B/year)

Indicator	Percentage
Total cost / GDP	85%
Public services / GDP	44%
Wage mass / GDP	32%

TABLE 6 — GDP IMPACT

Impact Analysis Italy

The ARM model in Italy generates full employment with 28.2 million workers, guaranteeing a dignified salary to all citizens. The system includes universal pensions for 16 million retirees at the same level as the minimum salary.

Inflation Calculation

Money to print with ARM: €1,780 billion
Money already circulating today: €1,460 billion
Difference: +€320 billion

Controlled inflation at 3-5% becomes the mechanism of redistribution and sustainability of the system.

CHAPTER 4b — The ARM System: Theoretical Foundations — China (Optimized)

The ARM China Optimized Model: Real Numbers 2024

Basic Parameters

Total population: 1,408 million
Active population (16-60 years): 1,050 million
Current employed: 734 million
GDP 2024: ¥134,900 billion

The Optimized Hourly Revolution

In the optimized ARM system, the work week is 28 hours (hybrid scenario).

Employees needed with ARM: 1,048 million
Increase of 314 million jobs
Full employment with better balancing

Indicator	Value
Total population	1,408 million
Active population (16-60)	1,050 million
Current employed	734 million
Employed with ARM	1,048 million
New jobs	+314 million

TABLE 1 — DEMOGRAPHICS AND EMPLOYMENT (OPTIMIZED)

Indicator	Value

China GDP 2024	¥134,900B
Current wage mass	¥88,000B
ARM wage mass	¥91,300B
Difference	+¥3,300B

TABLE 2 — ECONOMY (OPTIMIZED)

Category	Amount
National base minimum	¥6,600
Shanghai minimum (+30%)	¥8,580
Weighted average	¥7,260
Annual average	¥87,120

TABLE 3 — MONTHLY SALARIES

Service	Optimized Cost
Enhanced universal healthcare	¥10,000B
Universal education (0-99)	¥7,200B
Universal pensions	¥15,000B
Free public transport	¥1,800B
Right to housing	¥6,000B
Basic essential services	¥3,200B
Culture and public sports	¥1,600B
Specific welfare	¥2,500B
Lean public administration	¥3,500B
TOTAL SERVICES	¥50,800B

TABLE 4 — PUBLIC SERVICES (OPTIMIZED, ¥B/year)

Item	Optimized Amount
Labor cost	¥91,300B
Public services	¥50,800B
Infrastructure investments	¥6,500B
Emergency reserve (5%)	¥7,430B
TOTAL ANNUAL	¥156,030B

TABLE 5 — TOTAL REQUIREMENT (OPTIMIZED)

Indicator	Optimized Percentage
Total cost / GDP	116%
Public services / GDP	38%
Wage mass / GDP	68%

TABLE 6 — GDP IMPACT (OPTIMIZED)

China Analysis

Optimized China achieves a better balance between employment and sustainability, creating 314 million new jobs with a 28-hour work week.

CHAPTER 4c — The ARM System: Theoretical Foundations — USA

The ARM USA Model: Real Numbers 2024

Basic Parameters

Total population: 341 million
Active population (18-67 years): 270 million
Current employed: 161 million
GDP 2024: $28.4 trillion

The Hourly Revolution

In the ARM system, the US work week is 32 hours.

Employees needed with ARM: 202 million
Increase of 41 million jobs
Virtually full employment

Indicator	Value
Total population	341 million
Active population (18-67)	270 million
Current employed	161 million
Employed with ARM	202 million
New jobs	+41 million

TABLE 1 — DEMOGRAPHICS AND EMPLOYMENT

Indicator	Value
USA GDP 2024	$28.4 trillion
Current wage mass	$11 trillion

ARM wage mass	$9.6 trillion
Difference	-$1.4 trillion

TABLE 2 — ECONOMY

Category	Amount
National base minimum	$3,600
NYC minimum (+30%)	$4,680
Weighted average	$3,960
Annual average	$47,520

TABLE 3 — MONTHLY SALARIES

Service	Cost
Enhanced universal healthcare	$1,400B
Universal education (0-99)	$850B
Universal pensions	$1,200B
Free public transport	$150B
Right to housing	$500B
Basic essential services	$250B
Culture and public sports	$120B
Specific welfare	$200B
Lean public administration	$400B
TOTAL SERVICES	$5,070B

TABLE 4 — PUBLIC SERVICES ($B/year)

Item	Amount
Labor cost	$9,600B

Public services	$5,070B
Infrastructure investments	$800B
Emergency reserve (5%)	$717B
TOTAL ANNUAL	$16,187B

TABLE 5 — TOTAL REQUIREMENT ($B/year)

Indicator	Percentage
Total cost / GDP	57%
Public services / GDP	18%
Wage mass / GDP	34%

TABLE 6 — GDP IMPACT

USA Impact Analysis

The USA with ARM achieves full employment with 202 million workers. The model requires only 57% of GDP, demonstrating the highest efficiency among all analyzed nations. ARM costs less while paying everyone better and creating 41 million additional jobs.

CHAPTER 4d — The ARM System: Theoretical Foundations — UK (Optimized)

The ARM UK Optimized Model: Real Numbers 2024

Basic Parameters

Total population: 67.8 million
Active population (16-64 years): 41.8 million
Current employed: 33.0 million
GDP 2024: £2,270 billion

The Optimized Hourly Revolution

In the optimized ARM system, the UK work week is 28 hours (equilibrium scenario).

Employees needed with ARM: 44.2 million
Increase of 11.2 million jobs
Full employment with financial sustainability

Indicator	Value
Total population	67.8 million
Active population (16-64)	41.8 million
Current employed	33.0 million
Employed with ARM	44.2 million
New jobs	+11.2 million

TABLE 1 — DEMOGRAPHICS AND EMPLOYMENT (OPTIMIZED)

Indicator	Value

UK GDP 2024	£2,270B
Current wage mass	£1,150B
ARM wage mass	£1,168B
Difference	+£18B

TABLE 2 — ECONOMY (OPTIMIZED)

Category	Amount
National base minimum	£2,200
London minimum (+30%)	£2,860
Weighted average	£2,420
Annual average	£29,040

TABLE 3 — MONTHLY SALARIES

Service	Optimized Cost
Enhanced universal healthcare	£240B
Universal education (0-99)	£120B
Universal pensions	£380B
Free public transport	£32B
Right to housing	£65B
Basic essential services	£40B
Culture and public sports	£18B
Specific welfare	£80B
Lean public administration	£50B
TOTAL SERVICES	£1,025B

TABLE 4 — PUBLIC SERVICES (OPTIMIZED, £B/year)

Item	Optimized Amount
Labor cost	£1,168B
Public services	£1,025B
Infrastructure investments	£100B
Emergency reserve (5%)	£115B
TOTAL ANNUAL	£2,408B

TABLE 5 — TOTAL REQUIREMENT (OPTIMIZED)

Indicator	Optimized Percentage
Total cost / GDP	106%
Public services / GDP	45%
Wage mass / GDP	51%

TABLE 6 — GDP IMPACT (OPTIMIZED)

UK Analysis

Optimized UK achieves financial sustainability (106% GDP vs 103% original) while maintaining a robust welfare system and 11.2 million new jobs.

FINAL CONCLUSIONS AND COMPARISON

Parameter	Italy	China (Opt.)	USA	UK (Opt.)
Weekly hours	24h	28h	32h	28h
Population	59M	1,408M	341M	68M
GDP 2024	€2,100B	¥134,900B	$28.4T	£2,270B
Base salary	€1,800	¥6,600	$3,600	£2,200
Cost/GDP	85%	116%	57%	106%
New jobs	+4.7M	+314M	+41M	+11.2M
ARM employed	28.2M	1,048M	202M	44.2M

TABLE 7 — MULTI-NATION SYNTHETIC COMPARISON

Final Summary

The ARM System demonstrates mathematical sustainability in diverse economic contexts:

- 🟢 HIGH EFFICIENCY — USA (57% GDP) and Italy (85% GDP)
- 🟡 MEDIUM EFFICIENCY — China (116% GDP)
- 🔴 LOWER EFFICIENCY — UK (106% GDP)

The fundamental principle remains valid:
In an age of abundance, misery is a crime.
Poverty is not scarcity, but distribution.

The ARM System solves the distribution problem not with charity, not with handouts, but with pure mathematics.

Frequent Questions

Q: If you print money, won't we get hyperinflation like Venezuela?
A: No. Venezuela printed money while destroying productive capacity (oil production collapsed). We print ONLY to match existing productive capacity. Completely different scenarios.

Q: How is this different from current money printing?
A: The current system prints for banks, debts, and asset bubbles. We print directly for the real economy: wages, services, infrastructure. Money flows to production, not speculation.

Q: What stops government from printing too much money?
A: Mathematical constraint: printing beyond productive capacity causes inflation. Unlike the current system (where banks create unlimited credit), this mechanism is self-limiting and transparent.

Q: Won't people stop working if everything is provided?
A: Evidence says no. Universal basic income experiments show people work differently (more entrepreneurship, education, care work), not less. Plus, we maintain wage incentives through a tiered system.

Q: How quickly could this be implemented?
A: Technical transition: 12-24 months. The real challenge is political will. The mathematics work; the politics need public pressure.

Q: What about international trade?
A: ARM can work within one country or currency zone. International trade continues with exchange rates reflecting relative productive capacities rather than debt levels.

CHAPTER 5 — Abolition of Taxes: Technical Analysis

Tax abolition is the first pillar of the ARM system. This chapter examines the technical mechanisms, costs of the current fiscal system, and how the transition would work.

The Current Tax System: Costs and Inefficiencies

US Taxation Numbers (2024)

TOTAL TAX REVENUE: $4.9 trillion

Composition:
- Individual income tax: $2.3 trillion
- Payroll taxes: $1.5 trillion
- Corporate income tax: $400 billion
- Excise taxes: $100 billion
- Estate and gift taxes: $30 billion
- Customs duties: $80 billion
- Other taxes: $490 billion

TOTAL FEDERAL REVENUE: approximately $4.9 trillion

The Cost of Tax Collection

Collecting these taxes has significant costs:

DIRECT COSTS:
- IRS operations: ~$13 billion/year
- Tax court system: ~$1 billion/year
- State tax agencies: ~$8 billion/year
- Total direct costs: $22 billion/year

INDIRECT COSTS:
- Accountants and tax preparers: ~$25 billion/year

Citizen time for tax preparation: ~$15 billion/year (estimated)
Business compliance: ~$45 billion/year
Tax litigation: ~$8 billion/year
Total indirect costs: $93 billion/year

TOTAL TAX SYSTEM COST: $115 billion/year

This represents 2.3% of total tax revenue. For every $100 collected, $2.30 is spent to collect it.

Tax Gap and Evasion

ESTIMATED TAX GAP: $600-650 billion/year

This represents about 12% of potential revenue. The system loses more than five times what it spends on collection.

The Transition: From Tax System to ARM

Phase 1: Year 0 (Preparation)

January–June:
Legislative approval of the ARM system
Creation of digital payment infrastructure
Staff training
Public communication

July–December:
System testing on limited scale (pilot region)
Technical adjustments
Preparation of tax personnel transition

Phase 2: Year 1 (Partial Implementation)

January 1: Partial abolition
  Income tax and payroll taxes: ABOLISHED
  Corporate tax reduced to 10% (gradual transition)
  Other taxes: temporarily maintained

ARM monetary emission:
  State begins paying salaries in ARM
  All public services in ARM
  ARM circulates alongside $ (dual currency period)

Phase 3: Year 2 (Total Implementation)

January 1: Total abolition
  All residual taxes: ABOLISHED
  Only ARM in circulation
  System completely operational

Tax Personnel Transition

850,000 people work in the US tax system:
  IRS: 80,000
  State tax agencies: 150,000
  Accountants and tax preparers: 500,000
  Various agencies: 120,000

Reabsorption plan:
  Natural retirements: ~150,000 (next 3 years)
  Administrative requalification: 300,000 people → other public services
  Economic fraud control: 100,000 people → specialized units
  Private sector: 200,000 accountants → non-tax consulting
  Incentivized early retirements: 100,000

Transition cost: $75 billion total (requalification + incentives)
Distributed over 3 years: $25 billion/year

Comparison: we currently spend $115 billion/year to make the tax system function.

The New System: ARM Money

How It Works Technically

The state issues digital ARM money
Pays salaries directly to workers (via app/digital account)
Finances public services with monetary emission
No tax collection (therefore no collection costs)

Technical Advantages

Efficiency:
Administration cost: $5 billion/year (only digital system management)
Savings: $110 billion/year compared to current system
Time freed for citizens and businesses: inestimable

Transparency:
Every dollar emitted is traceable
No evasion possibility (nothing to evade)
Completely transparent public budget

Simplicity:
No income tax returns
No tax accounting for businesses
System understandable to everyone

Inflation as Redistribution

With ARM, taxation happens through controlled inflation (3-5% annual).

Mechanism:
State emits $15 trillion/year
This creates 3-5% inflation
Inflation erodes credits/savings by 3-5%
Workers receive salaries compensating inflation + free services

Example with $100,000 savings:
After 1 year worth: $95,000-97,000 (3-5% inflation)
Loss: $3,000-5,000
Equivalent to 3-5% taxation on accumulated wealth

Difference with traditional taxes:
Traditional taxes can be evaded
ARM inflation cannot be evaded (it's systemic)
Traditional taxes hit incomes (who works)
ARM inflation hits wealth (who accumulates)

The Mathematics of Sustainability

ARM requirement USA: $15 trillion/year
US GDP: $28.4 trillion
Percentage: 53% of GDP

Money currently circulating for same functions: $20.8 trillion

ARM requires LESS money than the current system because it eliminates inefficiencies.

Expected inflation: 3-5% annual. Manageable, predictable, and functional to redistribution.

Comparison: Before and After

IN THE CURRENT SYSTEM

A worker earning $60,000 gross:
Income tax + payroll taxes: -$15,000
Net: $45,000
Healthcare premiums: -$6,000
Other services: -$4,000
Real available: $35,000

WITH ARM

A worker receiving $47,520 (ARM average salary):
Taxes: $0
Healthcare, education, transport: FREE
Inflation 5%: -$2,376
Real available: $45,144

Difference: +$10,144 (+29% in real purchasing power)

Frequent Questions

Q: Without taxes, how do we fund government?
A: Direct money printing calibrated to productive capacity, as explained in Chapter 4. We replace tax revenue ($4.9T) with printed money ($4.9T), but with zero collection costs.

Q: Won't this cause massive inflation?
A: No. We're replacing one form of funding (taxes) with another (printing). Total money in economy stays the same. The difference is efficiency: no collection costs, no evasion, no distortions.

Q: What happens to IRS employees?
A: Transition to productive roles. 80,000 IRS workers + millions in private tax industry move to healthcare, education, infrastructure. We're not destroying jobs, we're redirecting wasted effort.

Q: Don't taxes serve other purposes (like redistribution)?

A: Yes, but ARM handles this better through direct monetary distribution and periodic resets. Taxation is an indirect, inefficient tool for redistribution.

Q: What about using taxes to discourage harmful behavior (sin taxes)?
A: Those represent less than 5% of revenue. They can be maintained as direct penalties separate from the funding mechanism if desired, though market mechanisms often work better.

Q: How do we prevent inflation without taxes removing money from circulation?
A: Periodic monetary resets (Chapter 7) serve this function more effectively and transparently than taxation.

CHAPTER 6 — Controlled Money Printing

This chapter examines how ARM monetary emission works technically, how much to print, when, and inflation control mechanisms.

The Concept of Productive Capacity

ARM money is anchored to the economy's productive capacity, not to gold or other financial assets.

Basic formula: ARM Money = Productive Capacity × Efficiency × Hours Worked

For the USA:
- 202 million workers
- 32 weekly hours
- Modern technologies
- Advanced automation

Estimated productive capacity: $28.4 trillion (current GDP)

How Much to Print

Annual ARM requirement USA: $15 trillion

Composition:
- Labor cost: $9.6 trillion
- Public services: $3.87 trillion
- Investments: $800 billion
- Emergency reserve: $717 billion

This represents 53% of GDP.

Inflation Control Mechanisms

1. Anchoring to Real Production

Principle: emit only money that can be absorbed by real production.

Calculation:
If GDP is $28.4 trillion
And unused productive capacity is 15% (unemployment + underutilized plants)
Then total productive capacity is: $28.4 / 0.85 = $33.4 trillion

Safe emission margin: $33.4 trillion
ARM emission planned: $15 trillion
Safety margin: $18.4 trillion (55%)

2. Continuous Monitoring

Indicators to monitor:
Actual inflation (target 3-5%)
Productive capacity utilized
Warehouse stocks (if increasing = overproduction)
Money circulation velocity

Adjustments:
If inflation > 7%: reduce emission by 10-15%
If inflation < 2%: increase emission by 10-15%

3. Periodic Monetary Resets

Every 5-10 years: new money introduction (ARM 2.0, 3.0, etc.)
Conversion: 100 old ARM = X new ARM (where X depends on cumulative inflation)
Example with 5% inflation for 5 years: 100 old ARM = 77.38 new ARM
All values (debts, credits, salaries) converted proportionally.

Comparison with Current System

Current system:
Fed decides how much money to emit
Objective: 2% inflation
Method: interest rates
Result: creditor protection

ARM system:
State decides based on productive capacity
Objective: full employment + universal services
Method: direct emission
Result: real economy well-being

Why No Hyperinflation

Hyperinflation occurs when:
Monetary emission >> productive capacity
Loss of confidence in money
Price-expectations spiral

ARM prevents hyperinflation because:
Emission anchored to real production (53% GDP < 100% capacity)
Free services reduce inflationary pressure
Periodic resets prevent psychological accumulation
Total system transparency

Historical hyperinflation examples: Germany 1923, Zimbabwe 2008, Venezuela 2016
Common cause: emission >> productive capacity (often 1000%+ of GDP)
ARM: emission = 53% of GDP

Frequent Questions

Q: How do you measure productive capacity accurately?

A: Multiple indicators: GDP, unemployment, capacity utilization, inventory levels, price indices. It's not one number but a dashboard of metrics, transparently published.

Q: Who decides how much to print?
A: A transparent formula based on productive capacity measurements, not political discretion. Similar to how inflation targeting works now, but more comprehensive.

Q: What if productive capacity falls (recession)?
A: Print less money. The system automatically adjusts. Unlike the current system where debt obligations remain fixed, ARM printing flexibly matches the real economy.

Q: Isn't this just quantitative easing?
A: No. QE prints money for banks to buy assets (inflation for the wealthy). ARM prints for the real economy: wages, services, infrastructure.

Q: What about technological unemployment reducing productive capacity?
A: ARM adapts: if robots produce more with fewer workers, we print less (per capita), but everyone still receives universal services. Productivity gains benefit everyone, not just capital owners.

Q: How is this different from Zimbabwe or Weimar?
A: Those countries printed money while productive capacity collapsed (war, sanctions, political chaos). ARM only prints when productive capacity exists. It's the opposite situation.

CHAPTER 7 — Monetary Resets: The Modern Jubilee

Periodic monetary resets are the mechanism that keeps the ARM system sustainable long-term. This chapter examines how they work technically.

The Problem of Inflationary Accumulation

With 5% annual inflation, after 10 years:
- $100 initial worth $61.39
- Nominal salaries grow proportionally
- Prices increase proportionally

Result: increasingly larger numbers, less psychologically manageable.

The Solution: Periodic Reset

Every 5-10 years a new currency is introduced: ARM 2.0, ARM 3.0, etc.

Technical Mechanism

Example: After 5 years with 5% inflation

Cumulative inflation: (1.05)^5 = 1.276 → 27.6% in 5 years

Conversion: 100 ARM 1.0 = 78.35 ARM 2.0
This is the formula: 100 / 1.276 = 78.35

What Gets Converted

EVERYTHING gets converted proportionally:

- Salaries
- Prices

Savings
Debts
Credits
Contracts

Concrete example:
Salary before: 4,000 ARM 1.0 → Salary after: 3,134 ARM 2.0
Bread before: $3.50 ARM 1.0 → Bread after: $2.74 ARM 2.0
Savings before: $75,000 ARM 1.0 → Savings after: $58,763 ARM 2.0

Relative ratios remain identical.

Reset Day

Announced date: January 1 Year X

6 months before (July Year X-1):
Public reset announcement
Official conversion rate publication
Massive information campaign

3 months before (October Year X-1):
Conversion systems testing
Bank and payment system preparation
Conversion calculator distribution

1 month before (December Year X-1):
Final system verification
Last contract conversion check

Reset Day (January 1 Year X):
All bank accounts automatically converted
All payment systems updated
New banknotes (if physical exist) in circulation
Apps/digital systems show both currencies for 1 month

Transition period (January Year X):
For 1 month: prices shown in both currencies
Gradual elimination of old currency references

Historical Precedents

Germany 1923: Reset after hyperinflation.
1,000,000,000,000 old marks = 1 new Rentenmark.
Success: stabilized the economy.

France 1960: New Franc. 100 old francs = 1 new franc.
Motivation: simplify numbers. Success: no economic trauma.

Brazil 1994: Plano Real. Various historical monetary resets.
Last: stabilized after decades of hyperinflation.

Difference with ARM: ARM resets are preventive and regular, not reactive to crises.

System Advantages

Psychological: Numbers remain manageable
Mathematical: System remains calculable
Redistributive: Impossible to "protect" credits from reset
Transparent: Everyone knows when and how it will happen

Common Objections

"People will lose confidence in money!"
Response: If all values convert proportionally, relative purchasing power doesn't change.

"It's too complicated!"
Response: It's a multiplication. Digital systems do it automatically.

"Savers lose!"
Response: Yes, exactly like with normal inflation. The reset is just a number update.

Frequent Questions

Q: Won't monetary resets cause economic chaos?
A: No. They're planned, gradual, and maintain purchasing power for productive assets. Everyone knows they're coming. It's like scheduled maintenance, not a crisis.

Q: Is this like a wealth tax?
A: No. It's a currency reset that affects accumulated financial claims, not productive assets. Your house, business, tools keep their value. Hoarded cash converts at the reset rate.

Q: What about savings for retirement?
A: Productive investments (real estate, businesses, equipment) maintain value. Only pure financial hoarding is affected. Plus, universal services reduce the need for massive retirement savings.

Q: Won't this punish savers?
A: The current system already "punishes" savers through inflation and near-zero interest rates. ARM is transparent about it. Plus, if you're not hoarding but investing productively, you're fine.

Q: How often would resets happen?
A: Approximately every 7-10 years, depending on inflation accumulation. Predictable schedule announced years in advance.

Q: What are the international implications?
A: Exchange rates would adjust to reflect reset schedules. Similar to how markets currently price in interest rate differentials.

Q: Won't people just move money abroad before resets?
A: Capital controls during reset periods, similar to current banking regulations. Plus, if other countries adopt ARM, there's nowhere fundamentally different to flee to.

CONCLUSION — Hypothetical Scenarios: A Day in the ARM World

This conclusion presents a hypothetical scenario of how daily life might function in a fully operational ARM system, 10 years after implementation.

New York City, March 15, 2035 — 7:00 AM

Marcus, 35, software engineer:
Wakes up without an alarm. Works 32 hours weekly (4 days × 8 hours). Today is his day off.

Checks ARM app: balance 4,800 ARM. Salary received yesterday, automatically. No tax returns to file. Ever.

Decides to go to the gym (free), then grocery shopping.

Comparison: In 2024 he woke up at 6:30 AM, worked 8 hours/day, 5 days/week. Came home exhausted.

9:00 AM — Grocery Store

Observed prices:
Bread: $3.10 (in 2025 cost $2.50)
Milk: $2.80 (in 2025 cost $2.00)
Pasta: $2.40/kg (in 2025 cost $1.80)

10-year cumulative inflation: ~40% (average 3.4% annual)

But: Marcus earns 4,800 ARM/month, while in 2025 he earned $4,200 net (after taxes)
Real purchasing power: +38% compared to 2025

11:00 AM — Mount Sinai Hospital

Sophia, 67, retired:
Cardiology check-up. No queues (more doctors thanks to 32-hour week). Complete examination, ECG, medication prescription.

Cost: 0 ARM

In 2024 she would have waited 3 months or paid $300 privately.
Medications: picked up at pharmacy, cost 0 ARM.

2:00 PM — Tech Startup, Brooklyn

Julia, 28, programmer:
Works for an AI startup. 32 hours weekly: 9:00 AM–5:00 PM, four days.

Salary: 5,200 ARM/month (premium for specialist skills + NYC area)

Today finished her shift. Goes to pick up her 3-year-old daughter at daycare (free, qualified educators).

Comparison: In 2024 she would have worked until 6:00 PM, paid private daycare $1,200/month.

4:00 PM — Train NYC–Washington DC

Alexander, 42, consultant:
Takes the high-speed train to DC. Cost: 0 ARM (free public transport).

Works on laptop during travel (32-hour week allows flexibility).

In 2024 this train cost $120. He rarely took it. Now goes to DC weekly to visit elderly parents.

6:00 PM — Columbia University

Lucas, 22, student:
Last semester of economics. University completely free, free digital textbooks, free cafeteria.

Works part-time (16 hours/week) in a startup. Earns 1,600 ARM/month. Can afford rent (with ARM subsidy) and social life.

In 2024 he would have accumulated $50,000 in student debt.

8:00 PM — Restaurant, East Village

Marcus's family:
Marcus (35), his wife Elena (33), daughter Chloe (5).

Dinner at restaurant: 90 ARM for three people.

They can afford to eat out 2-3 times/week. In 2024 they went out once a month.

Conversation:
"Remember when we worked 40 hours a week and couldn't make ends meet?"
"Yes, seems like another century. Now we work less and live better."
"And our parents who worked 6 days a week…"
"Yeah. Progress should be this. Technology freeing us, not making us more precarious."

10:00 PM — Economic Analysis, Treasury Department

Dr. Rodriguez, government economist:
Analyzes a decade of ARM data:

2035 Report:

Average inflation: 3.4% annual (target 3-5%: ✓)
Unemployment: 2.3% (full employment: ✓)
Real GDP: +38% compared to 2025
Life satisfaction (survey): 7.9/10 (vs 5.8/10 in 2024)
Hours worked/week: 32 (vs 38.7 in 2024)
Life expectancy: +2.1 years (less stress, more prevention)

System costs:
Annual ARM emission: $16.8 trillion (vs $15 trillion initial, inflation)
Equivalent: 54% GDP (stable)

Report conclusion: "System sustainable. No adjustment needed. Monetary reset planned in 2 years (ARM 1.0 → ARM 3.0)."

11:30 PM — Monetary Reset Preparation

Government announcement (TV, app, social media):

"From January 1, 2037, ARM 1.0 will become ARM 3.0.
Conversion rate: 100 ARM 1.0 = 71.30 ARM 3.0 (based on actual 40.3% decade inflation)
All values (salaries, prices, savings, debts) will be automatically converted.
Your relative purchasing power will remain identical.
Apps will show both currencies for 1 month to facilitate transition."

Public reaction: Positive indifference. It's the second reset they've seen, they know how it works.

Historical Comparison

In 2024 (Old System) — Marcus, 35:
Work: 40 hours/week
Net salary: $4,200
Rent: $2,000
Expenses: $2,500
Savings: -$300/month (debts)
Free time: weekends (exhausted)
Health: chronic stress
Prospects: bleak

In 2035 (ARM System) — Marcus, 35:
Work: 32 hours/week
Salary: 4,800 ARM
Rent (subsidized): 1,200 ARM
Expenses: 2,000 ARM
Savings: 1,600 ARM/month
Free time: 3 days/week
Health: excellent (less stress, preventive services)
Prospects: positive

The Final Question

This scenario is:

Unrealistic utopia?
Or mathematically sustainable possibility we choose not to implement?

The numbers say the second. Politics chooses the first.

The difference between the two is this:
Utopia has no numbers that hold up.
ARM has verifiable numbers.

This book has provided the numbers.
The rest is collective choice.

Epilogue: The Red Pill

In The Matrix (1999), Neo must choose between two pills:

Blue pill: Remain in the system, believe in the “natural laws” of economics, accept the status quo.
Red pill: See reality, understand the system is a human construction, realize alternatives exist.

This book is an economic red pill.

Once read, you can no longer believe the current system is “the only possible” or “natural.”

You can decide you prefer the status quo (legitimate choice).

But you can no longer say “there are no alternatives.”

Alternatives exist. They are mathematically sustainable.

The question is whether we want to explore them.

End

AFTERWORD

From Complexity to Simplicity

The fundamental concepts of this book could be summarized in half a page:

Abolish taxes. Print money based on productive capacity. Use controlled inflation to automatically redistribute from creditors to workers. Periodically reset the system.

Half a page. Four sentences.

So why write a hundred-plus page book?

The Age of False Complexity

We live in an era where simplicity is mistaken for superficiality. Economists have made economics so complex that ordinary citizens no longer dare think they could understand it.

Differential equations. Stochastic models. NAIRU. Quantitative easing. Phillips curve. Spreads. Derivatives.

A language that serves a precise function: distancing people from understanding.

Because if they truly understood how the monetary system works, they would ask uncomfortable questions:

“Why can central banks print trillions to save banks, but not to save people?”
“Why is inflation a problem when it helps debtors, but acceptable when it protects creditors?”
“Why do we accept as ‘natural’ a system invented by human beings?”

I had to demonstrate – with real numbers, verifiable calculations, international comparisons – that these ideas are not utopia, but mathematics.

This Is Not an Operations Manual

This is a manifesto.

In the first draft I had included over 200 pages of detailed calculations, operational hypotheses, sector-by-sector transition scenarios, analysis of political resistance, gradual implementation strategies.

Then I understood: providing “pre-packaged solutions” would be counterproductive.

Reality is constantly evolving. Technologies change. Productive structures modify. Political power relationships transform.

Operational details must emerge from public debate, from adaptation to specific contexts, from field experimentation.

My task was to prove it’s possible. Not tell you exactly how to do every single step.

The Fundamental Principle

What matters is the principle:

In an age of productive abundance, poverty is a distribution choice, not an economic necessity.

We have the technology to produce food for everyone. We have houses to shelter everyone. We have medicine to cure almost everything. We have knowledge to educate anyone.

Scarcity is no longer a technical constraint. It's a political constraint.

And political constraints, unlike physical ones, can be modified.

The Invitation

The numbers are in this book. Verify them. Challenge them. Improve them.

Let me know if you find errors. Propose variants. Suggest optimizations.

But you can no longer say: "It's impossible."

You can say: "I prefer the current system." That's a legitimate choice.
You can say: "It's politically difficult." That's a correct observation.
But you can no longer say: "It's economically impossible."

Because the numbers prove otherwise.

From Discussion to Action

This book is not the end of a discussion. It's the beginning.

It's not a definitive answer. It's a provocative question:

If it's mathematically possible, why aren't we doing it?

The answer to this question is not economic. It’s political.

And politics, in a democracy, is us.

New York, October 2025

Domenico Alfieri

☕ BUY ME A COFFEE

You've reached the end. Thank you for reading.

If this book made you see economics through different eyes, if it convinced you that the debt system can end, or if it simply saved you a few hours of confusion between GDP, deficit, and spreads… you can buy me a coffee.

It's not mandatory. The book will always remain free for anyone.

But every coffee helps to:

- Translate ARM into other languages
- Create educational materials (videos, infographics, podcasts)
- Promote the theory where it matters: universities, media, policy circles
- Continue answering questions and objections
- Keep the project alive until ARM becomes reality

☕ **Donate here: paypal.me/ARMzerotaxsystem**

Or visit: www.zerotaxsystem.org/support

Even $3 makes a difference.
Even just sharing this book makes a difference.

ARM has no sponsors, parties, lobbies or foundations behind it.
It has only people who understood how the system works.
And now that includes you.

Thank you,
Domenico Alfieri

P.S. If you want to discuss ARM, ask questions, or simply share your thoughts: @zerotaxsystem on Twitter/X

The debt ends when everyone understands how it works.