

## Assessing Risk

The great barrier to starting a business is risk. The entire history of man might be looked at as a process of attempting to reduce and overcome the level of risk we face. Only as risk declines from 100% is it feasible to start a business. Only when risk levels off at 0% can starting a business be normalized.

All risk is a threat of loss directed at property. If we encounter a high level of risk, we are in danger of losing the ownership of property. Risk always pertains to property. Because the loss of an investment is a real possibility when starting a business, only the bravest and most foolhardy start businesses. But starting a business is always a gamble or was until Apriorian developed a no risk business algorithm.

Civil businesses have moral personhood.

Civics is a moral business model which as a moral entity, pay all of its costs and never freeloads. Civics do not externalize costs onto society and future generations. Because civics do not represent risk they have no risk.

Civics own their political jurisdiction.

Ownership is defined as an action that brings something into existence. Business activity produces political jurisdictions.

A Civil Exchange or Civic is created by a group of people with complementary skills. By complementary we mean the members specializations supplement each other. A furniture maker and an auto mechanic will do business, but they do not have complementary specializations. A butcher and a farmer have complementary skills. A group of housewives' is a complementary group when each lady focuses on one or two services. Anything provided by the free market or public sector can be provided by a Civic.

The higher the level of consilience the less the risk to investors. Risk is the result of people with competing and non-complimentary objectives. The highest level of complementary activity is seen on a production line. Civics reduce the inputs required to produce a given level of output. Civics have less waste than conventional business models.

A market is an expression of the complementary value existing between businesses. This is why the public sector fails as a market, there are no complementary businesses in the public sector.

The following illustrates how a Civic is set up. It is important to note that when complementary value is high, there is a high potential for increasing specialization. When skills and interest complement one another, the potentiality for specialization exists.

In this scenario a group of persons create a civic for the express purpose of lowering the cost of clothing for members. The Civic is registered as a not-for-profit charitable institution with the mission to buy and sell clothes at reasonable cost. All profits are directed towards the charitable purpose of the Civic.

The Clothes Exchange (CE) is a charity owned by members. Each member holds one Common Share. This is an ownership share and entitles each member to vote at board meetings and to an equal share of profits.

The Exchange issues charitable receipts for donations received. Civics are capitalized by donations from members. Donations are compensated by a matching deposit to the member's account.

Each member has an account with the Exchange.

Jill provides 10 dresses with an assessed value of \$500.00. Jill is given a charitable receipt for \$500.00. This charitable receipt can be used to lower the tax liabilities of Jill or to purchase Preferred Shares. Preferred Shares are claims on the equity of the Civic.

Investments are never at risk because the capital of the civic always equals the outstanding equity. As or when equity is liquidated assets are eliminated. The reconciliation of accounts always leaves the investor with his capital liquidated. This is because in a civic, there are no liabilities and no multiple claims to the same asset.

Jill provides the Civic with ten dresses. These become assets of the Clothing Exchange. The dresses have a value of \$500.00 so the CE has acquired \$500.00 worth of equity. This equity allows The Clothes Exchange (CE) to issue a charitable receipt equal to the value of the donation received. The charitable receipt represents the equity acquired by the Exchange. The charitable receipt may be exchanged for 500 preferred shares, each preferred share being valued at \$1.00. Preferred Shares represent the equity of the Exchange. Or charitable receipts can be used to defer the member's taxes.

Preferred Shares are issued in multiples of each other the same way conventional currency is. Preferred Shares are fully backed by the equity of the organization.

Capitalizing a CE may be done through the sale of bonds and through a donation of goods and services. Preferred Shares and charitable receipts are always provided as compensation to the donor.

For the purposes of the following illustration, we assume a Clothes Exchange has been capitalized;

- A place has been found and financed.
- The business has been organized and registered.
- Preferred Shares have been printed and issued.
- A Board of Directors has been voted in.
- A Chair has been appointed.
- A CEO has been appointed and he or she has appointed or hired staff.
- Stock has been acquired, displayed and priced.

Members have capitalized the Exchange. They have donated goods, helped set up the business, provided capital and equipment or done work to set up the Exchange. Members have acquired a number of preferred shares equal to the amount of capital invested. Preferred shares are issued as a local currency called prefers. Prefers are not backed by debt and do not create debt. Members may also purchase bonds and/or preferred shares using fiat currency. Preferred shares are referred to as prefers when used as a currency, designated by the symbol P. Jill with P500.00 can purchase P500.00 worth of clothes or bonds or some combination of both.

Members who are employed by the civic are paid a living wage. This could be set at P15.00 or whatever the Exchange decides.

Members are hired to do the work of the Exchange and are paid for the work they do using prefers. As much as possible all expenses are paid for in prefers. When bonds are sold and when profits made the money goes into a trust account. The profits are used to expand the business or start additional ones. The trust account (fiat money) is used to pay down member debt. The equity of the debt becomes an asset of the Exchange. The member has her debit account increased by the amount of the debt. This is paid off as the member acquires credits.

As members join, and assets increase they can be used to set up additional Civics of different types specializing in different sectors of the economy.

The Civic economy is composed of twelve sectors. Each sector represents a different type of economic activity. Manufacturing is one economic sector and Transportation another. If the

Transportation sector decided a road needed to be built or resurfaced the Transportation sector would simply assign members to the job of constructing or improving the road. If a hospital was needed the sector would transfer the resources needed to build a hospital.

The public sector is not required to build roads or provide what are called public services. Governments do not engage in producing real goods and services. They finance the work, but the people who build roads can build roads by transferring assets to the work of building roads, without the intervention of governments.

A community that wants a school, builds the school out of resources available to the community. These resources are not created by governments. The assets needed to build a school exist regardless of whether governments exist or not. The community merely needs a way to transfer the resources from one objective to a different project. All economic development is composed of transfers. We only need to discover the easiest and most direct way to make these transfers possible.

Exchanges transfer assets naturally. The way a single Exchange is capitalized is the same way any project is capitalized. It simply takes more Exchanges to capitalize a more complex project than a simple one. This way of setting up a business eliminates risk. The new business is built from what exists and without liabilities risk is non-existent.

Government cannot build what the community does not have the resources to build. All the money in the world cannot build a bridge, if the skills and resources are lacking. Anything can be built in the way our ancestors raised barns. The members of various Exchanges donate resources and labor and are compensated for the capital they invested by credits to their prefers account.

Every good and service that is needed and provided through the public sector can be provided by Exchanges. There is no need for taxes because there is no need for a public sector. Businesses as markets supply goods and services using the forces of Supply and Demand. When the state does not exist there are no dual claims made by the state on what the private sector produces.

Obviously, this is a very short and truncated overview of how Civics eliminate risk. If you need further explanations and scenarios, please contact a representative who will be pleased to assist you.

There are twelve types of political jurisdiction in ascending order

1. COTERIE/SMALL GROUP
2. VILLAGE/NEIGHBOURHOOD/BLOCK
3. TOWN/TOWNSHIP
4. CITY/BOROUGH
5. DISTRICT/PARISH
6. MUNICIPALITY/SECTION
7. COUNTY
8. PROVINCE/STATE
9. REGION/SECTOR
10. NATION
11. CONTINENT/CENTER
12. WORLD

There are twelve economic sectors, each with its own administration and a General Council to administrate inter-sectoral concerns.

1. DEFENSE
2. TRANSPORTATION
3. TECHNOLOGY AND DEVELOPMENT
4. COMMUNICATIONS
5. ENERGY MINES AND RESOURCES
6. INDUSTRY
7. SALES AND SERVICES
8. CONSTRUCTION
9. HEALTH AND WELFARE
10. EDUCATION
11. POLITICS AND JUSTICE
12. CULTURE