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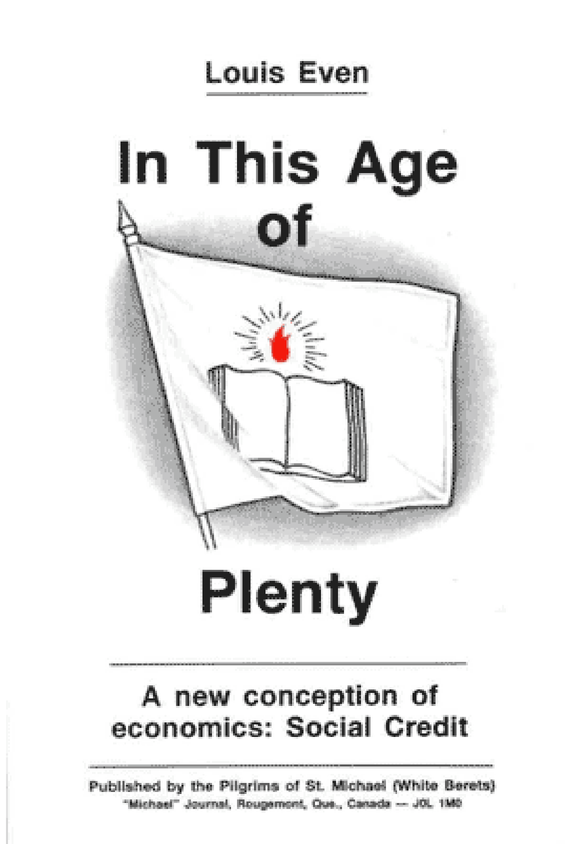
# In This Age of Plenty




**This 410-page book presents a new conception of finance, of the money system, that would definitely free society from purely financial problems. Its author, Louis Even, sets out the outlines of the Social Credit financial proposals, conceived by the Scottish engineer Clifford Hugh Douglas.**

# Preface (to the first edition in French)

This book talks about Social Credit, but it is far from being a general survey of Social Credit. Social Credit is actually a whole orientation of civilization, and deals with its social and political, as well as its economic, aspects. We even believe, with Douglas — to whom the world owes this enlightening doctrine — that putting right the economic order along Social Credit lines, is impossible without first putting right the political order.

In this volume, however — except for a few thoughts incidental to the repercussions of a flawed and dominating financial system on politics — we have confined our study to economic objectives and Social Credit financial proposals.

**Louis Even**

The title of this book — *In This Age of Plenty* — clearly shows that we are now dealing with an economy of plenty, in which the access to the huge possibilities of modern production is made easier for all.

"Old economics" was ruled by the presence of gold or any other rare commodity, when production itself was scarce. But it is to go against progress and logic, to want to keep an instrument linked to scarcity, to confer claims on automated production.

In the first part of this volume, we recall essential and very simple notions that everybody readily admits, but which are almost totally ignored in the present economic organism. The ends no longer direct the means. A short study of the present monetary system shows that money governs where it ought to serve. We present the Social Credit proposals as a remedy, explaining the outlines, without going into the methods of application. The problem, we believe, is not so much to develop a technique of operation, as to reach an agreement on ideas, which seem both too simple and too bold to the minds who are accustomed to losing sight of the ends, and to getting bogged down in the complexity of the means. So, several chapters are especially intended to justify the Social Credit doctrine.

The second part reproduces, without necessarily being linked with each other, certain speeches and articles which throw light on the various aspects of Social Credit.

In offering this book to the public, we have especially in mind the ordinary reader, who has no special knowledge of economics. Even in dealing with specific topics, we avoid technical terms as much as possible, since they are more likely to tire readers than to enlighten them. We strived to write in such a way as to be easily understood by the great majority of people — which, besides, is in the spirit of an economy of plenty to serve and everyone.

Montreal, May 1st, 1946.

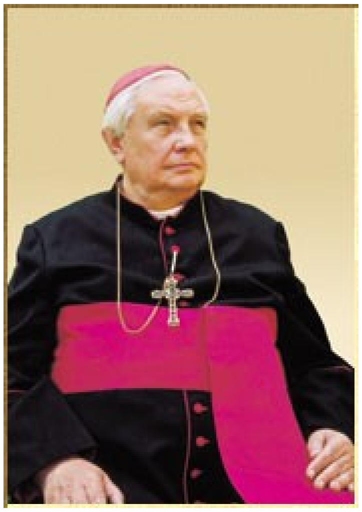
LOUIS EVEN

# Preface to the present edition (1996)

Fifty years after the publication of the first edition in French, Louis Even's book, *In This Age of Plenty*, is now available in English. Louis Even began to make Social Credit known in French Canada in 1935, but now, in 1996, there are as many subscribers to his Movement's English-language periodical, *Michael*, as to its French-language periodical, *Vers Demain*, in several countries in the world. *(For more detail on the development of Louis Even's Social Credit Movement, see the biographical notes.)*

The present volume is the English translation of the fourth (revised and enlarged) edition in French, published in 1988. Ten chapters and six appendices have been added to this 1988 edition, to form the present volume. *(These additions are mostly taken from issues of "Michael" published after 1988.)*

# In This Age of Plenty published in Polish



Bishop Kraszewski


*Louis Even's book, "In This Age of Plenty", was published in Polish in 1993 by Bishop Zigniew Jozef Kraszewski, then Vicar General of the Diocese of Warsaw-Prague, Poland. (Note: Bishop Kraszewski died on April 4, 2004.) Here is the translation from the preface to Louis Even's book, written by Bishop Kraszewski:*

"What Catholics learned in the social doctrine of the Church is the way between socialism and capitalism. For many years, this doctrine has been diffused in Canada, and known as the Social Credit theory. Louis Even's book, *In This Age of Plenty*, that I introduce to the Polish readers, is an exposition of the Catholic social doctrine that is good not only for the Canadians; this book contains a lot of instructive topics for any person who reads it and who is open to social problems. This book has not been written only for great theoreticians and scholars, but for everybody. That is why this book is precious to the Poles, especially at the time of the second miracle of the Vistula River that we are presently experiencing. *(The miracle of the downfall of Communism.)*

"Poland miraculously succeeded in gaining its freedom and sovereignty. After the devastation of Communism that had been keeping us captive for so many years, we have the duty to choose the right path of social justice, based on Catholic doctrine. I think this book will largely help in achieving that. I entrust all the readers to the protection of Our Lady Victorious, who reigns in the co-cathedral of Kamionku, in Warsaw."

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# PART I

# Goods at the service of needs through Social Credit

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## Social Credit: Not Socialism
## Not a political party

### Not Socialism

Because of the word *social* in the term "Social Credit", some people erroneously assume it to be a form of Socialism, and automatically reject it. On the contrary, Social Credit is the best way to fight Socialism and Communism, and to protect private property and individual freedom. A Dominican Father, who had studied the Social Credit proposals, even wrote: **"And if you want neither Socialism nor Communism, bring Social Credit in array against them. It will be in your hands a powerful weapon with which to fight these enemies."**

And in 1939, a Commission of nine theologians appointed by the Bishops of Quebec found that Social Credit was not tainted with Socialism nor Communism, and was worthy of close attention. In fact, Social Credit wants to make every member of society a real capitalist, a shareholder in the wealth of the country. If the expression "social" credit scares some people, Douglas's financial proposals can also be referred to under other names: public credit, economic democracy, or New Economics.

### Not a political party

Concerning the issue of political parties, it is true that parties called "Social Credit" existed in the past, and that is why some people may be confused: a "Social Credit" party existed on the federal scene in Canada for a while, and was even in power in the Province of Alberta, Canada, from 1935 to 1971, and in the Province of British Columbia, from 1952 to 1991 (except for three years, from 1972 to 1975). None of these provincial parties applied Social Credit. (*The very day he took office as premier in 1952, Bennett, B.C. "Social Credit" leader, even said that his party would do absolutely nothing to apply Social Credit principles. Actually, there was nothing even closely related to real Social Credit in this party or its platform; it should have been more accurately called "conservative".*)

**The fact is that there is no need for a so-called "Social Credit" party to have C. H. Douglas's Social Credit principles implemented. These principles can be applied by any political party presently in office, whatever its name — Liberal, Conservative, etc. Some people may have thought that promoting "Social Credit" parties was the better way to promote Social Credit, but C. H. Douglas and Louis Even thought exactly the opposite.**

As Douglas and Louis Even pointed out, the creation of "Social Credit" parties was even a nuisance, and did nothing but to prevent the implementation of real Social Credit. For example, as soon as you use the words "Social Credit" to name a political party, you just close the minds of people of other parties to even study Social Credit, since they will consider it only as another party to be fought.

Real democracy means that elected representatives are sent to Parliament precisely to *represent* their constituents, and to express the will of their constituents. So the point is not to create new parties, and divide the people even more, but to unite the people around common objectives, and then to put pressure on the Government to implement these objectives. This method of pressure politics is the one advocated by the *Michael* Journal.

In a speech given to Social Crediters on March 7, 1936, Douglas said: **"If you agree that the object of sending a set of men to Parliament is to get what you want, then why elect a special set of men, a special party at all? The men who are there should get you what you want — that is their business. It is not their business to say how it is to be got... How things are done is the responsibility of the expert."**

On the same occasion, Douglas said that the idea that a Social Credit party should exist (in any country) was a "profound misconception". He even added: **"If you elect a Social Credit party, supposing you could, I may say that I regard the election of a Social Credit party in this country as one of the greatest catastrophes that could happen... (It) would be to elect a set of amateurs to direct a set of very competent professionals. The professionals, I may tell you, would see that the amateurs got the blame for everything that was done."** This is precisely what happened in Alberta in the 1930s. (*Douglas wrote a very interesting book on that subject, entitled "The Alberta Experiment", from which the following information is taken.*)

## The Alberta experiment


**Aberhart**

William Aberhart was a principal of Calgary High School, who commanded a province-wide audience every Sunday with his religious broadcasts. He came across a book on Social Credit and, being so carried away by this new light, he began to use his radio program to preach the "gospel" of Social Credit, and to mobilize support for it. Hundreds of study groups soon appeared across the province, and a majority of Albertans became in favour of Social Credit. The ruling party in Alberta at the time, the United Farmers, was also open to Social Credit, but said that it could only be applied nation-wide, and not provincially. Aberhart disagreed, and decided to present Social Credit candidates in the 1935 provincial election, and he captured 56 of the 63 seats in the provincial legislature. They were all new to politics, being a "set of amateurs", and were no match for the Financiers.

For example, when Aberhart took office, instead of listening to Douglas's advice, he went to Ottawa to seek financial assistance, and an economic adviser, Mr. Robert Magor, was given to him. This Mr. Magor had obviously only one objective in mind: to discredit Social Credit. Measures were adopted that were just the opposite of Social Credit, and that is what Douglas called "a policy of capitulation to orthodox finance... Almost every mistake of strategy which could be made in Alberta had been made."

It must also be mentioned that Aberhart, although sincere enough, had also little knowledge of Social Credit, and did not understand its technical basis, which led him, in an effort to simplify Douglas's ideas, to often distort them. In the following years, fifteen Social Credit bills were voted on by the Alberta Government, but vetoed by higher authorities (either disallowed by the Federal Government, or ruled unconstitutional by the Supreme Court).

One point of contention was obviously that money and banking was under federal jurisdiction, according to the Canadian Constitution. Douglas explained to Aberhart that Alberta could bypass this difficulty by making use of its own credit by establishing a provincial credit system, since the Constitution grants to the provinces the right to "raise loans upon the sole credit of the Province." As Douglas wrote in *The Social Crediter* of September 11, 1948: **"When Mr. Aberhart won his first**

**electoral victory (in 1935), all he did was to recruit an army for a war (against the monopoly of credit). That war has never been fought."**

Aberhart had learned from his mistakes during his first years in office, and was ready, after World War II, to take up the fight again, but he unfortunately died in May, 1943. His successor, Ernest Manning, soon made it clear that he was not prepared to take up that fight again, and finally declared, in 1947, that his government would no longer do anything to implement Social Credit in Alberta. (Incidentally, after retiring from politics, Ernest Manning became a director of a bank.)

So those who say that "Social Credit is that funny money scheme tried in Alberta, where it failed", are dead wrong. Social Credit did not fail in Alberta, for the simple reason that it was never tried: all the attempts to implement Social Credit policies were opposed and defeated by a centralized power. As Douglas said, if Social Credit was absurd and worthless as an effective answer to the Great Depression of the period, the best way to have this demonstrated would have been to permit the Government of Alberta to go ahead with a Social Credit policy. The credit monopolists feared that even a partial application of Social Credit would prove so successful that every effort had to be made to prevent this from taking place.

* * *

**The only effective way to have the Social Credit proposals implemented by governments is therefore not to promote so-called "social credit" parties, but to make Social Credit principles known to the population — by distributing our Michael leaflets, and, above all, to solicit subscriptions to our Michael Journal — in order to create a public pressure that will be strong enough to get the government — of any party — of our country to issue its own money, debt free, and to implement Douglas's Social Credit principles.**

We firmly believe that the Social Credit principles, once implemented, would be a very efficacious way to eliminate poverty (in the countries in which they are implemented). For the first time in history, absolute economic security, without restrictive conditions, would be guaranteed to each and every individual. So, dear reader, go ahead and study the following pages. You will find them most enlightening. Our hope is that this study will get you to take action to make this Social Credit solution known to your fellow countrymen, in order to create a public pressure that will be strong enough to get the government of your country to issue its own money, debt free, and to implement Douglas's Social Credit principles.

**The editors**

Rougemont, March 1, 1996

# Chapter 1 — A Few Principles

## Man is a person

Man is a person. He is not a mere animal.

All people live in society. The more perfect people are, the more life in society is perfect. The society of angels is more perfect than human society. As for the three Divine Persons, They live in an infinitely intimate society, however, without merging into one.

Moreover, this Divine society is proposed to man as a model: “That they all may be one, as you, Father, in me, and I in you.” (John 17:21.)

Since men are human persons, they also live in society. Association responds to a need of man's nature.

## Man is a social being

Life in society responds to man's nature for two reasons:

1. Because the human being is a universe, in God's image, and receives from the model, of whom he is the image, the tendency to give of himself, to communicate the wealth which he possesses;

2. Because he is also a universe of indigence, in the temporal as well as in the spiritual world. The human being needs other human beings to come out of his indigence. He needs others physically for his conception, birth, growth. He needs others intellectually, too: without an acquired education, what intellectual level would a being who is born ignorant achieve?

We will not speak here of his spiritual indigence, nor of the need he has for the society called the Church.

In our studies, we will restrict ourselves to the temporal order, without, however, losing sight of the subordination of the temporal order to the spiritual order, because both the temporal and the spiritual orders concern this same man, and because the final end of this man takes precedence over all intermediary ends.

## The common good

Any association exists for a goal. The goal of an association is a certain common good, which varies with the type of association, but it is always the good of each and every one of the members in the association.

It is precisely because it is the good of each and every one that it is a common good. It is not the particular good of only one of its members, nor of a section, that is sought by the association, but the good of each and every one of its members.

Three people join together for an enterprise. Peter contributes his muscle power; John, his initiative and experience; Matthew, his money capital. The common good is the success of the enterprise. But this success of the enterprise is not sought only for the good of Peter, nor only for the good of John, nor only for the good of Matthew. If one of the three is excluded from the benefits of the enterprise, he will not join.

The three form an association to achieve, for all and each of the three, a result that each of the three wants, but that none of the three can really derive alone. The money by itself would not give very much to Matthew; the arms by themselves would bring very little to Peter; the mind by itself would not be sufficient for John. But when the three combine their resources, the enterprise succeeds, and each one benefits from it. All three do not necessarily benefit to the same degree, but each of the three derives more than if he were alone.

Any association that frustrates its associates, or a part of its associates, weakens its bond. The associates are inclined to dissociate. When, in a big society, the marks of discontent become more pronounced, it is precisely because greater and greater numbers of associates are deprived more and more of their share of the common good. At such a time, legislators, if they are wise, seek and take the means to make each and everyone of the members participants in the common good. Trying to checkmate discontent by inflicting punishments on its victims is a very inadequate way of making it disappear.

Besides, since human associations are made of men, thus of people, thus of free intelligent beings, the common good of these associations has certainly got to be in keeping with the spreading out of intelligence and freedom. Otherwise, it is no longer a common good; it is no longer the good, through the association, of each and every one of the free intelligent beingss who compose the association

## Ends and means

One must distinguish between ends and means, and especially subordinate the means to the end, and not the end to the means.

The end is the goal aimed at, the objective pursued. The means is the processes, the methods, the acts used to achieve the end.

I want to manufacture a table. My end is the manufacturing of the table. I get planks, I measure, I saw, I plane, I adjust, I nail the wood: so many movements, actions, which are the means used to manufacture the table.

It is the end that I have in sight, the manufacturing of the table, which determines my movements, the use of tools, etc. The end controls the means. The end exists first in my mind, even if the means have to be set to work before achieving this end. The end exists before the means, but it is reached once the means are used.

This seems elementary. But it often happens, in the running of public affairs, that one mistakes the means for the end, and one is all amazed when chaos results. (*Editor's note: This reminds us of what Pope John Paul II said before the General Assembly of the United Nations in New York, on October 2, 1979: "I ask you, ladies and gentlemen, to excuse me for speaking of questions that are certainly self-evident for you. But it does not seem pointless to speak of them, since the most frequent pitfall for human activities is the possibility of losing sight, while performing them, of the clearest truths, the most elementary principles.")*

Another example of this subject, on which we will return, is employment. So many legislators regard labour as an end of production, and are, by this, driven to demolish or paralyze all labour-saving devices! If they considered labour as a means of producing, they would be satisfied with the amount of labour necessary to achieve the sum of production sought.

Likewise, is the Government not a means to facilitate, for the Provinces, and for the Nation, the pursuit of the common good: therefore to serve, according to the common good, the people who compose the provincial association, the nation? In practice though, does one believe that the Government exists for the people, or the people for the Government?

One could say the same thing about systems. The systems were invented and established to serve man, not man created to serve systems. Then if a system is harmful to the mass of men, do we have to let the multitude suffer for the system, or alter the system so that it will serve the multitude?

Another matter which will be the subject of a long study in this volume: since money was established to facilitate production and distribution, does one have to limit production and distribution to money, or relate money to production and distribution?

Therefore one sees that the error of taking the ends for the means, the means for the ends, or of subordinating the ends to the means, is a stupid, very widespread error, which causes much disorder.

## Hierarchy of ends

The end is therefore the objective, the goal sought. But there are far-off ends and more immediate ends, final ends, and intermediate ends.

I am in Montreal. A car company that I work for sends me to China to tie up commercial relations. I begin by taking the train from Montreal to Vancouver. There, I will embark upon a transoceanic liner which will take me to Hong Kong, where I will have recourse to public transportation for the rest of the tour.

As I climb aboard the train in Montreal, it is to go to Vancouver. To go to Vancouver is not the ultimate end of my journey, but it is the end of my journey by railroad.

To reach Vancouver is therefore an intermediate end. It is only an arranged means to the ultimate end of my journey. But, if it is only a means to the far-distant end, it is, in any case, an end as far as the journey by railroad is concerned. And if this intermediate end is not carried out, the ultimate end — tying up commercial relations in China — will not be reached.

The intermediate ends have a determined field. I must not ask the railroad to take me to Hong Kong. Neither must I ask the transoceanic liner to carry me from Montreal to Vancouver.

Besides, I must focus all intermediate ends on the ultimate end. If I take the railroad to Quebec City, I will undoubtedly be able to carry out this special end to perfection: reach Quebec City. But this will certainly not take me to my ultimate end: to tie up commercial relations in China.

You will see shortly the reason for all these elementary distinctions. They seem very simple in the present case: the business trip to China. One is often unaware of them, and one falls into a mess when one comes to the ends of economics.

http://www.michaeljournal.org/plenty2.htm

# Chapter 2 — Economics

When one talks about economy, one has a tendency to think of thrift, of savings. Have we not often been told: "Save your money, save your strength."? We are clearly advised: "Save; do not spend."

Nevertheless, we are also faced with the reflection: "Here is an economy which is not economical!" Thus, without being trained to the subtleties of the dictionary, people already grant a broader sense to the word *economy*.

For example, do not little girls of fourth-year primary school already study domestic economy? Going from domestic economy to political economy is nothing more than a question of extension.

The word *economy* is derived from two Greek roots: *Oikia*, house; *nomos*, rule.

The economy is therefore about the good regulation of a house, of order in the use of the goods of the house.

We may define domestic economy as good management of domestic affairs, and political economy as good management in the affairs of the large communal home, the nation.

But why "good management"? When can the management of the affairs of the small or large home, the family or the nation, be called good? It can be so called when it reaches its end.

A thing is good when it attains the results for which it was instituted.

## The end of economics

Man engages in different activities and pursues different ends, in different orders, in different domains.

There is, for example, man's moral activities, which concern his progress towards his final end.

Cultural activities influence the development of his intellect, the ornamentation of his intellect, and the formation of his character.

In participating in the general well-being of society, man engages in social activities.

Economic activities deal with temporal wealth. In his economic activities, man seeks the satisfaction of his temporal needs.

The goal, the end of economic activities, is therefore the use of earthly goods to satisfy man's temporal needs. And economics reaches its end when earthly goods serve human needs.

The temporal needs of man are those which accompany him from the cradle to the grave. There are some which are essential, others which are not as vital.

Hunger, thirst, bad weather, weariness, illness, ignorance, create for man the need to eat, drink, clothe himself, find a shelter, warm himself, freshen himself, rest, to take care of his health, and to educate himself.

These are all human needs.

Food, drink, clothing, shelter, wood, coal, water, bed, remedies, the school teacher's teaching books — these are all factors that must be present to fulfill these needs.

**To join goods to needs — this is the goal, the end of economic life.**

If it does this, economic life reaches its end. If it does not do this, or does it badly or incompletely, economic life fails its end or only reaches it imperfectly.

The goal is to join goods to needs, not only just to have them close together.

In straight terms, one could therefore say that economics is good, that it reaches its end, when it is sufficiently well-regulated for food to enter the hungry stomach, for clothes to cover the body, for shoes to cover naked feet, for a good fire to warm the house in winter, for the sick to receive the doctor's visit, for teachers and students to meet.

This is the domain of economics. It is a very temporal domain. Economics has an end of its own: to satisfy men's needs. The fact of eating when one is hungry is not the final end of man; no, it is only a means to aim better towards his final end.

But if economics is only a means to the final end, if it is only an intermediate end in the general order, it is nevertheless a distinctive end for economics itself.

**And when economics reaches this distinctive end, when it allows goods to join needs, it is perfect. Let us not ask more of it. But let us ask this of it. It is the goal of economics to achieve this perfect end.**

## Morality and economics

Let us not ask of economics to reach a moral end, nor of morality to reach an economic end. This would be as disorderly as to attempt to go from Montreal to Vancouver in the transoceanic liner, or from New York to Le Havre, France, by railroad.

A starving man will not appease his hunger by reciting his Rosary, but by eating food. This is in order. It is the Creator who wanted it this way, and He turns from it only by departing from the established order, through a miracle. He alone has the right to break this order. To satiate man's hunger, it is economics therefore that must intervene, not morality.

And similarly, a man who has a sullied conscience cannot purify it by eating a good meal, or by consuming copious libations. What he needs is the confessional.

It is religion's place to intervene; it is a moral activity, not an economic activity.

There is no doubt that morality must accompany all of man's actions, even in the domain of economics. But morality does not replace economics. It guides in the choice of objectives, and it watches over the legitimacy of the means, but it does not carry out what economics must carry out.

So when economics does not reach its end, when things stay in the stores or are not produced, and needs continue to be present in the homes, let us look for the cause in the economic order.

Let us blame of course those who disorganize the economic order, or those who, having the mission to govern it, leave it in anarchy. By not fulfilling their duties, they are certainly morally responsible, and fall under the sanction of ethics.

In effect, if both things are truly distinct, it happens nevertheless that both concern the same man, and that if one is immolated, the other suffers from it. Man has the moral duty to make sure that the economic order, the social temporal order, reaches its proper end.

Also, although economics is responsible only for the satisfaction of man's temporal needs, the importance of good economic practices has time and time again been stressed by those in charge of souls, because it normally takes a minimum of temporal goods to encourage the practice of virtue.

Pope Benedict XV wrote, "**It is in the economic field that the salvation of souls is at stake.**"

And Pius XI:

**"It may be said with all truth that nowadays the conditions of social and economic life are such that vast multitudes of men can only with great difficulty pay attention to that one thing necessary, namely their eternal salvation."** (Encyclical Letter *Quadragesimo Anno*, May 15, 1931.)

There is order everywhere — order in the hierarchy of the ends, order in the subordination of the means.

It is the same Pope who says in the same encyclical:

**"This is the perfect order which the Church preaches, with intense earnestness, and which right reason demands: which places God as the first and supreme end of all created activity, and regards all created goods as mere instruments under God, to be used only in so far as they help towards the attainment of our supreme end."**

And immediately after, the Holy Father adds:

**"Nor is it to be imagined that remunerative occupations are thereby belittled or deemed less consonant with human dignity. On the contrary, we are taught to recognize and reverence in them the manifest will of God the Creator, Who placed man upon earth to work it and use it in various ways in order to supply his needs."**

Man is put on earth by his Creator, and it is from the earth that he has the duty to wrest satisfaction of his nature's needs. He does not have the right to shorten his life by doing without the goods that his Creator has put on earth for him.

To make the earth, the earthly goods, serve all of mankind's temporal necessities is exactly the proper end of man's economic activities: the adaptation of goods to needs.

## Features of a human economy

Since men are beings who, by nature, live in society, a really human economy must be social. It must serve all members of society.

An economic organization that would allow the use of earthly goods to serve the needs of only a few, leaving the others in privation, would certainly not be social; it would therefore be inhuman.

If some members of society are practically banished from the economic benefits of society, and allowed, only grudgingly, what is strictly necessary to prevent them from rebelling against it, being treated rather like enemies to be pacified than like entitled members, the economic system is not human, but monstrous. This is an economic society of wolves.

In the jungle, in the struggle for life, the strong win and the weak disappear. Such a law is inadmissible among people, who are intelligent and social beings. A *struggle for life* among human beings can mean nothing but a collective struggle against common enemies: the wild beasts of forests, ignorance, the adverse elements. A really human economy must be based on *the co-operation in life.*

**On the other hand, human beings, if they are social, are also free beings. And if a human economy must ensure the satisfaction of the essential needs of all men, it must do it without getting in the way of the person's free blossoming.**

The economy must not do violence either to sociability or to genuine freedom. A society of men is not a herd. An economy that sets conditions for the right to life on enrollment, is not human; it goes against man's nature.

In the choice of the means to straighten a disordered economy, we will therefore choose the means that will respect man's freedom.

## Hierarchy

If the end of economics is a temporal end, it is therefore also a social end, to be reached socially. If it must satisfy man's temporal needs, it must satisfy the temporal needs of ALL men.

This applies to all levels of social hierarchy, according to respective jurisdictions.

If it concerns the family, the domestic economy must seek the satisfaction of the needs of all members of the family.

Passing to the provincial economy, it must seek, within provincial jurisdiction, the satisfaction of the temporal needs of all the province's inhabitants.

Likewise with the federal economy, it must satisfy human needs in what is within federal jurisdiction.

Encompassing the world economy, it is important that some connecting organism exists between nations, an organism respectful of the constituting parties' autonomy to orient the world economy towards the satisfaction of the temporal needs of all men. The earth was created for all mankind.

But a good organization of society makes sure that the satisfaction of the temporal needs of ALL be effected as completely as possible within the circle of inferior levels, organisms in the more immediate contact with individuals.

So, instead of substituting itself for the family, to help the indigents, the State would be much wiser to legislate and organize the economic order in such a way that the family can itself respond, as perfectly as possible, to all of the needs of the members who compose it.

So, instead of substituting itself for the province, under the pretext that the provincial treasuries are broken and incapable of providing for immediate needs, the Federal Government would be much more in order if the provinces had financial means in keeping with their real wealth.

This is the Social Credit philosophy. It is, at the same time, truly more democratic.

Social Credit decentralizes the financial system. Centralization, State control, are the negation of democracy.

The social and very human end of the economic organism is summed up in this sentence of *Quadragesimo Anno*:

**“Only will the economic and social organism be soundly established and attain its end, when it secures for all and each those goods which the wealth and resources of nature, technical achievement, and the social organization of economic affairs can give.”**

ALL and EACH must be secured with all the goods that nature and industry can provide.

The end of economics is therefore the satisfaction of ALL of the consumers' needs. The end is consumption; production is only a means.

To make economics stop at production is to cripple it.

To request from it the satisfaction of the needs of only a portion of society, when goods glut warehouses, is unreasonable and inhuman.

To abandon economics to hazard, to conflicting forces, is to capitulate shamefully, and to deliver the people to the teeth of the strongest.

http://www.michaeljournal.org/plenty3.htm

# Chapter 3 — The Consumers

**The end of every economic activity is therefore the satisfaction of man's needs. When he satisfies his needs, man fulfills the function of consumer.**

The man who is hungry, eats; he consumes food. If he is cold, he clothes or warms himself; he consumes clothing or combustibles.

In an order where the end governs the means, it is man as consumer who is in charge of all of the economy. And since every man is a consumer, it is every man who contributes to orienting the production and distribution of goods.

It is for man, the consumer, that every economic activity exists. Man, as a consumer, must therefore organize production himself. It is he, the consumer, who must give his orders to the producers.

A really human economy is social, as we said; it must satisfy ALL men. So ALL and EACH must be able to give their orders to the production of goods — at least to satisfy their basic needs, as long as production is in a position to respond to these orders.

The needs of consumers — who can express them appropriately, if not the consumers themselves? This man, this woman, here in this apartment, over there at the door of their house, somewhere else in town, in the countryside, wherever they may be, whoever they may be — who can know their needs better than they themselves?

It is each consumer who knows his own needs. Therefore it is from each consumer that productive capacities must get orders. In a system really organized at satisfying the needs of consumers — of all consumers — all the consumers must have the means of expressing their needs, of ordering goods that answer these needs.

Production is unjustified in taking its orders from other sources than the consumers' needs. This is nevertheless what happens when a firm puts pressure upon the consumers to push them to buying things for which they do not in the least feel a need. Then production takes its orders, not from the consumers, but from the search for profits.

One admits that irrational consumers, animals, men who do not have the use of their faculties or the sense of their needs, require outside intervention to dictate what they should get. But rational beings can determine their own needs.

**Consumers must therefore be able to freely order useful goods for the satisfaction of their normal needs. Whatever may be the nature of the means adopted to express these orders, the orders must be able to come from the consumers as long as there are, on the one hand, unsatisfied normal needs, and, on the other hand, goods to satisfy these needs.**

http://www.michaeljournal.org/plenty4.htm

# Chapter 4 — Goods

Do goods exist? Do they exist in sufficient quantity to satisfy all of the consumers' basic needs?

Mankind has gone through periods of food shortage; famines covered big countries, and one lacked the appropriate means of transportation to bring to these countries the wealth from other sections of the planet.

It is no longer the case today. There is an overabundance of everything. It is abundance — no longer scarcity — that creates the problem.

It is not at all necessary to go into detail to demonstrate this fact. It is not in the least bit necessary to quote cases of voluntary destruction on a large scale "to stabilize markets", by making stocks disappear.

The example of two world wars sufficiently proves the point.

From 1914 to 1918, and from 1939 to 1945, millions of human beings, in the prime of life — the ones most capable of producing — were rerouted from the production of useful things, and were employed at destruction. Industries, powerful machines were subjected to the same fate. And in spite of that, mankind still had in front of itself the necessities of life.

Famines are now nothing more than an artificial scarcity, wanted by some men. It takes minefields, submarines, torpedoes, blockades organized by force, to prevent abundance from overflowing to all the countries.

When one considers postwar problems, one never wonders where one will find wheat for the next day, or materials and workers. It is a different matter altogether, which bewilders statesmen and sociologists: What will they do with all these arms, machines, producing inventions, that the end of the war puts back into availability?

**If, between both wars, all homes did not live in affluence, it was certainly not due to a lack of goods or the inability to produce. It was solely because the consumers did not have the means to order the goods that were produced.**

Active production was far from being oriented in accordance with the real needs of the country's men and women. It was production calculated mostly to make a profit, goods of no use for the ordinary man and woman, goods that were, in certain cases, even harmful.

A multitude of parasitic occupations, agencies, advertising campaigns — of which the existence is due to the incapacity of the consumers to express effectively their wishes — could have been employed usefully to serve consumers capable of expressing their wishes.

Without leaving our country, we can truly affirm that there exist no obstacles of material or technical order to satisfy the legitimate needs of ALL consumers.

## Two kinds of goods

It is useful, in order to understand several price and purchasing-power problems, to distinguish between two kinds of goods.

On the one hand, there are goods which serve to support or embellish life. These goods are offered directly to the consumers for their use, and that is why they are called *consumer goods*.

Food, clothing, fuel, foodstuffs that one finds on the market, the doctor's services, are consumer goods.

On the other hand, there are goods which are not put up for sale to the public, which are kept by producers precisely to produce consumer goods. Thus, a factory is not a consumer good. It is nevertheless a good, since it serves to produce consumer goods. The machines to make books, to manufacture shoes or clothing, to carry merchandise, fall in the same category as the factory.

These factories, machines, means of transportation, the goods that we do not buy, but which serve to produce other goods, are called *capital goods*. They are in fact the producers' real capital. A farm is a capital good. It is the farmer's capital.

Capital goods serve in production. We use the term “capital goods” and not “producer goods” in order to minimize confusion, because these goods include items which do not serve directly in production. Examples of these are roads, public buildings, and armaments.

To clarify this distinction between consumer goods and capital goods, as well as to show what is the use of this distinction, let us give an example of the different ways in which these two kinds of goods behave in relation to the consumers' standard of living, at least under the present system.

One knows that to buy the products which are on the market, one must have money. Money is obtained mostly through wages and salaries. Wages and salaries are distributed to employees, whether they work to produce capital goods or consumer goods.

A man produces salable goods, let us say, shoes. With his wages, he can buy shoes, but never all the shoes that he makes. Another man works in an arms factory. With his wages, he buys neither shells nor machine guns, but salable goods, such as shoes. The two-combined wages can buy more of the production of the first wage-earner.

This means that the wages obtained for the production of capital goods, added to the wages obtained for the production of consumer goods, allow consumer goods — the only ones put up for sale —to be sold more easily.

It is the reason why industrial developments, which bring about new construction, or wars, which bring about the manufacture of armaments, create a kind of prosperity by allowing people to buy goods that they otherwise could not buy, because of the lack of money. This is why one says that when things are going well in the construction business, everything goes well. Whence comes this reflection which could appear cynical but which nevertheless expresses a factual trend: A good war would bring back prosperity (through employment).

For this reason, war is much more effective than construction. For example, if one talks about an ordinary industrial development, like a factory, once finished, it throws on the market goods which must recover the expenses of the factory. The problem of the lack of purchasing power then becomes more acute. War and arms factories put no products on the market; they even destroy or restrict the production of useful things by mobilizing manpower and machines while continuing to distribute wages and salaries to those who work at nothing but destruction.

# Chapter 5 - Specialization - The Machine

As production progresses, the producer specializes. This specialization is itself a factor for a greater total production, requiring however less effort from each specialist.

For a long time now, some men have been cultivating the earth, some have been manufacturing materials, others worked at transportation, and others engaged in various kinds of services. But specialization increases, even on farms, and above all, in industry. Some workers make no more than a part, always the same part, of the finished product.

As far as output is concerned, this division of labour is certainly worthwhile, but it requires, for the satisfaction of the consumers' needs, much more recourse to trade. Parallel to the development of the division of labour, of specialization, we must therefore have a flexible development in the trade mechanism.

The division of labour has furthered the invention of machines. In fact, the more the division, the more it is uniformly repeated, the more automatic becomes the movement of the worker who executes his very small part in the whole production process. That is tantamount to replacing human labour by machines.

**The introduction of the machine contributes to increasing production, while reducing man's work. The division of labour and the introduction of the machine are in perfect harmony with the determining principle of economic life in the field of production: the maximum effect with the minimum effort. But this division of labour and the introduction of the machine pose problems, which one has not yet been able to resolve.**

If the division of labour has resulted in abridging, almost doing away with, the time necessary at apprenticeship, it has also, negatively, transformed labour into real toil. How boring and mind-destroying it must be to repeat the same movement, the same gesture, hour after hour, day after day, without having the satisfaction of thinking, devising, applying one's mind! This is now the case in many occupations. Man's creative faculties enter less and less into the worker's daily labour; he becomes hardly more than a robot, a precursor to the steel machine.

One remedy would be to reduce working hours to the bare essentials, to provide leisure to this worker so he will be able to exercise his faculties to his liking, and become a thinking man again. Another remedy is to hasten the installation of the machine which will do, in the worker's place, the repetitive movement which is already, strictly speaking, no longer a human task.

But with the present economic regulations, which require personal participation in production to get claims to production, one can imagine what happens when the worker is freed from work. Leisure is called unemployment, and the man thus released is a down-and-out.

Some people say that machines do not replace manpower in a lasting way, because new occupations, created by new needs, offer a new outlet to the unemployed, at least until the time when the machine drives them out again one day. Nevertheless, these disruptions, these continual expropriations of the worker's labour, disorganize his life more and more, banish all security, prevent him from building for the future, and force the multiplication of State interventions.

**Therefore, must one agree with those who oppose the introduction of almost all new machines? Not at all. But the system of goods distribution must be adapted. Since machines increase the quantity of goods instead of decreasing them, mechanical production ought to increase production in the homes, even if man's personal labour in**

**production decreases. This ought to be done without collisions and upheavals. It is possible, provided one dissociates – *to the required degree* – claims on production from a personal contribution in production.**

**This, you will see further, is what Social Credit can do, by introducing into distribution the system of dividends to EACH and EVERYONE, to the extent that the wage-earners cannot buy all of the available goods, because of their lack of purchasing power.**

With production being more and more specialized and mechanized, each producer, man or machine, supplies, in line with the job, a more and more considerable quantity of goods that they, men or machines, do not themselves consume. Now, all that a producer supplies, over and above his personal needs, is for the use of the rest of the community. Thus, all of a farmer's production, over and above his family's needs, is necessarily for the use of the rest of the community. All of a blacksmith's production, save what is for his family's use, is destined only for the use of others in the community.

Not that the farmer or the blacksmith must give to his neighbours or to the State what his family does not use. What his family does not consume is produced only for the consumption of the rest of the community, and in some way must go to the rest of the community.

As for the machines, they consume nothing of what they produce. So their immense production enlarges these surpluses that, in some way, must reach the consumers for production to carry out its end.

One can set any appropriate rules so that no worker will be injured. It will be necessary however that, in some way, the consumers are able to draw upon this plentiful production, which exceeds the particular needs of the producers who have brought it into being. And the more plentiful this non-absorbed production is by its makers, the larger its flow must be, and the more generous must be the claim which gives right to it.

http://www.michaeljournal.org/plenty6.htm

# Chapter 6 — Poverty amidst Plenty

The abundance of goods introduced into the world, since man discovered the means of transforming energy and harnessing the forces of nature to his service, ought to be reflected in economic security for all — which means, at the very least, modest material comfort in every home, in an era of good, joyful, and peaceful social relations among individuals and nations.

Unfortunately, the picture that meets the eye in all the civilized countries of the world is quite different. In front of an abundance of goods that pile up, except when they are destroyed in wartime, destitution takes place.

Elevators and warehouses are full to overflowing; shop windows, newspapers, radio and TV announce everywhere a wide range of products, while people in their homes have to do without food, and use their rags and old furniture longer than ordinary.

**"What percentage of our population is merely existing rather than enjoying the use of available and sufficient wealth to live in reasonable comfort? At least three-fourths of our population."** (Rev. Charles E. Coughlin, ***Money***, page 26.)

But quotations are hardly necessary. Most readers have only to examine their personal situations and that of their neighbours. So who, today, is ensured of a reasonable comfort for tomorrow?

No one doubts that tomorrow Canada can continue to supply in plenty what is needed in terms of food, clothing, and housing. But how many people are assured of having a sufficient share for themselves and their families tomorrow, the day after tomorrow, next year?

The number of unemployed and laid-off workers should, logically, show an overabundance of goods, and that consumption has reached saturation point. This number means, above all, sufferings, destitution, and desperation.

The goods are there in front of human needs. So why is it that these goods do not fill these existing needs? What prevents the economy from reaching its end?

Why is it that consumers, who have so many unsatisfied needs, cannot use these goods made for them?

**The existence of widespread poverty, in front of so much production and unused production capacity, is a terrible accusation against the distributive system.**

Never has supply been so great. In front of this supply, is there actually no demand?

**Demand exists. But the claim on supply, the right to have it, is wanting; this claim is money.**

## Real demand, effective demand

One should make a distinction between real demand and effective demand.

Real demand ensues from real needs. As long as there are people who are hungry, there exists a real demand for food. As long as there are people without proper shelter, there is a real demand for housing. As long as there are sick people, there is a real demand for medicine and medical care.

But this real demand becomes effective only if it presents the claim to production: money.

Effective demand exists only where money is united to needs.

Under the present economic system, one usually notices a lot of real demands without the claims that would make these demands effective. The producers, forced to recover their expenses, look for places where there is still some money left, and then do everything possible to create a demand. This is to sell under pressure, which no longer answers the needs of the consumers, but the needs of the producers.

This is a reversal of the economic order. The consumers become exploited victims, and no longer the masters to serve.

**The humane solution would be to put money where the needs are, thus making the real demand effective; and not to create artificial needs where the real demand does not exist.**

Major Douglas points out that to reconcile the real demand and the capacity to pay, the will-to-power will have to be defeated by the will-to-freedom, and that this reconciliation involves a modification of the distributive system. (See *Economic Democracy*, page 90.)

He adds, with a sound conception of the end of economics:

**"Now if there is any sanity left in the world at all, it should be obvious that the real demand is the proper objective of production, and that it must be met from the bottom upwards, that is to say, there must be first a production of necessaries sufficient to meet universal requirements; and, secondly, an economic system must be devised to ensure their practically automatic and universal distribution; this having been achieved it may be followed to whatever extent may prove desirable by the manufacture of articles having a more limited range of usefulness. All financial questions are quite beside the point; if finance cannot meet this simple proposition then finance fails, and will be replaced."**

Since production exists to satisfy the needs of the consumers, and since, according to regulations generally accepted, the consumer must present money to be able to draw upon production, the money in the hands of the consumers must be in keeping with their needs, combined with the country's production capacity. If this is not so, money works against the consumers, therefore against man. In this case, a change is essential.

It is because the present monetary system hinders the satisfaction of the consumers' needs, that certain people propose the abolition of money. According to them, the State would then seize all of the production that is not consumed by its authors, and would itself distribute it to all the members of the community.

This is the Communist solution, which nobody wants in our country. Yet, one cannot approve of the immobilization of goods and production in front of urgent needs.

We will not even consider the dictatorial solution, in which it is no longer the consumers who express their needs: A superman dictates to all what they should have, and to production what it should do. In such a system, guns may well be produced at the expense of bread.

**There is another solution — the solution which, in putting money in the hands of the consumers, of ALL consumers, gives them ALL the right to choose products. Then the consumers really orient production. It is the Social Credit solution.** It brought a sociologist to write:

**"And if you want neither Socialism nor Communism, bring Social Credit in array against them. It will be in your hands a powerful weapon with which to fight these enemies."** (Rev. Georges-Henri Lévesque, O.P., in ***Social Credit and Catholicism***.)

But one must first study this money question, to understand whence the shortcomings of the monetary system, and how to make the system work and fulfill its role

http://www.michaeljournal.org/plenty7.htm

# Chapter 7 — The Symbol and the Thing

Better than anyone else, the Social Credit school knows how to distinguish between wealth and money. If, in its studies, it gives so much importance to money, it is because money today is necessary to have access to wealth.

In normal times, when war does not introduce wholesale destruction, the civilized world abounds in wealth. The storekeepers then never complain of not being able to find what is needed to replace sold stocks. Warehouses are full to bursting. The hands of able-bodied men are more numerously offered than can be employed.

The civilized countries have so many products that they search everywhere abroad to sell them. By all means, they favour exportation, and they bar the road to importation, so as not to be glutted with products.

It is Canada's situation. Canada is a country overflowing with wealth, and capable of producing even more.

But, what is the use of saying to Canadian men and women that their country is rich, that it exports a great many products, that it is the third- or fourth-ranking country in the world for exportation? What goes out of the country does not go into Canadian homes. What stays in the stores does not appear on the tables of the Canadians.

A mother does not feed her children or provide them with garments by going window-shopping, by reading product advertisements in newspapers, by listening to beautiful product descriptions on the radio, by listening to sales talk from countless sales representatives of all kinds.

It is the claim on these products that is lacking. One cannot steal them. To get them, one must pay; one must have money.

There are a lot of good things in Canada, but when the claim on these things is absent from the Canadians' hands, when people do not have money, what is the purpose of the display of all this wealth?

This does not mean that money itself is wealth. Money is not an earthly good capable of satisfying temporal needs.

You cannot keep yourself alive by eating money. To get dressed, you cannot sew dollar notes together to make a dress or a pair of stockings. You cannot rest by lying down on money. You cannot cure an illness by putting money on the seat of the illness. You cannot educate yourself by crowning your head with money.

No, money is not real wealth. Real wealth is the useful things which satisfy human needs. Bread, meat, fish, cotton, wood, coal, a car on a good road, the doctor's visit to a sick person, the teacher's science — this is real wealth.

But, in our modern world, each individual does not produce all the things he needs. People must buy from one another. Money is the symbol or token that one gets in return for something sold; it is the symbol that must be presented to get something offered by another.

## The symbol ought to reflect the thing

Wealth is the thing; money is the symbol of that thing. Logically, the symbol ought to reflect the thing.

If a country has a lot of things available for sale, there must be a lot of money available to dispose of them. The more people and goods, the more money in circulation is required, or else everything stops.

It is precisely this balance which is generally lacking. We have at our disposal almost as great a quantity of goods as we could possibly wish for, thanks to applied science, to new discoveries, and to the perfecting of machinery. We even have people reduced to forced unemployment, who represent a potential source of goods. We have loads of useless, even harmful, occupations. We have a great deal of activities, of which the sole end is destruction.

**Money was created for the purpose of keeping goods moving, of selling goods. Why then does it not always find its way into the hands of the consumers in the same ratio as goods flow from the production line?**

**Why? Because goods come from one source, and money comes from another source. The first source — production — works well, but the latter — money — does not work properly.**

A source of goods is the natural resources with which Providence has favoured the planet; other sources are applied science and the work of producers. All of these supply products in abundance.

The source of money is elsewhere. Money comes neither from Providence, nor from science, nor from the farmer's furrows, nor from the fisherman's net, nor from the blows of the woodcutter's axe, nor from the workman's skill.

And the source of money does not run parallel to the source of products, since money was lacking before World War II, in front of an abundance of goods available for sale, and since money came during the war, in front of the stores lacking in products.

Products come through production, and they disappear through consumption. Money too comes and disappears, since it is plentiful at times, scarce at other times. Money comes into being and dies.

http://www.michaeljournal.org/plenty8.htm

# Chapter 8 — The Birth and Death of Money

## A mysterious birth

Where do potatoes come from? — From the farmer's field. Where are little calves born?— In the cowshed. Where do plums come from? — From the plum tree.

Everybody knows that. But now ask the same question about money:

**Where does money come from? Where is born the paper dollar that I have in my pocket? Who gave birth to it, for what reason, and in what circumstances?**

Where were the millions and millions of dollars born with which the Government financed the war, the Government which had noticed for the previous ten years that there were not enough dollars in the country to just finance ordinary public works?

Then, where do dollars go to when one cannot see them any more? Where did the dollars go during the 1930-1940 Depression, those dollars which had financed the country so well from 1925 to 1929?

Where are dollars born, and where do they die?

Ask people these questions, and tell me how many are able to answer you.

Neither God nor the temperature creates dollars. And yet dollars are not created by themselves! Who creates them? Who knew how many to create to pay for the war? And why did they, who had created the dollars to carry on the war, not create any beforehand to settle the Depression?

## Two kinds of money


**In order to clearly understand where money begins and where it ends, one must distinguish between two kinds of money, equally good: coins and paper money, and bookkeeping money.**

Coins and paper money is only pocket money, which ordinary people use every day.

The big industrialists, the big retailers, more regularly use bookkeeping money. To make use of bookkeeping money, one must simply have a bank account.

Let us suppose that I have a bank account with $2,000 to my credit. I buy an electric washing machine at Sears. It costs $600. I pay for it with a $600 cheque on my bank account. What will happen?

I will receive my washing machine. The Sears firm will deposit my cheque at its own bank. The banker will raise the Sears firm's credit by $600. Sears' bank will then send the cheque to my bank. The banker will decrease the credit of my account by $600. And that is all. Not one dollar will have left a pocket or a drawer. An account will have increased — the retailer's; another one will have decreased — mine. I have paid with bookkeeping money.

**Bookkeeping money is the credits in bank accounts.**

**This kind of money accounts for 90 percent of all commercial transactions. It is the main kind of money in civilized countries, like ours.**

Furthermore, it is when bookkeeping money increases, that pocket money increases, and it is when bookkeeping money decreases, that pocket money decreases. When ten dollars of bookkeeping money goes into circulation, one dollar of pocket money (coins or paper money) enters into circulation. When ten dollars of bookkeeping money disappears from circulation, one dollar of pocket money disappears from circulation. It is at least the current ratio.

Bookkeeping money is in control. It is its quantity that determines the quantity of the other kind of money (cash).

## Money begins in the banks

To find out where money originates and ends, one must find out where bookkeeping money originates and ends. Bookkeeping money, which controls everything, is a credit in a bank account.

Increasing credits in some bank accounts, while decreasing them in other accounts, is merely a transfer of bookkeeping money. If the credits correspond to metal or paper money deposited in the bank, it is a change from pocket money to bookkeeping money. But if the credits in bank accounts are increased without any decrease elsewhere, new bookkeeping money, which increases the total volume of money available, is generated.

When I save and then deposit $100 in the bank, the bank writes down $100 to my credit. This gives me $100 in bookkeeping money. But it is not new money; it is merely money that has passed from my pocket to the bank, or from the account of someone who has issued me a cheque to my own account. It is not the birth of new money; it is simply savings.

But, if instead of bringing my savings to the bank, I come to the bank to borrow a great deal of money, let us say $100,000, to enlarge my factory, what actually happens?

The bank manager has me sign some forms and pledges. Then he hands me a discount cheque that I deposit with the teller. The teller simply writes $100,000 to my credit. He records the same amount in my bankbook.

I leave the bank without carrying any cash on me, but I have added $100,000 of bookkeeping money to my credit, which I did not have upon entering. This allows me to pay, by cheques, up to an amount of $100,000 for machines, materials, and workers.

Moreover, no other account in the bank was decreased to accomplish this. Not a penny was moved, whether from a drawer, a pocket, or an account. I have $100,000 more, yet no one has a penny less.

This $100,000 did not exist an hour ago, and yet here it is entered into my credit, into my bank account.

Where then does this money come from? This is new money which did not exist when I walked into the bank, which was neither in the pocket, nor in the account, of anyone, and yet it now exists in my account.

The banker actually created $100,000 of new money in the form of credit, in the form of bookkeeping money, which is just as good as coins and paper money.

The banker is not afraid to do this. My cheques to payees will give them the right to draw money from the bank. But the banker knows very well that nine-tenths of these cheques will simply have the effect of decreasing the money in my account, and of increasing it in other people's accounts. He knows very well that a ratio of bank reserves to deposits of 1/10 is enough for him to answer the requests of those who want pocket money. **In other words, the banker knows very well that if he has $10,000 in cash reserves, he can lend $100,000 (ten times the sum) in bookkeeping money.**

*– Editor's note: The preceding paragraph was written in 1946, and this ratio (a 10% cash reserve requirement) has changed since then. In 1967, the Canadian Bank Act allowed the chartered banks to create sixteen times (in bookkeeping money) the sum of their cash reserves. Beginning in 1980, the minimum reserve required in cash (bank notes and coins) was 5 per cent, which meant that the banker needed only one dollar out of twenty to answer the needs of those who wanted pocket money. The banker knew very well that if he had $10,000 in cash, he could lend twenty times the sum, or $200,000, in bookkeeping money.*

*In practice, the banks could lend out even more than that, since they could increase their cash reserves at will by simply purchasing bank notes from the central bank (the Bank of Canada) with the bookkeeping money they create out of thin air, with a pen. For example, it was established in 1982, before a parliamentary committee on banks' profits, that in 1981, the Canadian chartered banks, as a whole, made loans 32 times in excess of their combined capital. A few banks even lent sums equal to 40 times their capital. Moreover, in 1990 in the U.S.A., the total deposits of commercial banks amounted to about $3,000 billion, and their reserves amounted to approximately $60 billion. This resulted in a ratio of deposits to bank reserves of about 50/1. U.S. banks held enough cash to pay off depositors at the rate of only about two cents on the dollar.*

*Subsection 457(1) of the most recent version of the Canadian Bank Act, enacted on December 13, 1991, states that, as of January, 1994, the primary reserve, in the form of cash, that a chartered bank has to maintain is nil, zero.* ***So the banks are no longer limited by law in creating credit, or bookkeeping money. (And if all cash is eventually replaced by electronic money, with debit or microchip cards, as it is already planned by the banks, they won't even be limited in practice to create money, which will then not be a piece of paper or an entry in a ledger, but simply bytes, units of information in a computer.)***

## The increase in the money supply

When it is the Government that borrows from the banks, the procedure is the same. The amounts are much greater, because the entire wealth of the country is involved. All the power to tax is then used as a pledge to the banker, in the form of debentures.

When the war broke out in 1939, the Government, which for the last ten years had been short of money, went to the banks to carry out a first loan of $200 million. The banks did not have any more money than they had had the day before. For the last ten years, the population had been lacking money. When one is lacking money, one hardly has any surplus to bring to the banks.

Nevertheless, the banks loaned $200 million to the Government. They wrote to the Government's credit $200 million in bookkeeping money. And the young people, who had been wandering about aimlessly for years because there was no money, were called immediately by the Government, dressed from head to toe, lodged, fed, equipped, and transported to Europe to take part in the slaughter.

**And this was seen in all the countries of the world. The world had suffered from unemployment for ten years, due to the scarcity of money. This same world was able to fight a very costly war, because the banks had created all the bookkeeping money that was needed to finance the war.**

Canada's banks thus created, during the war, at least 3 billion dollars of new money to finance the Canadian share of the universal butchery.

Money is easy to create, since all that is needed is the banker's pen. And yet, before the war, due to the lack of money, the world did penance for ten years, and no government made an order to make use of the banker's pen.

## The death of money

But this bookkeeping money, created by the banks, is created under certain conditions. It must be brought back within a determined period of time, along with other money, in the form of interest.

Thus, one million dollars loaned at 5 percent for a period of twenty years, obliges the Government, which borrows this sum, to pay back 2 million dollars within twenty years — $1 million in principal and $1 million in interest.

As the Government does not create money, and as it cannot pump out from the public more money than was put into circulation, it is never able to bring back to the banker more money than the banker created. The more the Government tries to meet its obligations, the more it creates a scarcity of money in the country. It must even borrow other amounts to be able to pay indefinitely the interest on the principal thus created by the banks.

**This is the reason why the public debt always increases, why interest on this debt is ever greater, and why taxes to pay the interest charges are more and more burdensome.**

As for private individuals who thus borrow from the banks, they must either pay back with interest, or go bankrupt. If some succeed, it is by extracting from consumers, through the sale of products at raised prices, more money than they have put in. The success of some, in a system where money begins in the form of a debt, laden with interest, necessarily causes the bankruptcy of others.

Nine-tenths of the money that returns to the bank to repay loans enters the bank in the form of credit, and is simply cancelled; this money ceases to exist. The bank is both the cradle and the grave of money. It is both a factory that creates money and a slaughterhouse that cancels money.

When repayments are demanded faster than new loans are made, the slaughterhouse functions more rapidly than the factory. The result is a depression. This was how the 1930-1940 Depression originated.

When loans are more generous and more frequent than repayments, the factory runs more rapidly than the slaughterhouse, and money becomes plentiful. This is what happened during the war: money was more plentiful than the products.

It is quite obvious that the amount of money in circulation depends on the banks' actions. And the banks' actions do not depend at all on production or needs.

## A pernicious dictatorship

In a world where one cannot live without money, one understands that a system which thus gives to private interests — the banks — the power to regulate the amount of money as they please, puts the world at the mercy of the makers and the destroyers of money.

**Those who control money and credit have become the masters of our lives. No one dare breathe without their permission. This is what Pope Pius XI said.**

A striking point must be emphasized:

It is production that gives value to money. A pile of money without corresponding products does not keep anyone alive, and is absolutely worthless. Thus, it is the farmers, the industrialists, the workers, the professionals, the organized citizenry, who make products, goods and services. But it is the bankers who create the money, based on these products. And the bankers appropriate this money, which draws its value from the products, and lend it to those who make the products.

http://www.michaeljournal.org/plenty9.htm

# Chapter 9 — The Monetary Defect

**The situation amounts to this inconceivable thing: all the money in circulation comes only from the banks. Even coins and paper money come into circulation only if they are released by the banks.**

**But the banks put money into circulation only by lending it out at interest. This means that all money in circulation comes from the banks and must be returned to the banks some day, swelled with interest.**

The banks remain the owners of the money. We are only the tenants, the borrowers. If some manage to hang on to their money for a long time and even permanently, other people are made incapable of fulfilling their commitments.

A multiplicity of personal and corporate bankruptcies, mortgages upon mortgages, and the continuous growth of the public debt, are the natural fruits of such a system.

**Charging interest on money at birth, as it comes into existence, is illegitimate and absurd, antisocial, and contrary to good arithmetic. The monetary defect is therefore as much a technical defect as a social defect.**

As our country grows, in production as well as in population, more money is a must. But it is impossible to get new money without contracting a debt, which collectively cannot be paid.

So we are left with the alternatives of either stopping growth or going into debt; of either plunging into mass unemployment or of having an unrepayable debt. And it is precisely this dilemma that is being debated in every country.

Aristotle, and later, Saint Thomas Aquinas, wrote that money does not produce offspring, does not breed more money. But the bankers bring money into existence, provided only that it breeds more money. Since neither governments nor the public create money, no one creates the offspring (the interest) claimed by the banker. Even legalized, this form of issue remains vicious and insulting.

## Decline and degradation

**This way of creating our country's money, by putting governments and individuals in debt, establishes a real dictatorship over governments and individuals alike.**

The sovereign government has become a signatory of debts owed to a small group of profiteers. A minister, who represents all of the population of the country, signs unrepayable debts. The banker, who represents a few shareholders who thirst after profits, manufactures our country's money.

This is one striking aspect of the degeneration of power, of which Pope Pius XI spoke: governments have surrendered their noble functions, and have become the servants of private interests.

The Government, instead of guiding Canada, has become a mere tax collector, and the biggest item in government expenditures is precisely debt servicing: payment of the interest on the public debt.

Furthermore, legislation consists mainly in taxing the citizens, and erecting, everywhere, restrictions to freedom.

There are laws to make sure that the money creators are repaid. There are none to prevent human beings from dying in dire poverty.

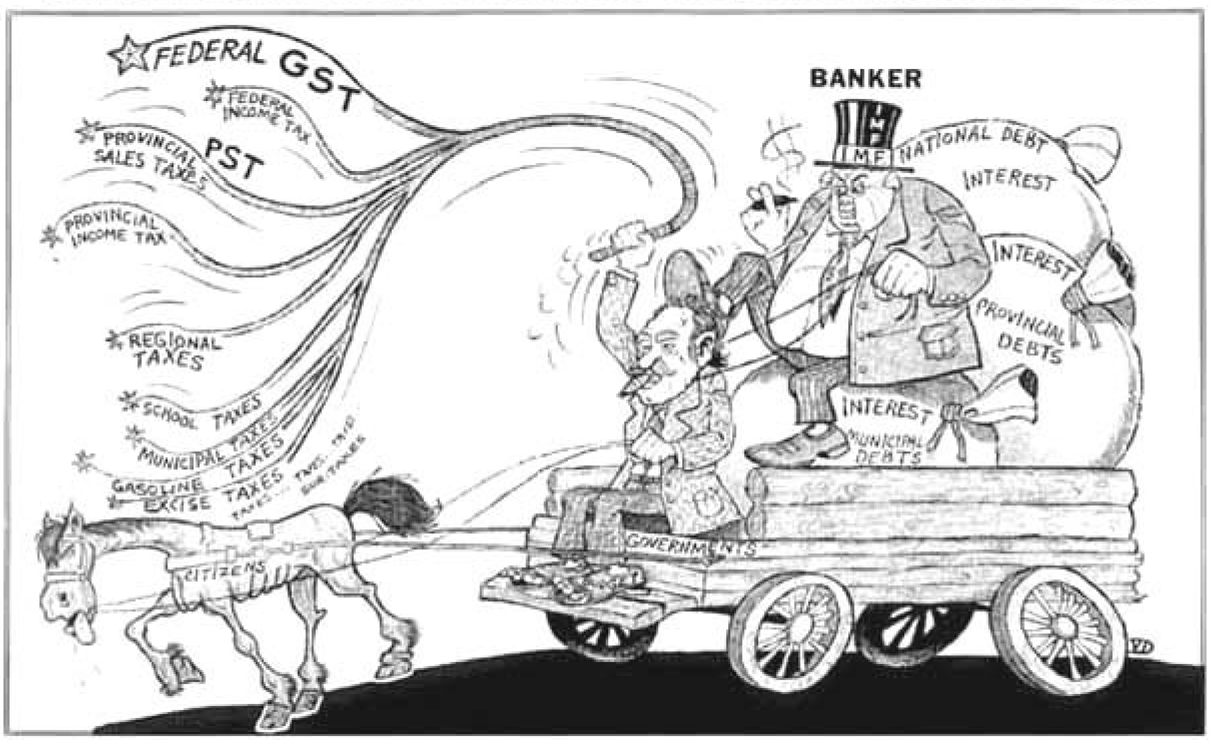
Tight money develops a mentality of wolves in individuals. In front of plenty, everyone tries to get the too scarce symbols of the goods that give a right to a share in this plenty. Hence, frantic competition, patronage, denunciations, the tyranny of the “boss”, domestic strife, etc.

A handful of people preys on the others; the great mass of the people groan; many founder in the most degrading poverty.

Sick people remain without care, children are poorly or insufficiently nourished, talents go undeveloped, youths can neither find jobs nor start homes and families, farmers lose their farms, industrialists go bankrupt, families struggle with difficulties — all this without any other cause than the lack of money.

The banker's pen imposes privations on the public and servitude on the governments.

**Governments, instead of whipping the people, whip the banker**




**If the country creates the money for the people, no more debts, taxes, unemployment, bankruptcies.**

http://www.michaeljournal.org/plenty10.htm

# Chapter 10 — Putting the Monetary System Right

### *Who must create money?*

**It is Saint Louis, King of France, who said: "The first duty of a king is to create money when it is lacking for the sound economic life of his subjects."**

It is not at all necessary or to be recommended that banks be abolished or nationalized. The banker is an expert in accounting and investment; he may well continue to receive and invest savings with profit, taking his equitable share of profits. But the creation of money is an act of sovereignty that should not be left in the hands of a bank. Sovereignty must be taken out of the hands of the banks, and returned to the nation.

Bookkeeping money is a good modern invention that should be retained. But instead of having these figures proceeding from a private pen, in the form of a debt, these figures, which serve as money, should come from the pen of the sovereign, in the form of money destined to serve the people.

Therefore nothing is to be turned upside down in the field of ownership or investment. There is no need to abolish the current money, to replace it with other kinds of money. The Government needs only, on behalf of society, to institute a system which adds enough of the same kind of money to the money that already exists, according to the country's possibilities and needs.

**To this end, the Government must establish a monetary body, a National Credit Office. The accountants of this Office, although appointed by the Government, would not take their orders from it. Neither would they dictate anything to the producers, nor to the consumers. Their function would consist simply in matching the mechanism for the issue and withdrawal of money with the rate at which wealth is produced and consumed by unrestrained producers and consumers. Somewhat like the judicial system: judges are appointed by the Government, but their judgments are based solely on the law and exposed facts, two things they neither authored nor instigated.**

People must stop suffering from privations when there is everything needed in the country to bring comfort into every home. Money must be issued in accordance with the country's production capacity and with the demand of the consumers for possible and useful goods.

### Who owns the new money?

But where and how must this new money be put into circulation? To whom does this new money belong to when it comes into circulation in Canada? It belongs to Canada, and it is made for the Canadians. Being the fruit of the country's enrichment, this money does not belong to the accountants of the Office where it is created by a stroke of the pen. Nor does it belong to the Government, to be disposed of at will, since this would amount to replacing a banking dictatorship with a political one.

This new money responds to the country's developing needs. It is not a wage, nor a salary, but an injection of money into society so that the people, as consumers, may obtain goods already made or easily realizable, which are awaiting only sufficient purchasing power for them to be produced.

One cannot imagine for a minute that this new money belongs only to an individual or to a private group.

**There is no other way, in all fairness, of putting this new money into circulation than by distributing it equally among all citizens, without exception. Such a distribution is the best way of making money effective, since money thus reaches into every corner of the land.**

Let us suppose that the accountant, who acts in the name of society, noticing a lack of money, finds it necessary to issue 21 billion dollars. This issuance could take the form of bookkeeping money; a simple entry in a book, as the bankers do today in their ledgers.

Since there are over 30 million Canadians and $21 billion to distribute, each citizen would get $700. So the accountant would inscribe $700 in the account of each citizen. These individual accounts could easily be looked after by the local post offices, which are answerable to the Federal Government.

This would be a national dividend. Each Canadian would have an extra $700 to his own credit, in an account established for this purpose.

## The dividend to each and all

**Whenever it might become necessary to increase the money supply in a country, each man, woman, and child, regardless of age, would thus get his or her share of the new stage of progress, which makes the new money necessary.**

This is not payment for a job done, but a dividend to each individual for his share in a common capital. If there is private property, there is also common ownership; that is to say, if some properties are privately owned, there are also common goods to which all are entitled.

Here is a man who has nothing but the rags that cover him. There is no meal in front of him, no penny in his pocket. I can then say to him:

“My dear fellow, you think you are poor, but you are a capitalist who possesses a great many things, in the same way as I and the Prime Minister do. The province's waterfalls, the crown forests, are yours just as they are mine, and they can easily bring you an annual income.

“The social organization, which makes it possible for our community to produce a hundred times more than if we lived in isolation, is yours as well as mine, and must be worth something to you as it is to me.

“Science, which makes industry able to multiply production almost without human labour, is a heritage passed on to each generation, a heritage that is continuously growing; and you, being of my generation, should have a share in this legacy, just as I do.

“If you are destitute, my friend, it is because your share has been stolen from you and put under lock and key, and the present unemployment in front of your needs, is the result of this.

“The Social Credit dividend will ensure that you get your share, or at least a major portion of it. A better administration, freed from the financiers' influence, and thus able to deal justly with these exploiters of men, will see to it that you get the rest.

“It is also this dividend that will recognize you as a member of the human species, in virtue of which you are entitled to a share of this world's goods, at least the necessary share to exercise your right to live.”

But we must take a closer look at the reasons why, in a well-organized society, each member is entitled to at least a minimum supply of goods. Too many people, who are regarded as being great sociologists, have not yet admitted this right.

http://www.michaeljournal.org/plenty11.htm

# Chapter 11 — The Rights of Each One to the Bare Necessities of Life

Canadian war production has proven, without a doubt, what Canada can do once it decided to put aside the artificial obstacles, that is, the financial obstacles.

After having made use, to such an extent, of the country's production capacity, will it still be permissible for millions of Canadian families to be condemned to despicable privation, until the country is brought into a total war?

Or else, will we finally demand an economic and social system which serves its purpose? A system which carries out the conditions defined in this sentence of the great Pope Pius XI:

**“For then only will the economic and social organism be soundly established and attain its end, when it secures for all and each those goods which the wealth and resources of nature, technical achievement, and the social organization of economic affairs can give.”** (Encyclical Letter *Quadragesimo Anno*.)

## For all and each

The economic system must *secure*, says the Pope. Secure, not only promise, not only display goods in shop windows.

Secure for whom? For everyone. For everyone? Yes, and the Pope stresses: for all and each. All and each does not allow any exception.

Secure what? All those goods which the wealth and resources of nature and technical achievement can secure. In the Arctic, near the North Pole, one could not secure anything. But in Canada? In Canada, where production piles up in normal times much faster than it can be disposed of, this difficulty does not exist.

All goods. This means not to put some under lock and key; not to burn fruit or throw milk into sewers under the eyes of men, women, and children who suffer from hunger.

All goods, for all and each. So each one must get his share. But what share? What amount of goods must the economic and social organism secure for all and each? The Pope states:

**“These goods must be sufficient to supply all needs and an honest livelihood.”**

## An honest livelihood

To supply all needs and an honest livelihood, for all and each: this is exactly what is called for by those who demand the social guarantee of the bare necessities of life, from the cradle to the grave, to each citizen. An honest livelihood actually requires, at least:

Sufficient food, sufficient clothing, sufficient housing, sufficient health production, sufficient leisure time for the body to rest and to rejuvenate the mind.

And for this livelihood to be honest, should freedom — the most beautiful privilege of the human person — be sacrificed? For this minimum income which constitutes an honest livelihood to be guaranteed, must we first kill one another on battlefields? Or, for the wealth and resources of nature and technical achievement to reach the families in peacetime, must we first have a growing proportion of citizens employed by the State? Must we have, insofar as science places solar energy and machines at the service of man, man thrown into the net of State Socialism?

A livelihood subject to such conditions would cease to be honest. An honest livelihood cannot mean the livelihood of a slave who becomes the thing of his master, even if this master is called the State.

An honest livelihood is the papal drawn-up objective of any soundly established economic and social organism.

## A right inherent in life in society

But, even if the Holy Father would never have defined this objective, does not mere common sense point it out to us? Each time men join together, is it not to get more easily, through their association, what each associate wants but cannot get alone without greater difficulty? This is true of any enterprise, and it is true of the big association which is called society. Also, in society, as soon as frustrations begin for some members, as soon as more and more people cease to get the benefits which must result from life in society, breakaway forces, the forces of anarchy, begin.

## A natural right

Then, who will believe that aspirations common to all men, aspirations that one finds in each individual, can be contrary to order? It is the Creator Himself who has given man his nature. If each person lays claim to a minimum of food, a minimum of protection from the elements through clothing and housing, it is because his nature is such that he cannot live without this minimum.

## A birthright

Each person born into this world has a right to life. Whether a newborn makes his entrance into this world in a monarch's palace or in the poorest hut of the poorest of Canadians, he has the right to live, just like anybody else. It is not a matter of the standard of living, but of the bare necessities to keep a person alive.

In front of the right to life, therefore in front of the bare necessities of life, every member of society, every individual of the human race, is equal.

The right to life, the right to the means of living, is a birthright. It is a right which must not infringe upon the rights of others, which must not lower the standard of living of others, in a country that overflows with everything that is needed and where goods are wasted for want of buyers. Therefore, the coming of a newborn child into a family should not result in a breach in the honest livelihood of the family's other members.

And yet, even with all the facilities of modern production and transportation, does our present society guarantee to each of its members the assurance of an honest livelihood? Where, in our civil law, is the statute which ensures to each person being born in our country the necessary minimum for an honest livelihood? One will find many laws to prevent people from ill-treating animals. But there is not one line to prevent a handful of men from holding back the distribution of the abundance. The papal objective of an honest livelihood for all and each is sadly ignored.

## An inheritance right

Even if all the goods of this world were under the system of private property, it would not exclude the right of each person, even of the have-nots, to life, and consequently to the bare necessities of life. Property, even private, has a social function to fulfill. Ownership confers on the owner an obligation to manage his property for the common good.

But there are also many goods, many production factors, which remain common property, of which all members of society are co-owners in the same degree.

Of these goods, some are visible, concrete, as in our country, crown forests and the powerful waterfalls, fed free of charge by the pumping force of the sun and the configuration of mountains. To whom do these goods belong? Do they not constitute a real common heritage, to the benefits of which all are entitled?

Then, there are the goods which are less visible, though no less real nor less productive, such as the developments of science applied throughout the centuries. We even believe that applied science becomes a preponderant factor in today's abundant production. Therefore, who will maintain that science is a private good? It is not a matter of ignoring the personal efforts of those who are educated; but even the education acquired by a person imposes on him an obligation towards society, since, to get this education, this person has benefited from all the social organization which allowed it.

Then, there is also the social organization itself which, considered from the mere standpoint of its role in the production of material goods, is a very important factor. If each member of society had to live in isolation and to see to his own livelihood, all by himself, the production of each person, the total production of all, would be immensely less than what it is under the system of division of labour, grafted on the social organization. Therefore, the existence of an organized society increases considerably the production capacity of society as a whole. Is this existence of an organized society a private good, or is it a common good from which all should benefit?

Each human being, being a member of a constituted society, is entitled to a certain quantity of goods, because of the natural right to life, but also as a heir of past generations, and as a co-owner of a common good, of a great many common goods.

## The national dividend

But how, nowadays, does a claim to the goods offered by the producing mechanism become valid? How, if not through the bank note or the credit account transmitted by the buyer to the seller, through money? This method has the advantage of making the choice of products more flexible, and of protecting the parties involved in the transaction.

But in order for this method to function without depriving any member of society of his right to live, it is necessary, in today's world, for all and each to possess a minimum of these claims on production, a minimum amount of money, be it cash or bookkeeping money.

It is this minimum of claims on their country's production, ensured to each and everyone of its citizens, that the Social Credit school calls the national dividend. A dividend, because it neither represents a wage nor a salary, which is the reward for personal work, but it represents the right of an heir, the citizen's right to the income from a common capital, the right to existence, that a well-organized society must guarantee to each of its members, just because they exist.

http://www.michaeljournal.org/plenty12.htm

# Chapter 12 — What Is a Dividend?

When a company realizes a surplus from its operations, after having deducted the necessary amounts to meet its obligations, and after having set aside the required funds for depreciation and redemption, it distributes the rest among its shareholders. If, for example, the company's share-capital is $500,000, and the distributed clear profits are $30,000, the company will declare a 6% dividend, because $30,000 represents six-hundredths of $500,000. The man who has ten-$100 shares in this company, will get a dividend of ten times $6, that is, $60; the one who has twenty shares, will get a dividend of $120. If the clear profits are only $10,000, the dividend will be only 2 percent. And if there remains no clear profits after all necessary payments, there will then be no dividend. The dividend therefore presupposes a surplus.

The granting of dividends to the shareholders does not cause them to lose interest in their company. It is just the opposite that takes place. If these shareholders are also employed by the company, if, by their work, they contribute to the production of manufactured articles in the plants of the company, will they become lazy, become lax, because they draw dividends, over and above their wages or salaries? It would be stupid to think so. They know that only an increase in the volume or in the quality of production will bring more dividends. No doubt they will devote themselves more industriously to their work.

Who is entitled to dividends? The shareholders, those who have invested funds in the firm, are entitled to dividends. If it is a co-operative firm, the producers themselves, after having drawn their wages or salaries, are also entitled to their dividends, to their share of the surplus, if there is any, because these producers are the shareholders. And once again, where do the dividends come from? They come from surpluses; their figure is determined by the surplus figure. The dividends are not money taken from certain shareholders to give to others. The dividends do not create debts for the company, since the company actually distributes its very surplus.

These elementary notions are not new to anyone, but to recall them may be helpful when we deal with the “national dividend” or the Social Credit dividend. It is so common to hear from critical quarters, who perhaps have not even looked into the subject: “These dividends, they are like welfare; they will make people lazy... No one will want to work anymore, etc.”

Of course, these critics are making mental exceptions of themselves. They never believed for one moment that if they would draw a dividend of some five-hundred or six-hundred dollars a month, that they would then lie down on long chairs, thanking the Lord for having put their daily bread into their mouths. No, not they, because they have a splendid moral outlook, a developed intelligence, and they will always be ready to work to raise their standard of living... But it is of the others that they are thinking about, the “mob”, the publicans without virtue or intellect whom they do not deign to look at, much less educate. For these puritans, the “mob” exists to water the earth with its sweat and tears... and live in perpetual privation.

Yet, each person today is entitled to the heritage bequeathed by past generations. When a person dies and leaves goods to his heirs, does he question whether these heirs are just people or sinners? Is their inheritance denied, under the pretext that they will not know how to use it profitably?

A few considerations are suitable here on this notion of common heritage, of which all living people must be beneficiaries.

http://www.michaeljournal.org/plenty13.htm

# Chapter 13 — Heritage and Heirs

"Science and industry are the nations' intellectual inheritance." *(The Twentieth-Century Larousse Illustrated Dictionary)*

Science applied to agriculture, industry, trade, and communications has made enormous progress, especially in the last one-and-a-half centuries, and more particularly in the last fifty years.

Man has known for a long time how to multiply, by the use of simple machines, the strength of his muscles and that of animals; he has also made use of some inanimate powers, like wind and water. But ever since he has learned how to exploit solar energy, fossilized in the form of coal or oil; ever since he distributes hundreds of miles away, through simple metallic wires, the power of waterfalls; ever since chemistry has passed from the laboratory into industry, one cannot keep count of all the types of improvements and progress. The production problem is resolved.

## Blind or obstinate?

There are some who have not yet understood this; who believe that man has to be poor and endure much to earning his living. When you speak of a heritage accumulated by generations, of the earth conquered by man's toil and mind, they retort that we are born in debt. Wealth overflows, but a false, absurd, and fallacious financial system, which is diametrically opposed to actual facts, changes the heirs into debtors.

Oh! their logic!... It seems that Champlain and the valiant settlers who planted the Cross, and who brought the plow and civilization into Canada's forests, followed by their successors, who for three centuries have improved agriculture, made towns and industries flourish — this whole line of workers have left to the Canadians living in the middle of the twentieth century nothing but a heritage of debts? And twenty-five years from now, how much bigger will be this debt, on which we cannot always even pay the interest?

A courageous pioneer begins to clear new land. His task is to change a jumble of birch and other poor kinds of trees into a productive farm, because good standing timber has been gone for a long time, having been either burnt by fire, or been removed by lumber merchants or by paper-making companies. This man, his wife and kids, will toil hard for thirty, forty years, with a good many chances of leaving to the oldest boy a mortgaged farm, and to the other children nothing but the memory of their virtues. Out of our forests, out of our lands, out of our factories, there seems to come a voice that parodies: "You shall make debts by the sweat of your brow."

A child has just been born; baptism has not yet made him a son of the Church, but he is already a debtor. Federal, municipal, school, and parochial debts fill the atmosphere around his cradle. He is born in debt. He will grow in debt. He will work —if he has the chance to — to pay accumulated debts, while nibbling on a few crumbs which support his earning capacity and which prevent him from revolting completely, until he dies in debt.

And you speak of heritage! Some heritage that is!

## When stupidity holds the reins

What happens is that, in fact, under today's illogical system, the more assets a country acquires, the more its “financial” debt increases. The worker creates wealth, while the parasite manages finance. And, in spite of all the beautiful speeches to the contrary, finance is set above man; the parasite is master, and the worker is a slave. Tell the worker that he is an heir, and the parasite will make him say that you are an Utopian, a trouble-maker, a destroyer of morals.

A system which exists for the profit of the few and the enslavement of peoples does not want to acknowledge the real heritage, the great asset bequeathed to a generation by all those who preceded it.

But Social Credit, which has lost all respect for the old idols and their high priests, highly proclaims the existence of this heritage and the rights of the heirs.

Social Credit does not trouble itself with bookkeepers who reward you with a forty years' debt when you have succeeded in building a bridge across the St. Lawrence River. These jokes have caused us too much harm for us not to throw them all to the winds.

## The cultural inheritance

The Social Crediters call cultural inheritance “the vast heritage of discovery and invention, of culture and learning, of organization whether social, political or industrial, of education and religion, of aspirations and ideals which have been handed down and developed by generation after generation... Collectively these form the Common Cultural Inheritance of humanity, or more shortly, Civilization.” (*This Age of Plenty*, by C. Marshall Hattersley, p. 232.)

It is a COMMON asset, and that is the reason why every member of society is entitled to a share of production, this share getting bigger and bigger as this asset enters more and more into production as a preponderant factor. Assuredly, the worker who exploits it is entitled to his reward, and no one contemplates refusing it to him. But the owner of this common cultural asset, that is, each member of society, nevertheless retains his entitlement and rights.

It was said a great many times that capital and labour must work together, because labour without capital cannot do much, and capital without labour can do absolutely nothing. But what can both do together if you exclude the cultural inheritance, the contributions of inventions and progress throughout the ages?

Thanks to the contributions of applied science, of the cultural asset, products multiply and improve with fewer raw materials and less work. Is it not fair for the heirs to get their share?

## The heirs

And who are the heirs?

We have said it; this cultural inheritance is a common asset that belongs to every member of society. Suppress the community, the association, and you will suppress plenty. Plenty is much more the fruit of the common cultural asset than of individual effort. Certainly the latter remains, but the former is there too.

Because we ignore the inheritance and the heirs, the world is filled with injustices and nonsense. Possible production is not marketed and often is not even realized, because the heirs are not given their claims on this production which the common asset, entering into it as an important factor, entitles them to.

## The national dividend

It is the income from this inheritance that Social Credit wants to distribute, under the name of a national dividend, to every member of society.

It is a dividend, because it corresponds to surpluses.

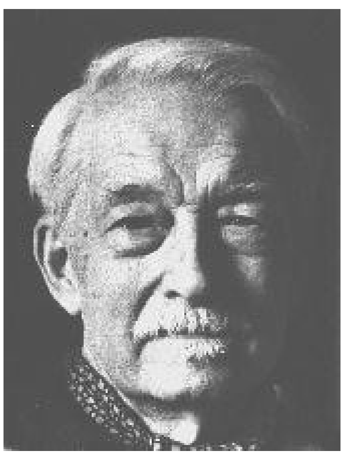
The firm which has an income surplus does not declare a crisis, but distributes the surplus among its shareholders. If Canadian agriculture and industry have surpluses, why not let the members of society, all the Canadians, benefit from it, as members of an organized society?

No one should see the shadow of Communism or Socialism in this theory. Private industry remains. Private property remains, as well as profit. Private capital, which was really invested, continues to command reasonable dividends. Labour continues to draw its wages. But the heirs receive the annual income from their inheritance.

All, young and old, rich or poor, employed or unemployed, sick or healthy, are entitled to this dividend, because it is not earned by anyone in particular, because all direct contributors to production have already been rewarded, and because surpluses are only due to the cultural asset.

This cultural asset is the common property of everybody. If you give a larger dividend to some, you favour one over another. If you do not give it to anyone, you let production go to waste or be restricted in front of glaring needs, and you have the unjustifiable situation of poverty amidst plenty.

## Nothing for nothing?



"But it is to give something for nothing!" some might say.

This is giving claims on the wealth to distribute the wealth that already exists. This is granting to the members of society a dividend on the capital accumulated by their fathers, which capital they themselves will continue to increase, to the benefit of their sons.

**Jacques Maritain**

To conclude, read this quotation from the great Catholic philosopher Jacques Maritain:

**"We think that, in a system where a (more social) conception of property would be in force, this axiom (`nothing for nothing') would not be able to survive. Quite to the contrary, the law of *usus communis* would lead us to establish that, at least and foremost, what regards the basic material and spiritual needs of the human person, it is proper for people to get, for nothing, as many things as possible... The human person being served in his basic necessities is only, after all, the first condition of an economy which does not deserve to be called barbarous.**

**"The principles of such an economy would lead to a better understanding of the profound meaning and the essentially human roots of the idea of inheritance, in such a way that... all men, upon entering into the world, could effectively enjoy, in some way, the condition of being an heir of the preceding generations."**

http://www.michaeljournal.org/plenty14.htm

# Chapter 14 — The National Dividend

## A communal treasure

We know — at least those of us who are Catholics do — the dogma of the Communion of the Saints. The Church possesses an abundant spiritual treasury, made up of the infinite merits of Our Lord and of the superabundant merits of the Virgin Mary and the Saints.

The Church does not put seals on these merits. She does not tell us: “These merits belong to those who have earned them; you shall not touch them. There are plenty of infinite surpluses, but you shall have none of them. Earn for yourself whatever you can.”

No! Through indulgences, the Church gives us access to this treasury, under conditions which are completely within our reach. It does not mean that we all become equal in merits in the Church, but that all have an easy access to this spiritual treasury, and that the Church is ever so happy to see us draw from it. The more one draws from it, the more the treasury increases, because the souls fortify and perfect themselves. The producers of merits — the Saints — do recognize that they owe their sanctification to the Church established by Our Lord, and they all rejoice in seeing their co-members in this Church benefit from the treasury that they have been able to increase by their contributions.

We can compare this concept to that of the dividend advocated by Social Credit. It takes nothing away from the producers of goods; on the contrary, it will accelerate the output of their means of production, while contributing to the common good.

## A system of plenty

Plenty exists. Those who have not yet recognized this assuredly cannot understand anything about our doctrine. Perhaps they have never seen any unemployed worker: a person out of work means that the abundance of goods is suppressed because it is not distributed.

Plenty exists, but one smothers it, because one does not want to distribute it to all those for whom it exists. One puts the surpluses, the communal treasury, under lock and key, because one wants only those who have the privilege of contributing to production to be entitled to a small share. To those not contributing to production, nothing.

**The Social Credit dividend will distribute the production that is today being lost or suppressed at its source. It will not dry up production; it will stimulate it.**

## Not welfare

Let us not confuse the dividend with the dole or with welfare. The dividend is not public charity, but a distribution of income to the members of society, for example, to all the shareholders of Canada Limited.

The funds which are used for welfare are levied on the present or future incomes of the employed members of society. In order to give a little purchasing power to the have-nots, social welfare takes some purchasing power away from others, or mortgages the purchasing power of people who are not yet born.

## In a century and a country of plenty!

Moreover, welfare demoralizes, because it punishes work. The recipients who accept work, even at a wage which does not allow one to live decently, lose their benefits.

Forms of social security, like welfare, humiliate the destitute, who are told that they are a burden to others, that they live on the forced contributions from their fellow citizens.

The Social Credit dividend has none of these evil features. It is an income distributed to all, because it belongs to all. It does not create a burden to anyone; it does not deprive anyone. It does not create inflation, because it is conditioned by the actual or imminent presence of products.

No one is wronged. It is the production surplus, immobilized at the moment, that the dividend proposes to distribute. To refuse it is to destroy wealth, to establish the reign of poverty in front of an abundant production capacity, to unjustifiably maintain the consumer in want, families in suffering, the worker in unemployment, industry in chaos, the taxpayer in despair, the governments in servitude.

## The dividend and the individual

What effect will the dividend have on the individual?

What effect would it have on you if you were to receive, by the mail, an envelope from Ottawa, containing a $800 cheque with this message: “The nation, enriched by its industry, the labour of its sons and of the machines, is happy to offer to you this dividend, which is also mailed to each of the country's 30 million citizens, to allow the sale of an abundant production, and to avoid unemployment, misery, and the paralysis of industry.”

Will you pocket the six-hundred dollars and leave your job for a month? Or will you be green with envy or vexation at the thought that each of your neighbours also gets $800? Or will you call the Canadian Government immoral, because it gets the poor out of misery instead of letting the products go to waste?

Would you not rather thank God for having put you in a well-organized and well-administered country, rich in natural resources? Would you not become all the more attached to your homeland, and strive to contribute to its prosperity? Would you not continue to work more industriously, like the worker who has just received a raise in wages, because you will know that the possibility of a dividend depends on the development of production?

The good effects that the dividend would have upon you would apply to others as well. Too many of those who find the idea of a dividend harmful are hypocritical or proud people who think that, for themselves it would be good, but that others, born and raised in sin, are too licentious to use a dividend wisely.

## The dividend and the family

What will the dividend mean for the family — a dividend for your wife and for each of your children, as well as for yourself?

Will it sow consternation or discord in your home? Will you not, on the contrary, consider together the idea of improving the conditions of life in your home, like buying a new piece of furniture, a new accessory, new comforts that you have wanted for a long time?

At last you will be able to refurnish a wardrobe that was getting old. You will be able to consider getting a better education for your children, developing the talents of one or the other for such and such an art; bringing electricity into your home, getting a little help and rest for your wife. You will have your pew at church; you will be able to enlarge your donations for charities, because a little more ease at home has not made you less Christian. You will be able to subscribe, you and your family, to magazines that are both educational and recreational, instead of being limited, by an insufficient budget, to the cheap vulgar press.

Much has been said about the family wage. The married man, a father of many children, needs certainly a larger income than the bachelor. But although they may be equal in productive value, the one or the other cannot demand different wages from his employer, for the employer would thus rather hire single men and providers of small families.

The dividend settles this problem, since each individual participates in it equally. The married man, a father of six children — all of whom perhaps being of a tender age — will be able to get the same wages as his bachelor fellow worker, but while the bachelor gets his sole dividend, over and above his wages, eight dividends will enter into the family which has eight mouths to feed. These are family allowances which cost nothing to anyone, which, on the contrary, help everybody, since they allow production to run at full output.

## The dividend and the farmer

The dividend (added to the compensated discount) allows the sale of farm products at prices which leave the farmer a sufficient profit to pay him for his toil. His family, often large, benefits in addition from the dividends obtained by each of its members. In the same way that he is able to sell his farm products, he is also able to buy those of industry.

At last he can think about buying the farm implements which he lacks, chemical manure, more head of cattle, etc.

If this farmer is a settler, you can imagine how helpful the dividend becomes to him. Those who increase, by such a laborious life, the productive domain of society, are certainly more entitled to the surplus of the producing system.

## The dividend and the worker

What effect will the national dividend have on the worker? It will safeguard the worker's dignity. The worker will no longer be forced to hire himself out for a starvation wage; hunger enslaves the needy worker to the conditions laid down by the exploiter. Besides, by assuring the sale of products, the dividend allows an employer to remunerate his employees better.

For the same reason too, the dividend favours the permanence of employment. You must not, in fact, delude yourself about this; if the machine replaces man in a multitude of processes, there remains enough to do in public and private improvements and developments, at least here in Canada, to make use of our employable men's energies.

The security against an absolute need brought on by the dividend allows each one to pursue occupations that will fit him best; all the social organism will gain by it.

The dividend is the formula to ensure to each member of society, to all and each, the right to the basic necessities of life, when there is possible plenty for all.

http://www.michaeljournal.org/plenty15.htm

# Chapter 15 — Money and Prices

The distribution of new money by the national dividend is therefore a means of increasing the country's money supply when it is necessary, and of putting this money directly into the consumers' hands.

But, to be beneficial to the consumer, this distribution of money must constitute a real increase in the consumer's purchasing power.

**Now, the purchasing power depends on two factors: the quantity of money in the buyer's hands, and the price of the products for sale.**

If the price of a product decreases, the consumer's purchasing power increases, even without an increase of money. Now, I have $10.00 with which to purchase butter; if the price of butter is $2.50 a pound, I have in my hands the power to buy four pounds of butter; if the price of butter is lowered to $2.00 a pound, my purchasing power goes up, and I can buy five pounds of butter.

Moreover, if the price goes up, it unfavourably affects the consumer's purchasing power; and in this case, even an increase of money can lose its effect. Thus, the worker who earned $200 in 1967, and who earned $400 in 1987, would lose out, because the cost of living had more than doubled in those twenty years. One needed at least $772 in 1987 in Canada to buy what one purchased with $200 in 1967.

**The consequent increase in the prices of products is the reason why wage increases, claimed so much by workers, do not succeed in producing a durable improvement. The employers do not manufacture money, and if they have to spend more to pay their workers, they are compelled to sell their products at higher prices in order not to go bankrupt.**

As for the national dividend, it is not included in prices, since it is made up of new money, distributed, independently of labour, by the Government.

However, with more money in the hands of the public, retailers could tend to increase the prices of their products, even if these products did not cost them more to produce.

**Also, a monetary reform which does not, at the same time, apply the brakes to an unjustifiable rise in prices, would be an incomplete reform. It could become a catastrophe of runaway inflation.**

The arbitrary setting of prices, a general ceiling or freezing, can also achieve a prejudicial effect by discouraging production. Now the reduction of production is the surest way of pushing up prices. The legislator thus achieves the contrary of what he seeks: he provokes inflation by clumsily fighting it; to escape sanctions, inflation takes place, through the black market.

**Social Credit puts forward a technique to automatically fight inflation: it is the proposed technique of the "adjusted price", or the compensated discount, which would be part of the way money is issued to put the total purchasing power at the level of total offered production.**

# Chapter 16 — Price Adjustment

## The Just Price

Since products are made for the consumer, it is clear that, to reach their end, the products must be offered to the consumer at a price which allows the consumer to purchase them.

**In other words, at all times, there must be an equilibrium between the collective prices and the collective purchasing power of all consumers.**

To establish the retail price, the producers, or the retailers, calculate what the manufacturing of the product has cost, and add the costs of handling, transportation, storing, and the necessary profits to the different intermediaries. But nothing ensures that this marked price corresponds to the consumer's purchasing power.

The marked price must be claimed by the retailer so as not to throw anyone, between the producer and the retailer, into bankruptcy. Moreover, the price to be paid by the buyer must be such that it corresponds to the purchasing power in the consumers' hands. Otherwise, the products remain unsold in front of real needs.

Hence, a necessary adjustment of prices.

The monetary technique of Social Credit provides it.

In the Social Credit vocabulary, we call the “Just Price” the price which corresponds exactly to consumption.

When we say “Just Price”, we do not at all mean “honest price” or “fair price”. The price marked by the retailer may be completely honest, completely fair, but still may not at all be the exact price.

So, during the Depression, the marked prices could have been honest and fair, but they were not exact; they did not correspond to consumption. When the total production of things demanded exceeds total consumption, these prices are certainly not exact, since consumption over a given period shows, conclusively, the real expenses incurred for production during this same period.

The honest price is a moral matter; the exact or “just” price is a mathematical matter.

The exact price, the “Just Price” of the Social Credit system, is achieved through an arithmetical rule. So there is no question whatever of an arbitrary fixation of prices, or of ceilings, restrictions, rewards, chastisements — but simply of arithmetic.

**The Social Credit technique involves two figures, which are made up by the country's people themselves, and which are not fixed arbitrarily by some men who have a mania for imposing their will on others:**

**1. The figure expressing the total sum of prices; (This is set by the producers themselves.)**

**2. The figure expressing the consumers' purchasing power. (This is set by the consumers' wishes for spending money which they have at their disposal.)**

**Then, to be able to put the equal sign (=) between these two numbers, Social Credit lowers the first to the level of the second.**

Let us explain, first by presenting a few unfamiliar ideas which bear far-reaching consequences.

## The real cost of production

The exact price of a thing is the total sum of expenses incurred in its production. And this is true, if one counts in dollars, ergs, man-hours, or any other unit of measurement.

Such and such work requires four hours of time, ten ounces of sweat, a workman's meal, the wear of a tool. If the enumeration is complete, the exact price of this work, its real cost, is four hours of time, ten ounces of sweat, a workman's meal, and the wear of a tool — no more, no less.

As one is accustomed to evaluating costs in dollars in Canada, and as one is also accustomed to evaluating work in dollars, the wear and tear, and all the other elements which form expenses, it is possible to establish a relation between both, in terms of dollars.

If, all in all, the material expenses, work, energy, and wear and tear, amount to $100, the exact price, the real cost of the product, is one-hundred dollars.

But there is the accounting price, the financial cost. During the production of an article in a factory, an account is kept of the raw material bought, processing costs, wages and salaries, capital costs, etc. All these constitute the financial cost of the production of the article.

Are the accounting price and the exact price the same? Even if they accidentally are, in certain cases, it is easy to prove that, as a whole, they certainly are not.

Take a small country that supplies, in one year, capital goods and consumption goods, for a total production evaluated at 100 million dollars. If, within that time, the total expenses of the country's inhabitants are evaluated at 80 million dollars, one will readily admit that the country's production for that year has cost exactly $80 million, since $80 million in all was consumed by the population that made the production. The financial cost of production has been evaluated at $100 million, but it actually cost only $80 million in real expenses. This is an inescapable fact: both totals are there.

The exact price of the production of $100 million has therefore been $80 million.

**In other words, while $100 million in wealth was produced, $80 million in wealth was consumed. The consumption of $80 million worth of production is the real price of the production of $100 million worth of production.**

**The real price of production is consumption.**

Moreover, as we have said above, if production exists for consumption, consumption must be able to pay for production.

In the preceding example, the country deserves its production. If, by spending $80 million, it produces $100 million worth of goods and services, it must be able to get these $100 million worth of production while spending $80 million. In other words, in paying $80 million, the consumers must get the $100 million worth of production. If not, $20 million worth of production will remain for contemplation, until it turns to destruction, in front of a deprived and exasperated people.

## The increase and reduction of wealth

A country gets richer in goods when it develops its means of production: its machines, factories, means of transportation, etc. These are called capital goods.

A country also gets richer in goods when it produces things for consumption: wheat, meat, furniture, clothing, etc. These are called consumer goods.

A country again gets richer in goods when it gets wealth from abroad. Thus Canada becomes richer in fruits when it gets bananas, oranges, and pineapples. This is called importation.

Moreover, a country's goods are reduced when there is destruction or wear of the means of production: burnt factories, worn-out machines, etc. This is called depreciation.

A country's goods are also reduced when they are consumed. Eaten food, worn-out clothing, etc., are not available any more. This is destruction through consumption.

A country's goods are reduced again when they leave the country: for example, there will be less apples, butter, bacon, in Canada, if this country sends these products to England. This is called exportation.

## Calculation of the Just Price

Now let us suppose that a year's return gives:

Production of capital goods..................$3 billion
Production of consumable goods..........$7 billion
Importations......................................$2 billion

Total acquisitions...............................$12 billion

Moreover:

Depreciation of capital goods..............$1.8 billion
Consommation...................................$5.2 billion
Exportations......................................$2.0 billion

Total reduction...................................$9.0 billion

One will conclude:

While the country became richer with $12 billion worth of production, it used, or consumed, or exported, $9 billion worth of production.

The real cost of the production of $12 billion is $9 billion. If it actually cost the country $9 billion to produce $12 billion worth of goods and services, the country must be able to enjoy its $12 billion worth of production, while spending only $9 billion.

**With $9 billion, one must be able to pay for $12 billion. To pay for 12 with 9. This requires a price adjustment: to lower the accounting price, 12, to the level of the real price, 9, and to do it without doing violence to anyone, without harming anyone.**

In front of this return, the following conclusion is logical in an economy where production exists for consumption:

Since the consumption of $9 billion worth of production, the wear of machines included, allowed a production worth $12 billion, improvements included, $9 billion is the real price of the production. In order for the country to be able to use this production, as long as it is wanted, it must be able to get it at its real price, $9 billion, which does not prevent the retailers from being compelled to claim $12 billion.

On the one hand , the country's consumers must be able to buy 12 with 9. They must be able to draw on their country's production by paying for it at 9/12 of the marked price.

On the other hand, the retailer must recover the full amount: 12; otherwise, he cannot meet his costs and obtain his profit, which is the salary for his services.

## The compensated discount

The buyer will pay only 9/12 of the marked price, if he is granted a discount of 3 on 12, or 25 percent.

A table costs $120.00; it will be sold to the buyer for $90.00. A pair of stockings costs $4.00; it will be sold to the buyer for $3.00.

Likewise, the same type of ratio is applied to the sale of all the country's articles, because it is a national discount decreed by the National Credit Office, to reach the goal for which the National Credit Office was instituted.

If all of the country's consumer goods are thus paid for at 75 percent of their marked price, the country's consumers will be able to get all of their production worth $12 billion with the $9 billion that they spend for their consumption.

If they do not like some products for sale on the market, they will not buy them, and the producers will simply stop making these products, because they are not real wealth, since they do not answer the needs of the consumers.

**The retailers thus get from the buyers only 75 percent of their prices. They will not be able to subsist, unless they get from another source the 25 percent that the buyer does not pay for.**

**This other source can only be the National Credit Office, which is charged with putting money in relation to facts. On the presentation of appropriated vouchers, attesting to the sale and the national discount allowed, the retailer will get, from the National Credit Office, the credit-money representing the missing 25 percent.**

The goal will be reached. The whole of the country's consumers will have been able to get their country's total production, answering needs. The retailers, and through them the producers, will have obtained the amounts which cover the costs of production and distribution.

There will be no inflation, since there is no lack of products in front of the demand. This new money is actually created only when there is a product wanted and purchased.

Besides, this issue does not enter into the price of the invoice, since it is neither a wage, a salary, nor an investment: it comes after the product is manufactured, priced, and sold.

Another way of arriving at the same result would be to make the buyer pay for the full price. The retailer would give a receipt to the buyer, attesting the purchase amount. On presentation of this receipt at the branch of the National Credit Office, the buyer would get credit-money equal to the 25 percent of the purchase amount.

The first method is a compensated discount, a discount granted by the retailer and paid to him by the National Credit Office.

The second method is a rebate made to the buyer. The result is exactly the same.

In any case, the price paid by the consumer must be the fraction of the marked price expressed by the ratio of total consumption to total production. Otherwise, the production is only partially accessible to the consumers, for whom it is was made.

The Juste Price = Retail Price X consumption

$$\text{The Juste Price} = \text{Retail Price} \times \frac{\text{consumption}}{\text{production}}$$

http://www.michaeljournal.org/plenty17.htm

# Chapter 17 — The National Credit

It is very nice to say that each man, woman, and child, as a member of an organized society, is entitled to the benefits of association. It is also exact to point out that these benefits must guarantee at least the bare necessities of life to everybody, from the cradle to the grave, in a world which overflows with so much wealth that its biggest problem is to dispose of this wealth.

And we have seen that the practical expression of the guarantee of the bare necessities of life is, in the modern distributive economy, the assurance of a sufficient periodical purchasing power to get the minimum of necessary goods for the maintenance of life.

**This purchasing power is presented in two ways: a direct dividend in money, and the lowering of the retail prices of products at the time of their purchase by the ultimate consumer.**

In both cases, the National Credit Office needs a source to draw from: where to draw from to distribute the dividends to all citizens; where to draw from to compensate the retailers for the price deductions decreed in favour of the buyers.

This source rests in the national credit.

## Two kinds of credit

The idea of credit is synonymous with the idea of confidence. One gives credit to someone only if one has confidence in him.

Any confidence rests on something, on a foundation. And this object of confidence can be varied.

Thus, the weather forecasts can make me confident that tomorrow will be a beautiful day. My friend's character can make me confident that he will be loyal to me. My studies make me confident of my success in such and such an exam.

In all this, there is no question of money. It is confidence regarding other subjects.

If, moreover, I am a retailer, and I sell to a client who promises to pay me in three months' time, my confidence is influenced by my client's future capacity to pay. I give him credit, because I am confident that he will find money, and that he will bring it to me in three months' time. This confidence regards finance.

The Social Crediters distinguish between real credit and financial credit.

## Real credit

When the French of the seventeenth century came to settle on the shores of the St. Lawrence River, in what was later known as Canada, they did not move without having confidence that they would be able to live in this country. Their confidence rested on the capacity attributed to the New World of being able to provide the necessary things of life. It was the New World's real credit.

The settler who goes to settle in Northern Quebec has confidence in that area. He believes that Northern Quebec's forest and soil will allow him to live and raise a family. It is Northern Quebec's real credit.

The doctor's competence gives confidence to the patient who consults him. It is the doctor's real credit.

Real credit springs from the capacity to produce things or services answering needs.

**Canada's real credit is Canada's ability to produce and deliver goods and services, when and where required.**

Real credit grows with the development of the country's productive capacity. The difference between Canada today and the Canada inhabited only by the Indians, four centuries ago, marks the growth of Canada's real credit during the course of these four centuries.

Real credit is the country's wealth expressed in possible goods and services.

## Financial credit

**Financial credit is the country's wealth expressed in money.**

Financial credit is the capacity to supply money, when and where required.

A retailer's credit given to his client is financial credit. The retailer is confident of being paid according to set terms.

A lender's credit given to a borrower is financial credit. The lender is confident that he will be paid back according to set terms.

If real credit directly concerns things, existing or easily realizable goods, financial credit is about money, which is expected to be present when required.

When politicians talk about the province's good credit, they talk about financial credit, about the confidence that money lenders have in the province's capacity to repay. However, the province's real credit stays the same, whether the bankers be welcoming or stern.

**With finance having to be at the service of realities, financial credit must relate to real credit.**

Alas! this is not the case. Thus, in 1930, Canada had not lost its real credit, its capacity to produce, and yet it lost its capacity to supply money where it was required.

**It is the separation, the divorce, between real credit and financial credit, that falsifies economic life.**

Real credit is reliable: it is the conjoint work of Providence, men's work, progress from applied science. Financial credit reflects all the sudden turns; it depends on the banks' action, and the banks' action, pursuing the bankers' profits more than the good of the people, is, besides, submitted to influences of international order, by no means in keeping with the facts of production, nor the needs of consumption. The 1930-1940 Depression was a crisis of financial order, on an international scale.

## The flawed expression in money of real credit

Actually, all loans by the banks are based on real credit. It is the capacity to produce and deliver salable goods which make the borrower a reliable subject for the banker.

The loan from the banks, inscribed to the borrower's credit, as we have seen it, serves as money. It is banking credit, based on real credit.

Banking credit, or bookkeeping money, is the banker's conversion of the borrower's real credit into money. If it is a loan to the Government, it is the conversion of the country's real credit into money.

**The conversion of real credit into money is necessary. But, the conversion thus made by the banks includes a fundamental flaw. By an inconceivable privilege, banks convert the real credit of other people into money, and declare themselves the owners of the money thus created, which they lend to other originators of real credit by getting them into debt.**

Moreover, this conversion of real credit creates temporary money, which must be withdrawn and destroyed after a term fixed in advance, even when the real credit, which serves it as a base, continues to exist.

Take the case of an industrialist who borrows to erect a factory. He gets a credit to be repaid, let us say, during the course of five years. The factory which he builds increases the country's real credit. It is therefore proper that money, which must be the reflection of the country's wealth, increases at the same time.

But the industrialist must repay the loan during the course of five years. He will therefore apply to the prices of the products of his factory, not only the production costs, but a part of the price of his factory, so that he can effect the repayment.

At the end of five years, all the created money will be withdrawn from circulation and returned to its source. And yet the production capacity of the factory is still there. The base for this conversion into money is still there, but the money is not there any more. The country does not possess the financial equivalent of its real wealth.

## The social nature of money

Moreover, real credit has a social nature, even if the matter concerns private goods.

The factory, which we have just quoted as an example, would have absolutely no value if it were not for the existence of society. Just suppress the consumers, and tell me what the factory will be worth.

The factory, which is private property, certainly increases the private owner's wealth, but at the same time, it also increases the country's wealth. And the whole country will benefit from it, provided, however, that the products of the factory can be sold.

The banker, who lends money created on the borrower's real credit, and who forces the borrower to bring back this money, is not only unjust to the private creator of wealth, he is also unjust to all of society, whose claims on the produced and offered wealth he restrains.

**The conversion into money of real credit can only be exercised by a sovereign authority, acting in the name of society itself, and pursuing, not the banker's profit, but the economic welfare of society as a whole.**

## The national conversion of real credit into money

This is why the Social Crediters call for the national conversion of real credit into money, whether this real credit be the fruit of a public or of a private firm.

This conversion must be made orderly. It must be in keeping with the facts of production, and with the needs of consumption.

The national conversion of real credit into money can very well be carried out, as in the banks, by the simple inscription of financial credit: bookkeeping money. But it must not be loaded with interest, nor limited to an arbitrary term.

Any increase of real wealth increases the base for this conversion into money, and any destruction of real wealth destroys this base. The money must not disappear unless its base disappears.

## The national credit account

Under the present system, when the banker creates the money which he lends, he simply records it into a ledger (or a computer), to the borrower's credit. The borrower uses it by drawing cheques on this credit, as long as any credit remains.

**Likewise, a Social Credit Government, which would convert into money the increase of the real credit proportionately, would simply record the money thus created into a ledger, to the nation's credit. It is on this national credit that cheques would be drawn to pay the national dividend to the citizens, and to compensate the retailers for the national discount decreed on retail prices.**

The administration of this national credit account would have nothing arbitrary, nor anything capricious about it. It would be administered by a national monetary authority, a non-political commission, appointed by the Government, but charged with administering the national credit in accordance with the data of production and consumption, just as judges, appointed by the Government, judge only in accordance with facts in regard to law.

It would be a commission of accountants, charged to record the value of all production and of all destruction of wealth. The difference between these two evaluations would give the net increase, the base for the increase of money.

This is not an impossible task. There already exists precise statistics on almost anything that constitutes the country's increase of goods: production of capital goods, production of consumer goods, imports, births, etc.; and on anything that constitutes the country's reduction of goods: depreciation, wear and tear, fires, consumption (total purchases), exports, deaths, etc.

This would be a good base to start from, the credit commission looking for information which it might be lacking.

There is absolutely nothing dictatorial in the work of such a commission. It does not dictate the production; it records it. It does not dictate the consumption; it records it. It is the citizens themselves who, freely, produce and consume, thus providing the data for total production and consumption; the national credit commission simply records this data and deduces the net enrichment increase from it.

Bookkeeping conforms to realities; it does not misrepresent them. And the money that is issued according to this bookkeeping would result from the free acts of production and consumption which would govern the volume of money, as opposed to the disordered system of banking credit, where money governs production and consumption.

A British author, John Hargrave, made up a very simple definition of Social Credit. This definition expresses very well this freedom of production and consumption, and this submission of money, as flexible as a bookkeeping system:

**“Produce what you want; take what you want; keep count of what you produce and of what you take.”**

Since nothing would hinder the sale of production, this system would rise to high levels, as long as there were orders from consumers. It is this production increase which would determine the amount of national credit to be distributed in the form of dividends or of national discounts.

If the citizens, enjoying a satisfying standard of living, would prefer to devote themselves more to free occupations and less to the production of marketable goods, it would bring about the gradual development of a leisure economy, the logical outcome of progress, which replaces human labour by the machine while increasing production.

The increase of leisure (free activities) is an objective much more conformable to human aspirations, and more rational in an economy of plenty, than full employment, a goal aspired to so avidly today.

But, to substitute the pursuit of leisure for the pursuit of full employment, the cult of freedom for the cult of servitude, we must first admit an income which is made up of dividends for all, and not an income made up only of wages and salaries.

http://www.michaeljournal.org/plenty18.htm

# Chapter 18 — The Monetary Mechanism of Social Credit

From the preceding chapters, it may be posited that, to correct the economic system and to put production at the service of consumers, there is no need at all to change the form of production, which is quite effective. There is the need only to provide the consumers with the means of claiming what they want from production, as long as that production is capable of providing it.

To this end, Social Credit calls for a regulation of the monetary system to put money in keeping with the facts of production and to put this money at the service of consumers.

A certain quantity of money already reaches the consumer through wages and salaries for accomplished work, or through the sale of products on the market, or through the income derived from investments. But nothing ensures the consumers at all times of a sufficient global purchasing power to buy the globally offered production. Besides, the money must be removed from a tutelage which taxes it at its origin, and which imposes on it a term of duration, without any relation to the duration of the production capacity.

The monetary propositions formulated by Major Clifford Hugh Douglas, the Scottish engineer who conceived the Social Credit Doctrine, seem effective ways to correct the monetary system, without collisions, without disrupting the present methods of production, without suppressing the pursuit of profit which stimulates production, without the least harm to personal freedom, and without undue interference into economic activities by the State.

We can therefore summarize the monetary propositions of Social Credit:

1. The national control of money;

2. A national credit account, reflecting the country's real wealth at all times;

3. The issuance of any new necessary money for consumption, in two ways, complementing each other.

a) By a national dividend to each citizen, thus recognizing the right of each one to a common inheritance, a factor of production;

b) By an adjustment of prices to balance definitely the global purchasing power with the offered production, avoiding all inflation as well as all deflation.

<u>Part II</u>

# A Few Talks and Articles on Various Aspects of Social Credit

http://www.michaeljournal.org/plenty19.htm

## Chapter 19 — Society Exists For All Its Members

*(The first part of a talk given by Louis Even on Radio-Canada on January 19, 1945.)*

### The dividend, a means to an end

It would be a very narrow idea of Social Credit to consider it merely as a monetary reform. The scope of Social Credit is much more vast. It is a whole philosophy — the very philosophy of association — that Social Credit wants to be fully respected in politics and economics.

Too many people believe that they have said everything about Social Credit by calling it, disdainfully, an impossible promise of $25 a month ($800 a month in 2004) to each of the country's citizens.

Paying a monthly dividend of $800 to each citizen is a highly reachable objective, if you consider the country's products, but a very unreachable objective, if you must obtain permission first from the diabolical heads who regulate and set conditions at will on the volume and circulation of money in the country.

The periodical and free dividend to each member of society is part of one of the proposals of Social Credit, because, in today's world, with production mainly resulting from the subdivision of labour and the ever-growing contributions of applied science, there is no other means than the dividend to realize the philosophy of Social Credit in economics.

### The association for the associates

What is the philosophy of Social Credit? Has Social Credit got a philosophy?

Social Credit proclaims a philosophy which had existed as long as men have lived in society, but which is terribly ignored in practice — more than ever in this day and age.

**This philosophy, as old as society itself — therefore as old as the human race — is the philosophy of association.**

These are high-flown words: *philosophy of association*. Nevertheless it is the one concept that is in the minds of all men who group, band together, for a definite objective.

Here are ten farmers from the same country road who join together to transport their milk to the dairy. Why do they join together? Because they are all convinced that, in this way, each one will get more advantages than if each one had to see to his own affairs separately. None of them loses out, and it is in the interest of all to make the best use of their time and transportation facilities.

The motive which causes them to join together is the confidence that each one of them will draw an advantage from the association.

It is, moreover, this same principle which is at the base of co-operatives of all kinds.

What is true of the association of ten people, what is true of all associations, big or small, working-class or agricultural, sports or cultural, lay or religious, is just as true of the general society which we call the State, whether it be a Canadian province or the Confederation of the ten provinces.

**The philosophy of association is therefore the joining together of all associates for the good of the associates, of each associate.**

## Society for all of its members

Social Credit is the philosophy of association applied to the general society, the province, the nation.

Society exists for the benefit of all the members of society, for each and every one. It would be an insult to a man if you told him:

"Sir, you are part of society; you cannot escape from it, because the matter does not concern a particular enterprise, but deals with social order. You will therefore obey all the laws, you will fulfill all of your obligations as a citizen, or society shall punish you. But do not expect anything from society. You could, without being at fault, find yourself without shelter, bread, protection: society would not give a darn about you: others will benefit from it, not you."

To talk this way would obviously alienate a man from society, or provoke his revolt against the existing state of affairs.

## Provocation to anarchy

Well, in our present social organization, although no one officially talks this way, a great number of citizens feel frustrated by being denied the advantages of society. And when the number of frustrated citizens is too great, or if the frustration lasts too long, these frustrated citizens often revolt against society. Their revolt is not without provocation.

You can write and expostulate as much as you wish against the Anarchists, the Communists, or the Socialists: But if society continues to be an organization in which a handful of people exploits the great number, if applied science and the progress of generations serves only to make outcasts, starving, or war-driven people, nothing, absolutely nothing will prevent the insurrection of the masses that one immolates.

You could imprison those who break windows to steal products. But it would be much wiser to begin to imprison those who have caused for decades the accumulation of products behind windows, under the masses' hungry eyes. The prisons would be less crowded, but better utilized.

However, there is a better solution than anarchy. Instead of revolting and levelling everything off, we can organize to impose a reform — a reform to make all members of society, all without exception, the real beneficiaries of the social organization. And that is precisely what the Social Credit Movement seeks to accomplish.

## Social Credit, the opposite of monopolies

Social Credit is a doctrine which stipulates that society exists for the benefit of all of its citizens.

It is for this reason that Social Credit is, by definition, the opposite of any monopoly: the economic monopoly, the political monopoly, the prestige monopoly, the brutal-force monopoly.

**Let us define Social Credit as a system of society at the service of each and every one of its members, in which politics is at the service of each and every one of the citizens, and economics is at the service of each and every one of the consumers.**

Now let us define monopoly: the exploitation of the social organization at the service of a few privileged individuals, in which politics is at the service of clans called parties, and economics is at the service of a few financiers, of a few ambitious and unscrupulous entrepreneurs.

A monopoly ignores the rights of the multitude that it exploits. Social Credit claims rights for the least and smallest of the citizens.

The habit of thinking about monopolies in terms of big industrial enterprises is too prevalent. An enterprise can be large, and yet can serve the mass of the consumers, without being a monopoly but a well-organized business that serves the population.

What constitutes the noxious character of a monopoly is not so much its size as its unhealthy and antisocial objective. Its fault is that it uses dishonest means to suppress competitors and to bribe governments, which results in the easy exploitation of society for the benefit of a few.

## The monopoly of money is protected

Too often, those who condemn monopolies stop at specified industrial monopolies: the electric monopoly, the coal monopoly, the oil monopoly, the sugar monopoly, etc. They ignore the most pernicious of all monopolies in the field of economics: the monopoly of money and credit; the monopoly that changes a country's progress into public debts; the monopoly which, by controlling the volume of money, regulates the human beings' standard of living, without any relation to the realities of production and the needs of families.

## The monopoly of party politics

Yet too often, one forgets that politics, which ought to see to the stabilization of economics, has itself become a monopoly. But because this monopoly is present in the form of political parties, and because party politics struts under the name of democracy, the people are taken-in. They think that political parties were made for them, whereas they were made to exploit them. The proof lies in the results.

## Collusion

Let us point out, in passing, that political parties are very careful not to denounce the money monopoly; the other monopolies are criticized (it is in style to win votes), but of the money monopoly, not a word is said. Likewise, the money monopoly is very careful not to put up obstacles to party politics. The big economic monopoly and the big political monopoly seem to have passed a kind of gentlemen's agreement between themselves, a mutual accord to protect each other, at the people's expense.

We have read, in a private letter, signed by a former Premier of the Province of Quebec, the expression “the sacrosanct-monopolizing finance”. But this expression, this “sacrosanct-monopolizing finance,” did not often appear in the public acts of this Premier, while the province's credit during his term in office, as before and ever since, was graciously offered to this same sacrosanct-monopolizing finance.

One will understand that the Social Crediters fight simultaneously the money monopoly, because they want economics to be at the service of all consumers, and party politics, because they want politics to respond to the good of all citizens.

http://www.michaeljournal.org/plenty20.htm

# Chapter 20 — Minimum Security, Maximum Freedom

[f](The second part of a talk given by Louis Even on Radio-Canada on January 19, 1945.)

## Security and freedom

Social Credit proclaims that society must exist for all citizens; it proclaims that each and every one must be able to find, in the political and economic organization, the means to get more easily what all of a common accord want for themselves.

But, what is it that all mutually want — even if all have not gotten into the habit of realizing and expressing their desires publicly? All certainly want at least a minimum of economic security, with a maximum of personal freedom.

## The basic necessities of life

A minimum of economic security means at least the basic necessities of life. There is no normal individual who does not want at least that: the basic necessities of life. And one does not live in society for these basic necessities of life to be more difficult to get, but for them to be easier, for them to be a guarantee, in a country where exists all, and even more than what is needed, to satisfy the basic necessities of life. It is therefore the duty of a well-organized society to see to it that each of its members is ensured of at least the basic necessities of life.

Pope Pius XI even went much beyond this notion of basic necessities; he requested for each and every one the guarantee of the means for an honest livelihood. For the economic and social organism to be good and soundly established, he said, it must secure for all and each of its members a share in the goods of nature and industry; and this share must be sufficient to supply them with all of their needs and an honest livelihood.

## The negation of economic security

Our present society does not achieve this. Millions of witnesses could stand up, in all parts of the country, to declare that, during the ten years in which we were not fighting for democracy (or for a practical joke), during the ten years in which products accumulated and rotted under their very eyes, their country's social organism did not at all ensure them of their share of these goods for an honest livelihood.

At least 400,000 Canadian families can make this accusing testimony. Yet, it is not against this social deficiency that we waged war in 1939!

## The negation of freedom

But it seems that after all the killing, one has learned that one must make postwar social-security plans. Unfortunately, while one talks about a better tomorrow than yesterday, one continues to fortify the money monopoly which regulates unrestrainedly man's standard of living. Unfortunately too, each time one talks about economic security, it is at the expense of freedom. Now freedom is as essential to the human person as is security.

Economic security, the assurance of the basic necessities of life, is one thing. The human person's freedom of choice is another thing. An animal can be satisfied with the first. A human being needs both. Economic security can exist without freedom. Example: the cowshed, the stable, the barracks, and the system promised by the Socialists.

Freedom, to be real, first implies a minimum of economic security. Those who were unemployed from 1930 to 1940 did not have freedom, because they did not have, first of all, the basic necessities of life. If somebody received some form of social security, it was under conditions that began with cutting off his freedom. Likewise, how many wage-earners have to accept employment or working conditions which are not at all suitable for them! Their bread is bound to conditions contrary to their choices. They are not free.

The man who would first of all be guaranteed the basic necessities of life, without condition, from the sole fact of his having been born in the midst of an organized society, would not so absolutely be required to accept such and such a job or conditions; he would be able to act more in harmony with his aptitudes and desires; then his wage or salary would no longer be bound to the sacrifice of his freedom of choice.

## The dividend, an instrument of freedom

It is here that we depict the unique feature of the national dividend as a social-security measure. It is, in fact, the only social-security measure which does not bind nor humiliate anyone.

At the same time, it is the sole economic measure which ensures the permanency of production by complementing the consumers' inadequate purchasing power. It is the sole supplementary distribution method which is in step with progress in production processes. It is the sole economic proposition which recognizes the existence of a social heritage, transmitted to the bosom of organized society, from one generation to the next; just as with wealthy families, there is a heritage transmitted from parents to their children.

But some might ask what is meant by a national dividend. They know what a company dividend is; it is the distribution to shareholders of an amount which represents the clear profits of the company during the past term. Does a national dividend mean an amount of money distributed to all citizens every month, every three months, every year?

By a national dividend, we mean the distribution of the country's production surplus to all members of society, who are equally entitled to this surplus, which otherwise would not be distributed.

Whether this distribution is made in the form of an amount of money or otherwise, it is essential that each citizen is given a claim to his share of the production, which really represents a surplus; and the production which is not distributed without it is certainly a surplus. Has it not been thrown before into the fire or into sewers?

## The dividend, the fruit of progress

The national dividend does not take anything away from wages and salaries. It is modernization that affects wages and salaries when machines replace wage-earners. It is then that products accumulate. But the dividend would come precisely in the proportion needed to make up the deficit. The more progress would replace manpower by machines, the less wages and salaries would be distributed to the workers, and the more, direct or indirect, the dividends that would be distributed to everybody.

Yes, they would be distributed to everybody, and to everybody equally, because they are the fruit of progress, and not of individual work. Individual work is rewarded in various ways, according to the value which it brings to production. But progress is a collective good, to which all are entitled equally, as members of an organized society.

Progress decreases the necessary contribution of individual work, but it does not decrease — it actually increases — the production of goods. This is what the dividend would represent.

### Little thing, great effect

And it is this very simple little thing — which does not disturb anything in personal initiative nor in private property — that would make all the difference between having a society starving in front of plenty, or enrolled to have a ration, and a society that sets plenty at the service of all, and which favours the free blossoming-out of each person.

Nothing is disturbed in the economic structure that is familiar to all people. The farmer continues to cultivate, but sells better, if his products respond to real needs. The industrialist continues his private enterprise; he even improves it, because he sells his products, if they respond to real needs. The wage-earner continues to draw his wages, and his job is more secure because the products are sold, if he is in the service of an enterprise that responds to real needs.

### The dividend orients the production

For production to respond to real needs, it is necessary that needs be expressed by the consumers. Now the consumers express their needs effectively when they have money in their hands. For orders to really come from the consumers, and not be the effects of publicity pressure from people who are first interested in profits, money must begin on the consumers' side, and not on the side of sources of profits by promoters.

This is precisely what the dividend does. The dividend, actually representing the country's progress, generates a corresponding increase in purchasing power in each and everyone's hands. It is new money that will pass into circulation by indicating the consumers' individual needs to those who are capable of supplying the products.

It would no longer be, as it is today, new money coming into circulation in the form of a debt to be paid with interest, by individuals or governments, to the monopoly of monopolies, to the monopoly of the manufacturers and destroyers of money, to the bankers.

The national debt is the opposite of the national dividend. Both represent progress in the country's production capacity. But the national debt expresses progress robbed by a few who exploit society; whereas the national dividend expresses progress divided among all, in a society which exists for the good of each and every one of its members.

### Death to monopolies

As you can see, the national dividend, a very simple but strongly equitable mechanism, which is also very logical and social, does not change anything in the economy, except that it finally puts the consumer first and breaks the money monopoly.

By breaking the money monopoly, you would shatter the teeth of the other monopolies. Money, upon becoming a social service, an economic blood being circulated continuously in the veins of the body of production and satisfying the needs of consumers, loses its vice of being a power instrument. Enterprises, big or small, continue to provide goods, and consumers have access to these goods.

Then, if certain sizeable industrial monopolies still wish to carry a lot of weight, the government in charge of the common good is there to stop them. Not having any longer to appear humbly at the door of the money monopoly, with its debentures, and possessing, automatically, all the necessary financial means to accomplish what is physically possible and commonly wanted, the Government would be able to do with any monopoly that wants to sabotage the economy, exactly what it does with a housebreaker or a public criminal.

Besides, Social Credit cannot become an economic achievement without first effecting a stabilization of politics. This is the subject of the next chapter.

# Chapter 21 — Politics at the Service of the People

*(The third part of a talk given by Louis Even on Radio-Canada on January 19, 1945.)*

## Crowd manipulation

Social Credit, which calls for an economy at the service of all consumers, also calls for a political system at the service of people. The Social Crediters fight monopolies in politics as well as in economics.

Monopoly in politics is the exploitation of people through party politics. As the Holy Father (Pius XII) pointed out in his 1944 Christmas message, the organized and liberally financed politicians are clever at manipulating the amorphous crowd to get votes and achieve power, their only goal, from which position they totally forget the people's interests, and take care of their own and that of the party which supported them.

Any political organization which does not begin by enlightening and organizing people so that they can keep an eye on their representatives, is a political monopoly, the monopoly of crowd manipulation at election time. It is a monopoly all the more perfidious, as it carries the appearance of a democracy, whereas it is actually pure tyranny.

To those who understand the philosophy of Social Credit, it is clear that this kind of politics can never be in favour with the Social Crediters.

Parties, old and new alike, can continue to make their policies revolve upon voting, upon the manipulation of the crowd to get this vote. The Social Crediters renounce the setting up of one more political swindle: it would betray everything they teach.

## The Social Crediters' political formula

This is why the Social Crediters of the “Michael” Journal have chosen, as their political formula, to educate and organize the citizens — citizens who make inquiries and assume their responsibilities to assert their rights.

The Social Crediters are not interested in the conquest of power, but in having those who are in office to serve the citizens. It is from an informed, thoughtful, and organized people that they hope to see a power come out which will know how to make the required acts, so that governments will serve the people instead of serving the monopolies.

“The masses,” wrote the Pope, “are the major enemy of genuine democracy, and of its freedom and equality ideals. With a people worthy of this name, the citizen carries within himself the awareness of his personality, of his duties and of his rights, of his own freedom, joined to the respect for freedom and the dignity of others.”

A feeling of responsibility — this is what the Social Credit Movement of the “Michael” Journal is trying to develop in the citizens. It is from the number of its adherents, but principally from the quality of their sense of responsibility, that it awaits success.

## A lesson from experience

Moreover, there is no need to think about it over and over again to understand that it is for the citizens themselves to make their rights and freedoms respected. It is certainly not the monopolies, neither of the economic nor of the political order, which will help us to get Social Credit: their objectives are diametrically opposed to it. Besides, does not history teach us that it is futile to wait for reform through the simple change of the party in power?

A few days ago, a new party leader said on the radio: “Today, you have a new team of men that will establish policies respectful of Christian principles and family dignity.”

Does he really believe that there have never been any new teams before his? Does he really believe that the ones he wants to replace do not know their catechism as well as he does?

These words have been repeated again and again in the past, and it is understandable that people are beginning to refuse to believe them.

When one party replaces another in power, with the same electors, in the same circumstances, fighting the same problems, there is a ten-in-ten chance that it will continue exactly in the same way.

## Let us try another method

Let us not forget to consider at least two elements that face each other: the governing and the governed. One has changed the governing often enough: what if one were to make a little change in the governed?

Does one treat a cat and a lion in the same way? Whoever the people may be who look after cats or lions, the difference in treatment, in both cases, comes more from the nature of the beast than from that of its master.

We do not believe we are mistaken in making the same analogy to politics. Politicians will not behave, with electors who are informed and organized to watch over them and remind them of their duties, in the same way as with electors who are satisfied with voting according to the trends of public opinion.

It is up to each and every one to see to it

It may possibly be a difficult and lengthy task to accustom a people to taking an intelligent and effective interest in public affairs. But when have we tried? It is surely not the party politicians who have applied themselves to it. Never do exploiters try to organize their victims so that they will resist their exploitation.

One does not wait for the devil to bring the grace of God. Likewise, if we want political and economic systems dedicated to the service of each and every one, let us not expect them from those who aim towards another objective: Each and every one of us must work at organizing such systems.

The first thing to do is certainly to know what the issue is all about. So one must begin with the study of appropriate literature. The Social Crediters possess the literature to this end.

Then, enlightened, one goes into action, if one wants results. One goes into action by teaching others and banding together: a new kind of politics, since it is for the first time the policy of the electors themselves to get a really new economy: the economy of the free and periodical dividend to each and every one, without inquiry, without conditions, and without taking from anyone's pocket.

http://www.michaeljournal.org/plenty22.htm

# Chapter 22 — A superpower Dominates Governments

*(An article of Louis Even, first published in the January, 1970 issue of the Vers Demain Journal.)*

## Governmental powers

Textbooks generally distinguish three powers belonging to the Government: the legislative, the executive, and the judiciary.

The legitimate and sovereign government of any free country must possess the power to make laws to regulate relationships between citizens and established bodies, without having to ask permission from a foreign authority. This is the exercise of the legislative power.

Likewise, the government of a sovereign country must be able to administer the nation in conformity with its laws and its constitution, without having to submit its actions to a foreign government for approval. This is the exercise of the executive power.

Finally, the government of a sovereign country must possess the right to enforce the laws of the country, to prosecute and condemn those who transgress them, to pass judgment on the litigation's between citizens throughout that country, without having to request the authority to do so from a foreign government. This is the exercise of the judiciary power.

## The superpower

If these three powers — the legislative, the executive, and the judiciary — are the great constituted powers of any sovereign government, there is another power, not labelled as such, but which exceeds these three powers, and which dominates governments themselves.

This superpower, which did not receive authority from any constitution, and which does not worry about it, any more than would a thief in the exercise of his function, is *the monetary power*.

The monetary power is not the money that you may have in your wallet. It is not the stocks nor the bonds that you may have in your portfolio. It is not the taxes that the governments of the three levels — local, provincial, federal — take from you, without ever being satisfied. It is not the pay raises, for which the trade unions yell, and over which they declare strikes. It is not even the industrial dividends that some Socialists would like to take away from capitalists and to see distributed to wage-earners, without having calculated the insignificant drop that each one would get from them. The monetary power is not what some governments call inflation, and what some employees call a rise in the standard of living, while governments and trade unions contribute to inflation as much as they can, the former by their ever-increasing taxes, the latter by their demands for wage or salary increases.

No, all this is small stuff compared to the stature and the power of the superpower that we are denouncing, this power that can make our lives “hard, cruel, and relentless”, in the words of Pope Pius XI in his Encyclical Letter *Quadragesimo Ann*o. It can even make life almost impossible, as Pius XI expressed it so well in this same encyclical:

**“This power becomes particularly irresistible when exercised by those who, because they hold and control money, are able also to govern credit and determine its allotment, for that reason supplying, so to speak, the lifeblood to the entire economic body, and grasping, as it were, in their hands the very soul of production, so that no one dare breathe against their will.”**

These strong words may look immoderate to those who are unaware, on the one hand, of the role of money and credit in economic life, and on the other hand, of the control to which money and credit are subjected. But the Pope did not exaggerate at all.

## The blood of economic life

Let us recall immediately, without explaining it here, that financial credit has the same virtue as cash in economic life. One buys materials, services, work, products, as much with cheques — which simply transfer figures from one account to another in bank ledgers — as with coins or paper money, which go from a client to the local retailer at the corner store. It is the money of figures (cheques) that activates the more economic life, being responsible for more than 80 percent of the total financial operations of our nation's commerce and industry. The generic term “money” can therefore refer to both forms of means of payment.

Having said this, let us see if money has such a considerable role in economic life, and if its control has really the superpower that the Pope attributes to it.

Whatever may have been the conditions of economic life in past centuries, it is undeniable that today money (or credit) is indispensable in maintaining a multiple-source production in activity called for by the private or public needs of the population. It is indispensable also to allow this production to reach the needs that it must satisfy.

Without money to pay for materials and labour, the best entrepreneur must stop producing, and the supplier of materials will have to reduce his own production accordingly. The employees of the one and the other will suffer from it, remaining with their needs and leaving other producers with unsold products. And the chain goes on. It is a well-known fact that entire populations have suffered from it.

The same applies to public bodies. The public needs can be pressing, very much felt, well expressed and very well understood by public administrations. But if these public administrations are without money, or lack sufficient money, their undertakings must be set aside.

What is lacking in such a state of affairs? Materials? Manpower? Competence? Nothing of this sort. The only thing lacking is money, financial credit, the “lifeblood of the economic body”. Let the blood flow, and the economic body will function once again. If it is a long time in coming, businessmen will lose their concerns, owners their properties, families their daily bread, health or even the lives of children, and often peace in their homes.

But what can one do? Is this not an inevitable situation that one must fatally endure? — Not at all. If blood is lacking in the economic body, it is because it was removed. And if it comes back, it is because it was re-injected.

Extraction and injection of blood are not spontaneous operations. It is the controllers of money and credit who can “determine its allotment... thus supplying the lifeblood to the entire economic body”. One needs their consent to live; Pius XI was right.

In his Encyclical Letter, the Pope did not explain the mechanism of the extraction and injection of blood, nor did he define concrete ways to remove the economic body from the control of these malicious surgeons. This was not his role. His role was to denounce and condemn a dictatorship, the source of incalculable woes for society, for families, for the people, not only in a material sense, but by creating unwarranted difficulties for each soul in the pursuit of a destiny which must be his own for all eternity. And the Pope spoke out and said what he had to say. Alas! too few heeded his words, and the denounced dictatorship has since consolidated its position more and more. The alleviation that the Pope's words may have allowed was allowed only to maintain a power, of which the effects had become so obvious that they were hard to conceal.

In fact, the sudden return of a blood flow in an economic body, which had been entirely deprived of it for many years, could not but impress even those who knew nothing about its mechanism. This bolt of lightning occurred in September of 1939. The day before, a bloodless economic body paralyzed developed countries. The declaration of war, in which these same countries were to participate, suddenly brought back all the blood, all the money, all the financial credit, which these nations would need during the six-year war. It called into play all of their human and material resources.

## Above governments

Monetary power is the power of issuing the nation's money and credit; the power of conditioning the putting of money and credit into circulation; the power of determining the length of time of circulation of this financial credit; the power of demanding the return of money at a term fixed beforehand, on pain of confiscation of goods, which are the fruit of the labour of those being subjected to confiscation; the power of bringing governments into subjection, of fixing for them also the conditions of its release and of its return, of demanding as a guarantee the power that all governments have of taxing their citizens.

Now, this financial credit, this money, is the permission to make use of the production capacity, not of the controllers, but of the country's population. The controllers of money and credit do not cause a single stalk of wheat to grow, do not produce one pair of shoes, do not manufacture one sole brick, do not dig into a mine shaft, do not pave one square inch of road. It is the country's population that carries out these projects. It is therefore its own real credit. But to be able to use it, one needs the approval of the controllers of money, of the financial credit, which is nothing more than the registering of figures in the banks' ledgers, representing the value of the nation's real credit.

The banker's pen which consents or refuses to give to individuals, to corporations, to governments, the right to mobilize the skills of professionals, the nation's natural resources, that pen commands; it grants or refuses; it sets conditions on the financial permits that it gives; it puts into debt those individuals or governments to whom it grants permits. The banker's pen has the power of a scepter in the hands of a superpower — the monetary power.

We endured ten years of economic paralysis. Not one government thought it had the power to put an end to it. A declaration of war came, and the financial permits to produce, to draft, to destroy and to kill, suddenly appeared overnight.

Ten parliamentary sessions in Ottawa — each lasting several months — were unable to find a solution to the anti-natural crisis, which was starving and depriving entire families in front of unsold products, and of the possibility of creating much more.

But a so-called urgent six-day session, September 7-13, 1939, was enough for them to decide to enter full speed ahead into a war which was to cost billions of dollars. A quick and unanimous decision was made. A minister from Mackenzie King's Cabinet, J. H. Harris, spoke with all the eloquence he could muster: “Canada,” he proclaimed, “has its eyes glued on this

House. Therefore, are we not obliged to see to it that there is within this House a unity of action and of thoughts? The reason is evident; Christianity, democracy, and personal freedom are at stake."

Christianity and personal freedom had not seemed to him to have been at stake, not any more than to the Government to which he belonged, all the years during which time Canadian families were destroyed by being unable to get bread; during which time youths were taking refuge in concentration camps — also called work camps — in order to get a meager ration in return for their total servitude; during which time men buried themselves in the bush; during which time unemployed, able-bodied men roamed from one town to the next; during which time others sought shelter in shacks that they had constructed out of pieces of sheet metal or tar paper, salvaged from the dumping grounds of the city of Montreal...

And what did Christianity and personal freedom gain from a war which split up Germany, while putting a part of it, as well as ten other entire Christian countries, under the yoke of the Communist bloodthirsty Stalin?

But Harris and the others knew that going to war was the condition to bring back into the economic body the blood controlled by the superpower, the monetary power.

## A diabolical monstrosity

There is not a worse tyranny than that of the monetary power: a tyranny which makes itself felt in all homes, in all institutions, in all public administrations, in all governments.

And from whence does this superpower take its authority? The other three governmental powers obtain their authority from their country's Constitution. But what constitution was able to give to a superpower the right to hold governments themselves under its thumb?

The fact that this same state of affairs exists in all developed countries does not justify this monstrosity. It only goes to show that the superpower of money and credit holds all the civilized world in its tentacles. This makes it even more diabolical.

Yes, it is a diabolical power, but which took on a sacred aura, to such an extent that one looked for the causes of our economic and social woes everywhere, except in the operation of the money and credit system. It is permitted to look somewhere else; but in the monetary system, that is not permitted, not even for the sovereign governments.

It took the light of Social Credit, coming from a genius, C. H. Douglas, to break up this sacred aura, and to unmask a tyranny which has not in the least any characteristic of sacredness. And it took Social Credit apostles to spread this light. But how many souls, who should be more able to understand, to distinguish between a system of domination and a body of service, have chosen to close their ears or their eyes for reasons of pride or private interests!

## A constitutional monetary power

The implementation of Social Credit — which we will not explain here, the "Michael" Journal having explained it many times before, and for sure to explain it many times again in the future — would kill this superpower, the scourge of humanity.

What is needed in its stead is a monetary power, established by constitution or by law, in order to make of the monetary organism an organism at the service of the community, as are the other three services mentioned above.

What is needed is a monetary power exercised by an organism similar to the judiciary system, staffed with qualified accountants, instead of judges. These accountants would, like judges, fulfill their duties independently of the powers that be. They would base their operations — additions, subtractions, or rules of three — on statistics which do not depend upon them, but on the statements of the production and consumption of the country, resulting from the free activities of free producers to respond to the orders freely expressed by free consumers.

This means that money and credit would only be the faithful reflection, the expression in figures, of economic realities.

It is the constitutive law of such a monetary power that would set down this end to the organism thus established. The organism would supply the necessary financial credits to the population so that it can order the goods it needs from the country's production capacity. And as it is the individuals and the families themselves who know best what they need, the monetary organism would be obligated, by its very constitution, to supply to each individual and to each family the necessary income for them to be able to order at least the basic necessities of life for a decent standard of living. This is what Social Credit calls a dividend given to each citizen, regardless of his status of employment or unemployment in production.

Then, the same monetary organism would supply to the producers the required financial credits to make use of the country's production capacity, in response to the orders thus expressed by the consumers. It would do so for public needs as well as for private needs.

If the pen of an usurped superpower can create or refuse, according to the will of this tyrant, the financial credit, based on the nation's real credit, the pen from a constitutional monetary power would be as effective to issue the financial credit, to the service of the population, of all the members of society. This end would be specified in the law.

There would no longer be purely financial hindrances. Getting into debt to foreign bankers for things that we can produce in our own country — this preposterousness would cease to exist. Prices going up, when production becomes easier and more plentiful — such an inconsistency would cease to exist in a monetary body obligated, by law, to make of the financial aspects of the economy the exact reflection of reality. The seeking of new job creations while the machine, instead of human labour, supplies products — such a ridiculous policy would be relegated to a past history of subjection to a monster. The astronomical waste, due to the production of things useless to the normal needs of people, with the sole end of creating jobs, would be banned as a lack of responsibility to the generations which must succeed us.

And thousands of other things as well will ensue with the establishment of a monetary power of service, and with the doing away with the unbearable rule that wants to link income solely to employment, when the first effect of progress should be to free man from economic tasks in order to allow him to freely devote himself to activities which are less materialistic, and to tend towards the blossoming out of his personality and freedom.

http://www.michaeljournal.org/plenty23.htm

# Chapter 23 — The Monetary Power Resides in the Banks

(*An article of Louis Even, first published in the January, 1970 issue of the Vers Demain Journal.)*

The legislative power has its seat in parliaments, since this is where laws are discussed and voted upon.

The executive power resides in the offices of ministers, since it is they — the Prime Minister and his Cabinet — who make the decisions which are carried out by the civil servants.

The judiciary power resides in the courts, since that is where the judges practice their duties.

**And where does the superpower, the monetary power, reside? The monetary power resides in the banks. It is in the banks that financial credit is actually created and cancelled.**

It is when a bank grants a loan, either to an contractor, a retailer, or to a government, that new financial credit is created. The banker credits the borrower's account with the loan granted, just as if the borrower had deposited that amount. But the borrower actually neither brought in nor deposited any money, since he came to the bank to get money he did not have.

The borrower will now be able to issue cheques on this account that he did not have when he entered the bank, but that he now has upon leaving the bank.

No account of any other customer of the bank was reduced. This is therefore a new account, added to the accounts that already exist. The total credits in the total accounts of the bank are therefore increased by the amount of this new account.

There is therefore an increase in financial credit, modern money, which will be put into circulation by the cheques of the borrower issued on this new credit.

On the contrary, when a borrower comes to the bank to repay his loan (credit that had previously been borrowed), it reduces the quantity of credit in circulation accordingly. The total quantity of blood in the economic life is thus reduced by the same amount.

A simple bookkeeping operation, made with one stroke of the pen, had created financial credit. Another simple bookkeeping operation, when the loan is repaid, cancels, destroys this credit.

It is easy to see that, if during a given period of time, the total of the loans exceeds the total repayments, this puts more credit into circulation than what is cancelled. On the contrary, if the total of the repayments exceeds the total of the loans, it causes a period of reduction of credit from circulation.

If the reduction period persists, the whole economic body is affected by it: it is called a crisis — a crisis caused by a restriction of credit.

Since the borrower must pay back more than what was lent to him, because of the interest, he must withdraw from circulation more money than what was put into circulation. For this, he must withdraw from circulation extra money that has been put there by other borrowers.

As every new credit comes from the banks, under the condition of paying back more money than the capital amounts loaned out, other people must also borrow, following the first borrowers. The latter have even more difficulties in repaying their loans, since they have to find extra money out of the credit in circulation, which is already reduced by the amount of money that the first borrower had to repay in interest.

This chain goes on in the same way for the next borrowers, and eventually, some cannot pay back their loans. Then the banks restrict further loans, which slows down the whole economic life. But the banks put the blame for this situation on the population that suffers from it.

In order to have the flow of credit that is required for economic life resume, the chain of loans will have to take place again, breeding a bigger and bigger chain of debts.

## A tool of the superpower

The present banking system is the instrument used by the monetary superpower to maintain its supremacy over nations and their governments. The banks are supported in all this by the ridiculous, politico-financial rule that binds the distribution of purchasing power to employment, in a production that requires fewer and fewer employees to supply the goods necessary for life.

You must not conclude from this that your local banker is part of this dictatorship. He is only a subordinate who, most likely, is not even aware that when he inscribes loans in the ledgers of his bank, he creates credit, and that the repayments inscribed in his ledger destroy, cancel, this credit.

You may still hear backward scholars deny that the volume of credit in circulation depends upon the action of the banks. These backward scholars, who resist the obvious, are an invaluable support to the superpower, through their ignorance — if it is really ignorance on their part, or through vested interests that bind them, or through their collusion with a power which can bring them easy promotions.

Upper-class bankers, on the other hand, know very well that financial credit, which makes up the bulk of modern money, is created and cancelled in the ledgers of banks.

A distinguished British banker, the Right Honourable Reginald McKenna, one-time British Chancellor of the Exchequer, and Chairman of the Midland Bank, one of the Big Five (five largest banks of England), addressed an annual general meeting of the shareholders of the bank, on January 25, 1924, and said (as recorded in his book, *Post-War Banking*):

**“I am afraid the ordinary citizen will not like to be told that the banks can, and do, create and destroy money. The amount of finance in existence varies only with the action of the banks in increasing or decreasing deposits and bank purchases. We know how this is effected. Every loan, overdraft, or bank purchase creates a deposit, and every repayment of a loan, overdraft, or bank sale destroys a deposit.”**

Having also been Minister of Finance, McKenna knew very well where the bigger of the two powers — the power of the banks and that of the sovereign government of the country — resided. And he was frank enough to state the following, which is very uncommon among bankers of his level:

**“They (the banks) control the credit of the nation, direct the policies of governments, and keep in the palm of their hands the destinies of the peoples.”**

This is a statement which is in complete agreement with what Pope Pius XI wrote in his Encyclical Letter *Quadragesimo Anno*, in 1931, about

**“those who, because they hold and control money, are able also to govern credit and determine its allotment, for that reason supplying, so to speak, the lifeblood to the entire economic body, and grasping, as it were, in their hands the very soul of production, so that no one dare breathe against their will.”**

http://www.michaeljournal.org/plenty24.htm

# Chapter 24 — Liberal Leader Mackenzie King Said in 1935

**"Once a nation parts with the control of its currency and credit, it matters not who makes that nation's laws. Usury, once in control, will wreck any nation. Until the control of the issue of currency and credit is restored to government and recognized as its most conspicuous and sacred responsibility, all talk of the sovereignty of Parliament and of democracy is idle and futile."**

*(An article of Louis Even, first published in the March 1, 1958 issue of the Vers Demain Journal.)*

## The 1935 election

In the fall of 1935, Canada was going through a federal election. Mr. Bennett's Conservative Government was achieving its 5-year term. The great Depression, begun in the fall of 1929, was still rampant.

This crisis was in no way due solely to the Conservative Party. It was a worldwide crisis that touched all Western nations, no matter what their political regimes or parties in office. In Canada, it had begun under the Liberal Government of Mackenzie King, and it was because of this crisis that the electors replaced the Liberals by the Conservatives in the 1930 elections. When people are discontent, they change the party in office.

Whatever the attacks of the Liberal orators against the Tories were, Mackenzie King knew perfectly well that the Depression was in no way a case of which party held power. He knew very well that the Depression had its origin in the restriction of bank credit, causing a scarcity of money in circulation. He was well aware of the fact that an appropriate mechanism to issue credit, for the interests of the people, could supply the population with all the requisite money to answer their needs.

Moreover, Mackenzie King had previously written a book, *Industry and Humanity,* published in 1918, one year before his election as leader of the Liberal Party of Canada. He had written in that book, among other things: "Money consists only in figures engraved on metal, printed on paper, or inscribed in bank ledgers." So why let a whole nation fall into a depression, because of a vitiated control of these figures?

Mackenzie King understood all the importance of this issue. So, right at the beginning of the 1935 election campaign, he made remarkable statements, as leader of the Liberal Party:

**"Once a nation parts with the control of its currency and credit, it matters not who makes that nation's laws. Usury, once in control, will wreck any nation. Until the control of the issue of currency and credit is restored to government and recognized as its most conspicuous and sacred responsibility, all talk of the sovereignty of Parliament and of democracy is idle and futile.**

**"The Liberal Party believes that credit is a public matter, not of interest to bankers only, but of direct concern to every citizen. The Liberal Party declares itself in favour of the immediate establishment of a duly constituted national bank for the control of the issue of money in terms of public needs. The flow of money must be in relation with the domestic, social, and industrial needs of the Canadian people."**

The interests of the money monopoly are in stark contradiction with the welfare of the people. Mackenzie King knew that also, but apparently determined to challenge this financial domination, he emphatically declared, speaking at Saskatoon:

**"If my party is returned to power, we shall make good our monetary policy in the greatest battle between the money power and the people Canada has ever seen."**

## After the election

The ballots cast on October 14, 1935, gave the Liberal Party an unprecedented majority in the House of Commons. In a broadcast statement on the evening of this Liberal victory, Mackenzie King reiterated his commitment to curb the dictatorship of finance:

**"The election is an endorsement of the Liberal view that credit is a public matter, not of interest to bankers only, but of direct concern to every citizen.**

**"It is a clear verdict against the private ownership and control of a national bank; and in favour of a duly constituted national bank, for the control of currency issued in terms of public needs. There can be no mistaking the demand for restoring to the Government of Canada control over the credit and currency issue.**

**"As the campaign proceeded, the issue of the control, by the people, of all functions of Government through their representatives in Parliament, and not by any power, became increasingly clear. The electorate has declared that a responsible ministry, not organized finance and the international money power, is to control all State affairs.**

## Why, Mr. King?

These words remain just as clear after as before the election: the financial tyranny must be stopped; the people must obtain, from a bank that truly belongs to them, all the requisite money to put the productivity of our nation at the service of their domestic, social, and industrial needs.

One may wonder why, after such plain and repeated statements, there was no follow-up from the Liberal leader; and why, even with the Bank of Canada fully nationalized, the people were unable to obtain, and have not yet obtained, the full financial means to make the available physical possibilities serve their public and private needs. Why, once in office, did Mackenzie King immediately appoint as Finance Minister the chairman of the Barclay International Bank, Mr. Charles Dunning, who was not even a Member of Parliament, who did not even run at the election? Who imposed this choice upon Mackenzie King?... So, we are still waiting today for *“the greatest battle between the money power and the people Canada has ever seen.”*

*The previous article was written by Louis Even in 1958. In another article he wrote in 1952, Mr. Even revealed some interesting information on the same subject. Here is the conclusion of this article:*

These statements of Mackenzie King had created a sensation back in 1935, at least in the circles informed about the money and credit dictatorship. A few years later, an Australian who was touring Canada, Mrs. Bearne, asked and obtained an interview with Prime Minister Mackenzie King. Put at ease by the affability of the Prime Minister, she asked him: “Could I ask you a straightforward question, without formalities?”

Makenzie King: “Certainly, Madam.”

Mrs. Bearne: “Mr. Prime Minister, there are many citizens in Australia, and certainly elsewhere, that were thrilled in 1935, when they learned of your statement about the control of money and credit, and the necessity to restore this control to the nation if one wants a true democracy. We were saying to ourselves: `At last, here is the Prime Minister of a nation of the British Commonwealth that will shake up the dictatorship that has done so much harm to all the civilized universe.' We were already acclaiming you the greatest statesman in modern times. Why should our hope not be fulfilled yet?”

Mackenzie King: “Madam, we do what we can.”

## According to pressure

Mackenzie King knew, but “couldn't”, or thought he couldn't. Where did the opposition come from, other than from those who enjoy the control of money and the power that ensues? What support, what pressure did Mr. King lack to make this change, other than the support, the pressure from an informed population that wants to free itself?

“Governments act according to the pressure exercised on them,” said U.S. President Franklin D. Roosevelt.

One may regret that public figures know, but do not act consequently; but one must also admit that the citizens of nations that pretend to be democratic have not done their part yet. It is this observation that guides the Social Crediters of the “Michael” Journal in their action

http://www.michaeljournal.org/plenty25.htm

# Chapter 25 — Money, or Credit, Is a Social Instrument. Only Society Should Have the Right to Issue It

*(An article of Louis Even, first published in the June 15, 1961 issue of the Vers Demain Journal.)*

I am, let us say, a farmer. I need a hired man to help me in my work. Lacking money with which to pay him, I might possibly arrive at a settlement whereby I can pay him with something else besides money.

I can, for example, agree to give him ten pounds of potatoes, three pounds of meat, one pound of butter, and one gallon of milk for every day of work that he gives me, the products coming from my own farm.

I can also estimate the value of his work in dollars, without actually giving him any, since I don't have them. In this case then, for example, each day I can sign a ticket permitting him to choose, from among the products on my farm, those things which he wants to the value of five dollars for each hour of work he does. Here again, he is given by me the right to choose from among the products of my farm.

However, I certainly cannot sign for him tickets that give him the right to choose from among the products made by other farmers nor by craftsmen in towns. I can only give him claims to those things which strictly belong to me.

If I pay him in dollars — well, that's different! He can then choose goods or services from any source anywhere in the country. But in order to pay him in money, I must first of all have the money.

The difference between a ticket issued by me and money is that my ticket gives a right over only those things which belong to me, whereas money gives a right over the products of others, as well as over my products.

I can use tickets on my own products because I make these products; I am their owner. I cannot issue (create) money because I am not the owner of everyone else's products.

Both — my tickets and money — can very easily be two pieces of paper of the same size. Both can bear the same numbers. My ticket can just as easily be labeled for ten dollars of value, just as is a ten-dollar note issued by the Bank of Canada. But my ticket can only buy my products, whereas the ten dollars of paper money can buy any goods or services for the amount of this value.

## A social instrument

All of this is just another way of saying that money is a social instrument. And since it gives the right to draw on the goods and services of everyone without exception, its issuance by one individual, or even by a group of individuals, cannot be justified. For this would be to give these private individuals the right to use the goods of others.

And yet new money must begin, be created, somewhere. The money that is already in circulation certainly did not fall from heaven like manna; it did not come into being by spontaneous generation. Similarly, when production increases, the volume of money in circulation must necessarily increase. Canada's present-day industry and commerce would be paralyzed if there was no more money in the country than there was at Champlain's time, in the early 1600s.

So, the money supply did increase. There was new money added. And as industrial activity increases, so must the money supply. But, then, from whence is to come this additional money, since no private individual or group of private individuals has the power to issue claims on the property of others?

New money, increases in the money supply, can come from no other source than society itself, through the agency of an organism established to accomplish this function on behalf of society.

Now, today, who fulfills this function, which is social in its very essence? Certainly not the Government, since it has no money to spend except for what it gets through taxes or through loans which it repays through new tax levies at a later date.

### Money is created by the banks

A small part of modern money is made up of coins and bank notes. By far, the larger part is made up of credits existing in the ledgers of banks.

Everybody knows that anyone who has a bank account can pay his grocery bill without taking cash out of his pocket. He has only to make a cheque for the required amount. The merchant who gets the cheque has only to go to the bank and deposit it to his account or, if he wishes, get bank notes or coins in exchange.

Everybody knows that. But what everybody does not know is that there are two types of accounts which one can have at the bank: first, the case of the saver, who comes to the bank to deposit money in his account — a savings account; and secondly, the case of the borrower, who asks the bank to deposit money in it for him.

There is a big difference between these two kinds of accounts.

When you take your money to the bank, the banker places this money in his vault and inscribes in your account this amount of money to your credit. You may use this credit as you wish. You can make payments when you want by drawing on this account through cheques. It is not hard cash (notes and coins), like the money you carried to the bank, but it is money just the same.

But what about the borrowing account? The borrower does not bring any money to the bank. He goes there to ask money from the banker. Often this is a large sum — let us say something like $50,000. The banker is not going to reach into the drawer and take out $50,000 in hard cash and give it to the borrower. And the borrower would hesitate to leave the bank with this amount of money in his possession. What the borrower wants is to have $50,000 inscribed to his credit in his account, upon which he will be able to make cheques according to his needs.

And the banker will do this for the borrower; he inscribes this amount to the credit of the borrower.

But, mark you, the banker does this without taking a penny out of his drawer, without the borrower having to bring a penny to the bank, and without anyone else's account having been in any way touched.

In the case of the saver, there was a transformation of hard cash, locked up in the banker's drawer, into financial credit, which appeared as figures in the credit account of the saver. This transaction did not put one additional penny into circulation.

In the case of the borrower, there was no such transformation since the borrower did not bring any money with him. And since nothing was taken from the vault, from the drawer, from the account of any of the other depositors, it happens now that there is, in the bank's ledger, to the credit of the borrower, a new sum of money which did not exist before.

This is what is called the creation of money by the banker. It is a creation of credit, of checkbook money. This money is just as good as any other, since the borrower can make out cheques on it in the same fashion as the saver can draw on the money he deposited.

With this new money, the borrower can pay for work, materials, goods — the work of others, the materials of others, the goods of others.

In creating this $50,000 for the borrower, the banker has given to the latter the right to draw upon the production of others; not upon the production of the banker, but upon all the production in the country. The banker who does not, as a banker, own one bit of the country's production, nevertheless can give the borrower a claim to a share of the country's production.

This is what might be called, in all justice, the usurpation of a social function. Only society, in its whole, may with justice accomplish this function, a function that society may very well entrust to a competent organism, under its own control. But it is inadmissible that so important a social function be delegated to a private institution that traffics in it for its own profits.

## Sovereign power over economic life

The borrower must, by a certain agreed date, repay to the bank the money which it created for him. When the money returns to the bank, it is no longer in circulation. It is dead money. To get another amount of money into circulation, another loan is needed, another creation of book money.

Loans therefore put money into circulation. Repayment of loans withdraws money from circulation.

In a given period — let us say, a year — if the sum of bank loans granted is greater than the sum of repayments made, then the volume of money in circulation has been increased. If, on the contrary, the banks have been more difficult about making loans, while still demanding repayments at the same rate as previously, then the volume of money in circulation decreases. This is what is known as a restriction of credit.

Since the banker charges interest on his loans, every repayment entails the return of more money to the banker than was originally issued in the loan. The result is that, in order to keep up the volume of money in circulation, it is necessary to have, over all, a greater activity in loans than in repayments.

The fact that it is necessary to repay to the bank more money than was issued results in private individuals and public bodies being obliged to have recourse continually to new loans, whence comes the ever-increasing debt. Without such a practice, it would not be long before the amount of money in circulation dried up completely. This function of the banker therefore confers upon him supreme power over the economic life of the country. He is more powerful than the Government, for he has the power to grant, refuse, and regulate credit, which is the very lifeblood of any country's economy.

## Hope for an end?

Statesmen in Europe, the United States, and Canada have denounced, even openly, this supremacy of the banking system. Canada's Prime Minister Mackenzie King said in 1935 that as long as this power remained unbroken, it was futile to speak of democracy and the sovereignty of Parliament. There have been those who, like him, promised to restore to the nation the control of its money and credit. Others, like former Canadian Finance Minister Donald Fleming, have publicly attacked the arbitrary and harmful acts of the top bankers.

And yet none of these men were able to effect any change. And those politicians who are most vocal in their attacks on this money power — and this includes those politicians who fraudulently used the label “Social Credit” (real Social Credit, as advocated by the “Michael” Journal, has nothing to do with so-called “Social Credit” parties; moreover, it does not need either a “Social Credit” party to be implemented into the laws of a country) — will never change anything as long as the people themselves are not united to form a power even greater than that of Finance, a power that will force the Government to take action.

This is not a matter to be settled by elections. It is a question of forming a large enough group of citizens who are enlightened and determined to the point that they will make themselves heard by their governments, regardless of what party is in office.

It is also a matter for Divine assistance, since the enemy has a diabolical nature, and the money dictatorship is only one of his multiple faces. This is what the Social Crediters of the “Michael” Journal have understood, and understand more and more.

http://www.michaeljournal.org/plenty26.htm

# Chapter 26 — The Goldsmith Who Became a Banker — A True Story

*(An article of Louis Even, first published in the October, 1936 issue of "Cahiers du Crédit Social.")*

If you have some imagination, go back a few centuries to a Europe already old, but not yet progressive. In those days, money was not used much in everyday business transactions. Most of those transactions were simple direct exchanges, barter. However, the kings, the lords, the wealthy, and the big merchants owned gold, and used it to finance their armies' expenses or to purchase foreign products.

But the wars between lords or nations, and armed robberies, were causing the gold and the diamonds of the wealthy to fall into the hands of pillagers. So the owners of gold, who had become very nervous, made it a habit to entrust their treasures for safekeeping with the goldsmiths who, because of the precious metal they worked with, had very well protected vaults. The goldsmith received the gold, gave a receipt to the depositor, and took care of the gold, charging a fee for this service. Of course, the owner claimed his gold, all or in part, whenever he felt like it.

The merchant leaving for Paris or Marseille, or travelling from Troyes, France, to Amsterdam, could provide himself with gold to make his purchases. But here again, there was danger of being attacked along the road; he then convinced his seller in Marseille or Amsterdam to accept, rather than metal, a signed receipt attesting his claim to part of the treasure on deposit at the goldsmith's in Paris or Troyes. The goldsmith's receipt bore witness to the reality of the funds.

It also happened that the supplier, in Amsterdam or elsewhere, managed to get his own goldsmith in London or Geneva to accept, in return for transportation services, the signed receipt that he had received from his French buyer. In short, little by little, the merchants began to exchange among themselves these receipts rather than the gold itself, so as not to move the gold unnecessarily and risk the attacks from robbers. In other words, a buyer, rather than getting a gold plate from the goldsmith to pay off his creditor, gave to the latter the goldsmith's receipt, giving him a claim to the gold kept in the vault.

Instead of the gold, it was the goldsmith's receipts which were changing hands. For as long as there were only a limited number of sellers and buyers, it was not a bad system. It was easy to follow the peregrinations of the receipts.

## The gold lender

But the goldsmith soon made a discovery, which was to affect mankind much more than the memorable journey of Christopher Colombus himself. He learned, through experience, that nearly all of the gold that was left with him for safekeeping remained untouched in his vault. Hardly more than one-in-ten of the owners of this gold, using their receipts in their business transactions, ever came to withdraw any precious metal.

The thirst for gain, the longing to become rich more quickly than by handing jeweller's tools, sharpened the mind of our man, and he made a daring gesture. "Why," he said to himself, "would I not become a gold lender!" A lender, mind you, of gold which did not belong to him. And since he did not possess a righteous soul like that of Saint Eligius (or St. Eloi, the master of the mint of French kings Clotaire II and Dagobert I, in the seventh century), he hatched and nurtured the idea. He refined the idea even more: "To lend gold which does not belong to me, at interest, needless to say! Better still, my dear master (was he talking to Satan?), instead of the gold, I will lend a receipt, and demand payment of interest in gold; that gold will be mine, and my clients' gold will remain in my vaults to back up new loans."

He kept the secret of his discovery to himself, not even talking about it to his wife, who wondered why he often rubbed his hands in pure joy. The opportunity to put his plans into motion did not take long in coming, even though he did not have "The Globe and Mail" or "The Toronto Star" in which to advertise.

One morning, a friend of the goldsmith actually came to see him and asked for a favour. This man was not without goods — a home, or a farm with arable land — but he needed gold to settle a transaction. If he could only borrow some, he would pay it back with an added surplus; if he did not, the goldsmith would seize his property, which far exceeded the value of the loan.

The goldsmith got him to fill out a form, and then explained to his friend, with a disinterested attitude, that it would be dangerous for him to leave with a lot of money in his pockets: "I will give you a receipt; it is just as if I were lending you the gold that I keep in reserve in my vault. You will then give this receipt to your creditor, and if he brings the receipt to me, I will in turn give him gold. You will owe me so much interest."

The creditor generally never showed up. He rather exchanged the receipt with someone else for something that he required. In the meantime, the reputation of the gold lender began to spread. People came to him. Thanks to other similar loans by the goldsmith, soon there were many times more receipts in circulation than real gold in the vaults.

The goldsmith himself had really created a monetary circulation, at a great profit to himself. He quickly lost the original nervousness he had when he had worried about a simultaneous demand for gold from a great number of people holding receipts. He could, to a certain extent, continue with his game in all security. What a windfall; to lend what he did not have and get interest from it, thanks to the confidence that people had in him — a confidence that he took great care to cultivate! He risked nothing, as long as he had, to back up his loans, a reserve that his experience told him was enough. If, on the other hand, a borrower did not meet his obligations and did not pay back the loan when due, the goldsmith acquired the property given as collateral. His conscience quickly became dull, and his initial scruples no longer bothered him.

## The creation of credit

Moreover, the goldsmith thought it wise to change the way his receipts were set out when he made loans; instead of writing, “Receipt of John Smith...” he wrote, “I promise to pay to the bearer...”. This promise circulated just like gold money. Unbelievable, you will say? Come on now, look at your dollar bills of today. Read what it written on them. Are they so different, and do they not circulate as money?

A fertile fig tree — the private banking system, the creator and master of money — had therefore grown out of the goldsmith's vaults. His loans, without moving gold, had become the banker's creations of credit. The form of the primitive receipts had changed, taking that of simple promises to pay on demand. The credits paid by the banker were called deposits, which caused the general public to believe that the banker loaned only the amounts coming from the depositors. These credits entered into circulation by means of cheques issued on these credits. They displaced, in volume and in importance, the legal money of the Government which only had a secondary role to play. The banker created ten times as much paper money as did the State.

## *The goldsmith who became a banker*

The goldsmith, transformed into a banker, made another discovery: he realized that putting plenty of receipts (credits) into circulation would accelerate business, industry, construction; whereas restriction of credits, which he practised at first in circumstances in which he worried about a run on the bank for gold, paralyzed business development. There seemed to be, in the latter case, an overproduction, when privations were actually great; it is because the products were not selling, due to a lack of purchasing power. Prices went down, bankruptcies increased, the banker's debtors could not meet their obligations, and the lenders were seizing the properties given as collateral. The banker, very clear-sighted and very skillful when it came to gain, saw his chances, his marvellous chances. He could monetize the wealth of others for his own profit: by doing it liberally, causing a rise in prices, or parsimoniously, causing a decrease in prices. He could then manipulate the wealth of others as he wished, exploiting the buyer in times of inflation, and exploiting the seller in times of recession.

## The banker, the universal master

The banker thus became the universal master, keeping the world at his mercy. Periods of prosperity and of depression followed one another. Humanity bowed down before what it thought were natural and inevitable cycles.

Meanwhile, the scholars and technicians tried desperately to triumph over the forces of nature, and to develop the means of production. The printing press was invented, education became widespread, cities and better housing developed. The sources of food, clothing, and comforts increased and were improved. Man overcame the forces of nature, and harnessed steam and electricity. Transformation and developments occurred everywhere — except in the monetary system.

And the banker surrounded himself with mystery, keeping alive the confidence that the captive world had in him, even being so audacious as to advertise in the media, of which he controlled the finances, that the bankers had taken the world out of barbarism, that they had opened and civilized the continents. The scholars and wage-earners were considered, but secondary in the march of progress.

For the masses, there was misery and contempt; for the exploiting financiers, wealth and honours! Like his worthy successor Herbert Holt (the chairman of a large Canadian bank in

1936), honoured, flattered, he demanded respect from the people that he bled: "If I am rich and powerful, while you are suffering the stranglehold of poverty and the humiliation of social assistance; if I was able, at the peak of the Depression, to make 150% profits each year, it is foolishness on your part, and as for me, it is the fruit of a wise administration."

http://www.michaeljournal.org/plenty27.htm

# Chapter 27 — A Lesson From a Bank Account

*(An article of Louis Even, first published in the April 15, 1956 issue of the Vers Demain Journal.)*

— Do you have a bank account?

— Yes. Oh! not a big one; just a few hundred dollars.

— Do you use it sometimes to make payments?

— Yes, when I buy something very expensive, or when I order goods from afar. Then I make out a cheque. It's very convenient.

— In fact, it's so convenient that more than 90 percent of all business transactions are carried out by means of cheques — not trivial purchases at the corner store, but the transactions of the wholesalers, the industrialists, the transport companies. The cheque is by far the chief means of payment today; it has relegated to a minute place coins and paper money.

— Yes, but when one issues a cheque, it is the bank that pays on behalf of the issuer. For each cheque issued, there must be a corresponding amount of metal or paper money that the banker will hand over to the payee.

— Nothing of the sort, my friend. Only a little money is required to cover a great many cheques. The retailer, to whom you are issuing a cheque, hardly ever asks the teller of his bank to give him cash money for the amount specified on the cheque. He simply deposits the cheque. The credit in his account increases by the amount of the cheque deposited; and your account, on the other hand, is debited or decreased by the amount of the cheque.

Now, when a retailer orders merchandise from suppliers, he pays by cheques. The suppliers will deposit the cheques they received at their banks. This time, it is the suppliers' accounts that will increase, and the retailer's account that will be decreased by the amount of the cheques.

All these transactions involve nothing more than the transferring of amounts from one account to another; debiting one account and crediting another.

All in all, for every cheque of $100, there is no more than $10 in coins or paper money that goes beyond the teller's wicket at the bank. This is the proportion in use in present-day business practices, and the banker knows this very well. As a result, the banks are able to lend ten times the amount of money they actually have.

— Eh, what are you saying? How can a banker lend money he doesn't have?

— Simply by creating the money he lends out. This is the common practice of the banks. They create the money that they lend out. A banker is essentially a money creator.

— That's unbelievable! I just don't get it!

— Well, my friend, you told me that you have a small bank account. Now this account is made up of your savings, isn't it?

— Yes, it is money that I brought and deposited in the bank.

— Fine! But there are people who come to the bank without a cent, and leave with a bank account much bigger than yours.

— I don't understand.

— No? Well, let's take the example of Mr. Jones, a manufacturer in your town. He wanted to enlarge his factory. Everyone thought it was a good idea. But Jones doesn't have the money to pay for the materials, the builders, and the machinery. He figured out that with $100,000, he could carry out his plans; later on, with increased production and sales, he could easily pay back the $100,000.

What did Jones do? He went to the bank. He did not bring money with him to the bank. But he came out of the bank with $100,000 in his account.

— Of course, he borrowed it.

— Exactly! The wonderful thing about it is the way the bank made the loan. If you were rich, and Jones had come to you to borrow the $100,000, he would get his $100,000, but you would actually have $100,000 less in your account. At the bank, it's quite different: Jones comes out with the $100,000 he needed, but the bank doesn't have one penny less.

— You don't say!

— It's the gospel truth. Oh! of course Jones must give some sort of security. He has to deposit collateral. Not money, because he did not have any — that's what he came to get. He is perhaps asked for insurance policies or titles to property for a total value exceeding the $100,000. These are called guaranties, or collateral. Then the manager gives him a discounting cheque to the amount of $100,000, and sends him to deposit it with the bank teller.

Mr. Jones is not going to ask for $100,000 in paper money, and walk out of the bank with this money on him. He deposits the cheque in his account. The amount is credited to him (just as for you when you deposit your savings). Mr. Jones leaves the bank with credit on which he can issue cheques to pay his bills, as the construction progresses. He thus puts this money into circulation. But he pledged to withdraw this money from circulation, and to pay back the whole amount within one year's time.

— And you say that the banker hasn't any less money than he previously had?

— Just to convince you, we can go and have a chat with the bank manager. He's a friend of mine, and he is quite frank with me. Besides, he knows I'm acquainted with the details of the Jones' loan, and that he won't be violating professional secrecy.

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— Mr. Manager, here I am again to tease you about banking — as is my habit.

— More questions about credit?

— Right. It's that $100,000 loan that you made to Jones. Will you mind telling my friend here exactly what you loaned to Mr. Jones?

— What we lend every day — money.

— Indeed. But tell us then, where was this money before Jones entered the bank?

— Now that's a silly question.

— Not at all. Jones came in without any money. He left with $100,000. Now, you got this $100,000 from somewhere. Is some part of the bank short by $100,000?

— Hmmm...!

— Is there $100,000 less in the teller's drawers or in the vault?

— Come on, he did not take dollars with him. It was credited to his account.

— Good. Then some other accounts were depleted to the tune of $100,000. The accounts of some of your clients perhaps?

— That's ridiculous! Our clients' money is sacred. Their accounts remain intact, unless they make withdrawals from them.

— What? It's not the depositors' money that the bank lends out?

— Yes! No! Well, yes and no. In one way, yes; in another, no. We don't touch their money; it's theirs. But that money permits us to lend out money to borrowers.

— Then what money do you lend out?

— The bank's money.

— But you have just said that not one cent of the bank's money goes out of the bank, and the clients' money either. And yet, Mr. Jones has $100,000 that he did not bring, and that he did not have before entering the bank.

— That's correct.

— All right. Now, where was this $100,000 before Jones came into the bank?

— Well, it wasn't anywhere. He had to come in and borrow it before it could exist.

— It didn't exist before?

— No.

— And now it does exist!

— Certainly. Because it's in his account.

— So it came into being the minute Jones got his loan. The bank creates the money it lends.

— Well, I wouldn't like to say that.

— But your big executives have said it quite explicitly. Towers said it when he was the Governor of the Bank of Canada. Eccles said it when he was the head of the banking system in the United States. Fifty years ago, McKenna, then head of the largest commercial bank in England, said it when he was talking to some bankers. So you have no reason to be scrupulous. Banks create the money they lend. Besides, money has to come from somewhere, doesn't it? All the Government tells us is that it is not they who create money. They're quite satisfied with levying taxes. The wage-earners content themselves with sweating. The industrialists content themselves with producing. And no money ever comes out of their machines. It comes from the banker's pen.

We're not angry with you, Mr. Manager. In fact, we're quite happy that modern money can come into existence so easily. But what we don't like — and you are no more to be blamed for this than a private soldier is to be blamed for the war — is the fact that the banking system considers itself to be the owner of the money it creates, whereas this money really belongs to society.

— Please explain this assertion.

— Just consider the facts. Without the existence of a producing society, without an organized economic life, this money would be worthless. It is the wealth of a country, its natural resources, the work of its people, the techniques of production; it is all of these things which confers value to the $100,000 that came out of your pen to Mr. Jones.

— You forget, Sir, that Mr. Jones deposited first-call securities before he got his loan. That's where the $100,000 get its value.

— No, Mr. Manager. This collateral deposited by Mr. Jones is a guarantee that he will repay you. If he doesn't, you keep the collateral. But do not confound the guaranties of the loan with the value of money. If there were only these guaranties in the country, if there were no production, no farms, no factories, no transportation, no stores, no economic life, that $100,000 would have no monetary value, regardless of how much security Mr. Jones might deposit with you.

It is the whole country, all the country's wealth, all the country's population, that gives value to money, no matter by what body or organism money is created. Consequently, by reason of its basic origin, money actually belongs to the population of the country. Lend it to Mr. Jones to enlarge his factory if you wish. But it is the country's whole population that must benefit from this loan, and not the banks alone. Instead of bringing in interest to the banker, the development of the country must provide dividends to the whole population.

We cannot denounce too strongly the bank's appropriation of the credit of society. It is the greatest swindle of all times — and the one most firmly entrenched in all civilized countries. Its strength and universality in no way justify it, but only make it more odious.

All public debts — municipal, provincial, federal — have their roots in this gigantic swindle. The people build up the country. But the system only plunges them into debt as they build.

Public bodies, governments, do as Jones did — they borrow. Their guaranties are bonds, mortgages on our homes, promises to tax the population.

Governments are “small stuff” compared to the financial powers.

Only Social Credit can liberate individuals, families, and public bodies from this tyranny, which has no concern for the well-being of humanity.

http://www.michaeljournal.org/plenty28.htm

# Chapter 28 — What Would Social Credit Do For You?

*(An article of Edmond Major, published in the December 1, 1944 issue of the Vers Demain Journal.)*

First, let us point out that Social Credit does not change anything in the form nor in the value of money. It does not take a penny away from anyone.

The Social Credit technique, by making an equilibrium between production and purchasing power, protects the value of the dollar, which the present system does not do. Would one buy as much with the 1945 dollar as with the 1935 dollar? Social Credit makes all inflation, as well as all deflation, impossible. The present system does not do so, since the Government is forced to intervene through decrees to prevent prices from going up at certain times, or to keep them at a sufficient level on other occasions.

Social Credit would not take anything away from anyone, but it would give something to everyone. It is possible, since during a war, we can give many extravagant things to the enemies, and it does not ruin our country at all; we are still more prosperous than before we made these gifts.

## For the family

Social Credit would guarantee the necessities of life to each and every one. For the family, it would be a guaranteed family income, since there would be as many dividends as there are people in the home.

This is respect for the family, put into concrete form through actions, and without the preliminary contributions and the humiliating inquiries of the current plans. It would mean to each young man and woman who wish it the means to start a home and a family, and to pursue their ideal.

## For you, farmers

For the farmer, the advent of a Social Credit system would mean the possibility of living comfortably off his land, without having to work on highway maintenance or in the service of lumber companies to maintain a living wage. It would mean the possibility of getting for his children the education which would best enable them to prepare themselves for the careers of their choice.

The increase in the consumers' purchasing power would maintain a continuous market for farm products, without one having to search the four corners of the earth for markets. And the products corresponding to real needs would be sold without any loss for the producers.

Have you noticed the modern machinery and the sophisticated experimental farms? What would prevent a farmer from having something similar when the sale of his products would bring him, not only enough to live on, but also the means to develop his facilities?

We would certainly see fewer of our farmers forced to abandon their farms, to go and settle in a city. A farmer would be more apt to keep his home since electrical and mechanical help, and more comfortable domestic facilities, would make his life less hard and more attractive.

## For you, settlers

The settler deserves much from society, since he contributes to spreading the country's productive heritage. Nevertheless, how often is he not condemned, with all of his family, to misery and privations? He, who is in so much need of the strength of his arms, is he even able to feed himself adequately? He, who is in so much need of his entire day to transform the forest into fields, is he not often forced to give months and months to companies, so as not to completely die of hunger?

There are sufficient resources already developed in the country to support easily those who apply themselves to creating more.

Social Credit, in guaranteeing the basic necessities of life to everybody, therefore to each family member of each settler, would ease this pioneer's conditions. The settler would be able to give all of his time to his plot of land, to achieve a quicker output, and to get for himself the ploughing implements and farm animals needed as he enlarges his fields.

## For you, workers

But what would Social Credit do for the workers?

First of all, it would bring the end of crises, periods of unemployment, when there are so many needs to satisfy. Even so, there would be a gradual reduction of working hours with the coming of the machine to help human labour; but the reduction in employment would not mean a reduction in purchasing power. Even with more leisure time, purchasing power would remain at the level of production for sale on the market, the dividends growing when wages and salaries disappear, because of the replacement of human labour by the machine.

The employer, being ensured a suitable market for saleable products, would be better disposed towards his employees. The employee, more independent because of his ensured necessities of life, would be in a better position to demand reasonable working conditions.

The wild competition, created by a system where the industrialists have to fight over the current insufficient purchasing power, would no longer have grounds for existence. The employer would understand better that his interest is linked to that of his employees. Harmony between both would be made easier, and the reasons for strikes removed.

## For you, professionals

Purchasing power, increased by Social Credit to the level of all production, of services as well as goods, would allow people to have recourse to the good services of professionals whenever the need is present.

Social Credit would also be the effective means of avoiding State control over the professions, and consequently of retaining for each person the freedom to practice his profession without becoming a civil servant.

Like the other citizens, the professional, as well as all members of his family, would receive his national dividend, in addition to his fees.

## For you, civil servants

What about the civil servants?

The civil servants would no longer have fear of the guillotine, of having their jobs cut by the Government. First of all, the guillotine would lose its cutting edge, with a variety of careers open to suit all tastes and aptitudes. If one hangs on so strongly to positions in the civil service today, it is because one fears unemployment if one leaves the service.

Then, the existence of a multiplicity of careers available in business, agriculture, and industry would take away the desire for employment in the service of the Government from many candidates who fill the antechambers today. The present civil servant would have all the less reason to fear being displaced.

## For you, businessmen and industrialists

The corner storekeeper will certainly not be offended to see his customers buy more and pay better.

Industry is active when it sells its products. With the purchasing power of the consumers being kept at the required level, industry is ensured a permanent domestic market. As for exportation, it would be made easier, because importation would be welcomed. It is the accepted imports which make the payments for our exports easier abroad.

By delivering products, industry and private business would reach their ends and give satisfaction to the consumers. One would cease to hear the clamor for State control and nationalization. Social Credit loathes all State control. A Social Credit Government would refrain from intervening into the conduct of private enterprise, which can see to its own affairs when the consumer is able to buy and to pay.

## For you, electors

Now, if one considers each citizen of age as a voter, one will understand that, having no longer to beg for Government favours from members of Parliament or ministers to get his three meals a day, the voter would be only more independent and more free. The rotten electoral machine would have less ascendancy over consciences.

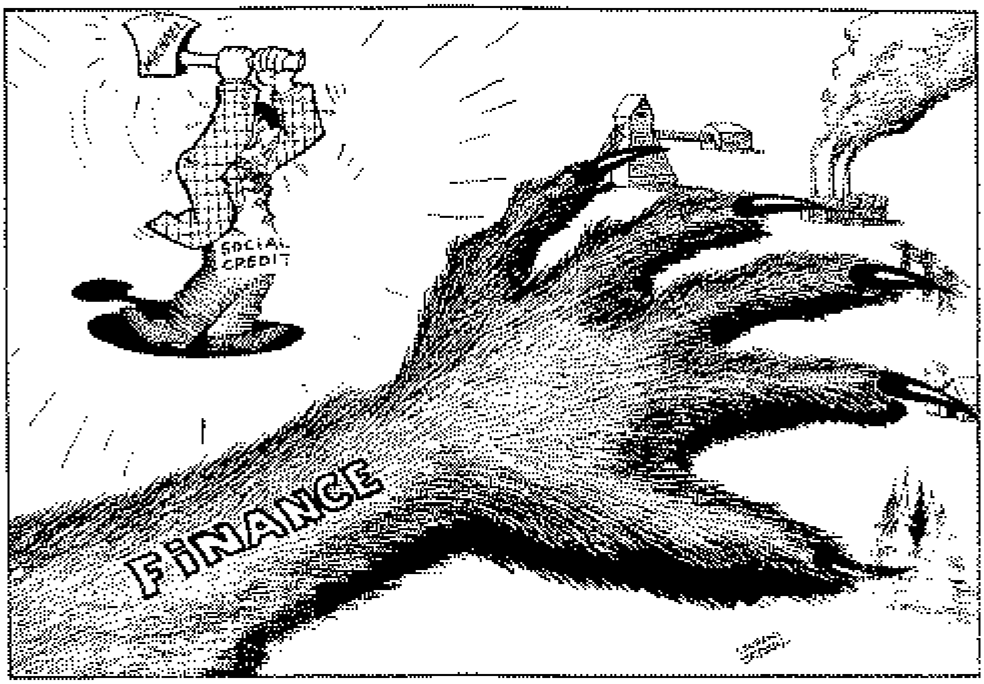
Social Credit would therefore contribute powerfully to making electoral practices healthier. This would not be a small blessing.

## For you, opponents

Then who can fear the advent of a Social Credit system? No one, except those who seek to dominate, those who live off exploiting other men. They are not really able to succeed in this exploitation unless the great majority of people cannot get their bread without accepting servitude.

But a Social Credit system would protect even those who are opposed to it to satisfy their ambitions. It would protect them by preventing them from having to face up, sooner or later, to the unleashed wrath of a whole people embittered by misery, indignant, with good reason, because of the exploitation with which they have been victimized.

To restore order in time is the only way of avoiding the scourge of revolution — the natural fruit of a system which foments permanent disorder in the shadow of the law.



http://www.michaeljournal.org/plenty29.htm

# Chapter 29 — Applied Science, a Common Good

*(An article of J. Ernest Grégoire, published in the December 1, 1943 issue of the Vers Demain Journal.)*

Which one of us did not sometimes ask himself or herself — in spite of the rat race, concerns, and worries which make meditation difficult — questions like this one: How is it that with so much progress in all fields of production — agriculture, the clothing industry, construction, medicine, transportation, storage, etc. — one still battles with worries about the future, if not with worries about today itself?

## Worries and a feverish life

Note that the worries in question are not brought about by war. War, on the contrary, reduces worries about finding a means of providing daily bread in many homes. It is a question of worries in peacetime, when grain elevators are glutted with wheat, when shop windows display products of all kinds, when advertisements invite us to buy the abundance of goods that just wait to be sold.

How is it that with the invention of so many sophisticated machines to serve him, man is compelled either to sit around idly and die of hunger, or to work frenziedly in factories, mine holes, during the day, at night, on Sundays, to leave his home early and quickly in the morning, or late at night, to be there at the whistle's blow; to leave the factory tired, bewildered, embittered by the continual growing exactions of his employers, who are themselves prey to feverish activities and calculations?

## Science that punishes

What is the use of science, inventions, machines, electricity, chemistry, if all of these serve man well only in slaughters, if all of these leave man in misery and need as soon as the large-scale destruction of men and things stops?

Science has become an agent of suffering and death, because the benefits of science do not reach the consumer, the mass of consumers.

Science multiplies products while reducing the number of wage-earners; however, one has not yet come up with the means to distribute the products of science to those who do not get wages or salaries. Hence the miseries and growing disorder in the midst of nations where shine the applications of science. To maintain production activities, each country seeks to push its accumulated production towards other countries, whereas it does not want to buy anything from them; hence the frictions which end up in wars between nations.

What caused Professor Frederick Soddy (1924 Nobel Prize Winner in Chemistry), one of the great learned men of the present time, to say, on October 2, 1942, at the height of the war: **“Science without Social Credit is sheer suicide.”**

## Science with Social Credit

Why did Professor Soddy say “without Social Credit”? Because with Social Credit, the products of science — all farm produce and goods issued from forests and industry, which respond to the needs of consumers — would go to the consumers, even if the wages and salaries are taken away by machines.

The Social Crediters are of the opinion, advisedly, that it is worthwhile to exert oneself to bring a little more joy on earth, even in peacetime, even when one stops mobilizing men and machines to dig graves.

But what novel thing is Social Credit bringing again, for science to be serving instead of punishing? Social Credit does one very simple thing; it recognizes that science is a common good, and that the more science enters into production, the more claims on this production that must go to each and every member of society.

## Example: the electric current

To understand this better, let us spend five minutes in front of an electric lamp. Everybody knows what an electric lamp is, even those who have no electricity yet in their homes.

I push a button: the lamp becomes luminous and lights up the whole room. Why? Because, upon pushing the button, I made two wires join, and an electric current immediately runs into the filaments of the bulb, and makes these filaments incandescent.

But where does this electric current come from? Where does this so convenient current come from, ready to light up, heat up, turn motors, at the simple pushing of buttons? This current which travels into wires at the speed of light, where does it come from? What is it made of?

This current comes from a waterfall. Somewhere, in a forest, on a slope, or at the bottom of a mountain, a river takes a fall in its run towards the sea; a body of water falls twenty, forty, sixty feet.

Our ancestors saw these waterfalls: they were beautiful in the eyes of the poets, but very inconvenient for the rowers who had to do portage. Our ancestors did not take advantage of these waterfalls, except sometimes to turn the vanes of a mill. They did not use water power to get light, heat, or an energy transportable over great distances. Why? They lacked science, which, accumulated and transmitted from generation to generation, sometimes slowly, more quickly at other times, brought forward Ampere's and Faraday's beautiful discoveries. And today, a waterfall is a treasure.

Dams are built, turbines installed, then pylons, wires, and the waterfall supplies current, without growing tired, without wearing out, without requesting a holiday, over distances of tens, hundreds of miles.

This is where the current comes from which makes my electric bulb incandescent and luminous.

A waterfall — science — material — work — and there you have the electric current.

## The owners

To whom does the waterfall belong? Who pumps the water from the sea to carry it in the form of rain over the summits and slopes of mountains? Is it not the work of the sun, without one ounce of human labour? Who moulded the mountains, the slopes, the land declivities which make the water precipitate into waterfalls? Who, if not the forces of nature —upthrusts, subsidence, volcanoes, erosion?

Therefore, who can name himself the absolute owner of this waterfall? This waterfall is a common good. In the Province of Quebec, it belongs to the province, therefore to all the province's inhabitants, not to one more than to another, but to all to the same degree.

Then, what about science? The accumulation of inventions which allowed the production of the electric current —to whom does it belong? To whom, if not to all of humanity, to all men without exception? To the newborn baby, to the elderly who can no longer work, to the sick as well as to the healthy, to each and everyone without exception and to the same degree.

As for the material for the dam — it was bought and paid for. The work for the dam was paid for in wages and salaries.

What is private property is recognized and paid for. But has what constitutes common property in this given an income to each and everyone, since each and everyone is a co-owner of it?

Ask the settler, the farmer, who is not able to electrify his farm, the poor worker who uses a paraffin lamp as light or does not have any light at all — ask them what share of current production, or what equivalent share of other products, they have received in return for their claims as co-owners.

We could go further. There is not only the waterfall which is common property. There is not only science which is common property. There is the social organization, without which none of these things would be possible. The social organization, which multiplies the possibilities of production, is a common good too.

## Birthrights

All this means that each and every one — from the sole fact of his entrance into an organized society, from the sole fact of his birth into a country with natural resources and into a world of applied science — is entitled to at least something, as a co-owner of a great many common goods. Not only is this so in the field of electricity, but also in all fields of modern production, which more and more often borrow the fruits of applied science, and less and less those of human labour.

Let us now leave the electric lamp, and come close to a newborn child's cradle, close to a sick person's bed, close to the woman who does her housework, close to the pioneer who cuts down trees and pulls up stumps to build, with much difficulty and misery, a small property in a new land, and let us ask them if an annual or monthly income on their share of the common capital would not be good for them, if they would not use it profitably.

Well, this is the common capital that the Social Crediters recognize. They believe in private property, and respect it. They believe in the reward for work, and support it. But they also believe in a common property, and they say that it is precisely because each person is denied his share of the income from this common property, that goods are wasted, are destroyed, under the very eyes of a multitude who are in need of them.

## The national dividend

A capitalist draws dividends when his capital produces, even if it is not he who does the work.

Likewise, each citizen, from the cradle to the grave, being a capitalist, a co-owner of a common capital, must draw a dividend on this common capital when this common capital produces. He must receive his dividend in his role of capitalist, not of worker. When he works, he receives a wage or salary; but — on top of his wage or salary if he works, and without a wage or salary if he does not work — he should draw his dividend on a capital which belongs to him. This capital belongs to him in common with all of his fellow citizens; and this is why each and every one is entitled to the same dividend as regards this common capital that became productive.

Do you understand now why the Social Crediters call for a national dividend?

And the facts prove them right, so right that, to maintain modern production, one must absolutely put much of it somewhere. One fires it into the enemies' heads in wartime, in the form of bombs and shells. One throws it into rivers, the fire, the sea, the sewers, in the form of destroyed products or despicable unemployment. In the first case, one kills human brothers of another nation. In the second case, one weakens and kills brothers at home.

Science without Social Credit is suicide for humanity. With Social Credit, it would put plenty, joy, and peace into homes and nations

http://www.michaeljournal.org/plenty30.htm

# Chapter 30 - A Corrupted Monetary System

*(A talk delivered by Gilberte Côté, on the CKAC Radio Station in Montreal, and reproduced in the February 1, 1944 issue of the Vers Demain Journal.)*

## Putting money in its proper place

When a Social Crediter addresses an audience who hears a lecture on Social Credit for the first time, the words which come immediately to the listeners' lips are: "This makes a lot of sense."

Social Credit indeed makes a lot of sense, because it wants to put all public things in their proper places.

And since it is money that, in our present society, has most departed from its function, Social Credit begins by subjugating money.

Subjugating money is to put it in its proper place, to make money fulfill its function, to organize the financial system so that money reaches its objective.

The objective of money, the final cause as we say in philosophy, the reason why money is made, is none other than to make good products and services easier to sell so that they can reach the consumers who need them.

## Is our monetary system corrupted?

If money hinders the sale of products, the monetary system is corrupted.

If money leads to the destruction of men and things, the monetary system is corrupted.

If money is a weapon of exploitation, the monetary system is corrupted.

If money makes souls become corrupt, the monetary system is corrupted.

If money is sovereign, and commands a humanity in servitude, the monetary system is corrupted.

Now, the present monetary system hinders the sale of products, leads to destruction, creates exploiters, corrupts souls, and enslaves people.

## Hinders the sale of products

That money is a hindrance to the sale of production, no one doubted during the ten years' crisis that we have lived through. The windows were filled with good things wanted by consumers. The only obstacle for these good things to pass into homes was the lack of money.

And money was lacking in wallets more and more as industry grew. Because, as an industry grows, some money comes into being, but with the function of putting to death, cancelling, some money already in existence.

The industrialist registers the development of his industry with the bank manager. And the bank manager brings money into being, creates it. But this money must return to the bank to die, to be cancelled, before very long, bringing with it the interest which it will have taken from money already in circulation.

With the prospect of the birth of products, some money comes into being. With the birth of products realized, this same money dies and simultaneously brings about the disappearance of other older money.

This is a corrupted system which, instead of making the sale of products easier, hinders their sale. A good system would be one that would put more money in front of more products, and less money in front of less products.

The present monetary system does the exact opposite. The more the products, the less the money in front of them, by virtue of this corrupted birth of money which carries the stain of original sin of having to die, and of dying after having eaten other money, without having itself increased.

This is why, the more a country is developed, the more it gets into debt — private debt and public debt. The African deserts are not debt-ridden, because they are not developed; whereas Western nations, rich with all kinds of things are indebted even beyond their wealth, since as their wealth increases, their debt increases even faster.

Social Credit, in front of products, will therefore create a money exempt from the death penalty and exempt from the mission of killing other money, and thus prevent money from hindering the sale of products. This is one of the features of the Social Credit monetary system.

## A cause of war

Our present monetary system leads to war.

In peacetime, one manufactures good things. But, there is never enough money to buy all the good things that consumers want to buy. It is absolutely inevitable that a day will come when industry will manufacture bad things that consumers do not want to buy, but that governments will buy. These badly-manufactured things will cause money to come into the consumers' hands. And the consumers, with this money, will buy the good things which, in peacetime, remained on the shelves.

One understands that the bad things are the cannons and all the other instruments of destruction. But, for governments to buy these cannons, they must be able to use them. So a war is needed.

## The facts show it

The facts show it. The good products have been selling since the war started. And the good products have been selling for money that came from war production. Without war industries, peacetime industries do not sell their products.

With tight money in times of peace and plenty, you must start a war from time to time to allow the sale of all products which have lain about for a long time.

Do not several people welcome war as the best remedy to unemployment? The unemployed, who are the victims of the tight-money policy, earn their daily bread through the soldier's pay. Without a preceding crisis, it would undoubtedly be difficult to find soldiers for war.

Our tight-money system therefore leads to war. Social Credit, which would put enough money into circulation during peacetime, would destroy a great cause of wars.

### Creates exploitation

The present monetary system creates exploiters. We have seen it. We still see it. And we can easily explain it.

The unemployed are exploited people. And unemployment is inevitable when money is tight, since industries close their doors.

Owners of homes, farms, businesses, industries, who see their goods taken away from them by the tight-money system, are exploited people.

Young people, whom tight money and war prevent from earning a decent living and from starting homes, are exploited people.

Parents, whom tight money and war prevent from having children or raising them properly, are exploited people.

Statesmen, teachers, politicians, members of Parliament, ministers, from whom tight money removes their freedom, are exploited people.

Taxpayers, payers of interest to the bankers for an astronomical debt, are exploited people.

All the noble-minded souls, who immolate their ideal in front of a salary, for a minimum standard of living, are exploited people.

And all of these exploited people are the victims of the tight-money system.

The present monetary system therefore favours exploitation in all its forms.

### Corrupts souls

And the present monetary system corrupts souls.

There are those who are prepared to quiet their consciences to earn a living. There are those who have become capable of assassinating their neighbours with great calm, in order to live under a tight-money system.

How many businessmen have robbed their competitors and others because they would not have been able to withstand competition without doing so! How many professionals have immolated their science and art on the altars of comfort and the desire to live according to their rank! How many public officials have sold their country to buy economic security for themselves! And all these guardians of noble principles are ready to shrink the absolute to the scale of their comfortable lives!

The corruption of souls is so profound, because of the tight-money system, that it has become a moral law, a philosophy of earning money as the goal of human life:

You will be educated to earn more money. You will choose such and such an occupation because it pays more. You will leave your wife and children to go earn a living. You will study the techniques of selling so as to extract more for a service of less worth. You will assassinate your neighbour because you have to live. Let us not give money for nothing; it would make lazybones. Money must be earned painfully; otherwise men will not love the good Lord.

Business is business. Make your family suffer to put money aside. One must not mix business with his private life: this is an excuse for all kinds of treason. Etc.

All these false precepts are currently used because money is scarce! This is the way the present tight-money system holds humanity in servitude. The human person bows in adoration to the golden calf that has been substituted for God. The principal object of his preoccupation is money.

## Diverted from its end

The monetary system is organized in favour of other objectives than its own.

The monetary system must have one objective, and only one, namely: to make the sale of products easier. That is all.

A monetary system that pretends to reach other objectives is bad. Just as a car which is made to transport passengers, and which would try to heat up a house, would be a bad car and a bad furnace.

It is the car that transports. It is the furnace that heats. The car that is well fitted to its objective — to transport — and that transports well, is a good car. The furnace that is well fitted to its objective — to give heat — and that gives good heat, is a good furnace. Let us ask of these two things nothing but to fulfill their functions, and let us take the necessary steps to achieve this.

## Only Social Credit subjugates money

What do modern reforms propose to do to remedy this awkward monetary system?

Nothing, nothing, nothing. In general, the reformers reform everything except money.

And these reformers who suggest monetary reforms, carefully avoid specifying what these reforms are.

Only the Social Crediters advocate sound money, based on real wealth, created debt free, and reaching the consumers.

Thus, money will make the sale of products easier; it will no longer lead to war; it will make production work to fulfill the needs of families; it will dethrone the exploiters; it will free men from their slavery, and consequently favour the practice of virtue, since virtue involves free men.

Families cannot have access to God-given plenty
Because governments bow down to Mammon, the golden calf.

http://www.michaeljournal.org/plenty31.htm

# Chapter 31 — Social Credit puts money in its proper place

*(An article of Louis Even, first published in the August 15, 1954 issue of the Vers Demain Journal.)*

**The Social Crediters are fervent, because they understand the importance of the reform they preach. The implementation of Social Credit would mark a milestone in history. Social Credit lays out a new conception of finance, of the monetary system. Social Credit would definitely liberate society from purely financial problems. Social Credit would make every human being benefit from progress; it would make every citizen a shareholding member of society, entitled to a share in the country's production.**

## Production financed automatically

Today, when there is no money, one stops producing, even if there are still urgent needs: people are laid off, they do nothing.

Today, when there is no money, municipalities lay aside urgent works requested by the population, even though there is everything needed – men and materials – to carry out all of these works.

When the money is not there, today, construction is slowed down or stopped, even if there are homeless families, even though bricklayers, carpenters, and plumbers are impatiently waiting to be employed.

Social Credit would change all of this radically. Social Credit rejects this subjection to finance. It proclaims to the whole world: It is money that should be issued in keeping with actual and potential production; and not production which should get in step with money.

Production is something concrete and real – houses, food, clothing, shoes, means of transportation. Production is also water systems, sewers, streets, sidewalks, as well as schools, hospitals, and churches.

But money, what is it? It is an abstraction, a unit of measurement, and not a reality, not a commodity. Money is figures on metal discs, or on pieces of paper, or in bank ledgers. It is figures which are accepted as a means of payment.

Since they are a means of payment, if one wants production to go ahead, these figures should be issued as production is made, and not let goods be restricted because of a lack of these figures.

Lacking workers, or materials to produce, may be understandable. But lacking figures to mobilize workers and materials is incomprehensible and inadmissible in a society made up of intelligent beings.

## Money as a servant

Social Credit tears away the veil which has kept money something almost sacred and untouchable. It makes money a simple servant, and not a master – a god who dictates, permits, or forbids.

Social Credit maintains that: All that is physically possible and legitimately requested must, by this very fact, be made financially possible.

If it is possible to build houses, roads, and construct sewage systems, it must be financially possible to pay for the necessary work and materials to build these things.

If this is not possible, then one must admit that it is the monetary system that masters man, and not man who masters his monetary system.

And since money consists of nothing more than engraved or printed figures, or else handwritten figures in a bank ledger, it is more than stupid and absurd, it is criminal to let families go homeless, towns without public utilities, simply because of a lack of figures.

## *A just bookkeeping system*

*Under a Social Credit system, all new production would be financed by new credits and not by credits tied to production already realized. And the credits issued according to the needs of production would be withdrawn and cancelled as consumption takes place.*

In other words, the money system would be a mere bookkeeping system, but a just one, in keeping with existing conditions. Money would come into being as production is made, and money would disappear as production disappears.

Under a Social Credit system, public debt would be unthinkable. What a country provides is real wealth: why then should this wealth be represented as a debt? How is it possible for a country to be burdened with debts for such production, unless its roads, sewers, and public buildings were built by foreign countries?

Depressions, privations in front of possibilities, are the fruits of a false financial system which dominates instead of serving. And these bad fruits would disappear under a sound financial system, under a Social Credit system.

### *Financing distribution*

Financing production is not enough. Goods and services must also reach those who need them. In fact, the only reason for the existence of production is to meet needs and wants.

Production must be distributed. How is it distributed today, and how would it be distributed under a Social Credit system?

Today, goods are put up for sale at certain prices. People who have money buy these goods by passing over the counter the required sum. This method allows those who have money to buy those goods which they want and need.

Now, Social Credit would in no way change this method of distributing goods. The method is flexible and good — provided, of course, that individuals who have needs also have the purchasing power to choose and buy the goods which would fill these needs.

Purchasing power in the hands of those who have needs and wants: it is precisely here that the present system is defective, and it is this defect that Social Credit would correct.

When production is financed, it functions. When it functions, it distributes money which is used to finance it. The money thus distributed in the form of wages, profits, and industrial dividends constitutes purchasing power for those who receive these various allotments. But there are a few flaws in the present system:

### *Purchasing power adjusted to prices*

In the first place, industry never distributes purchasing power at the same rate that it generates prices.

When a finished good is put on the market, it comes with a price attached to it. But part of the money included in this price was distributed perhaps six months or a year ago, or even more. Another part will be distributed only once the good is sold, and the merchant takes out his profit. Another part will perhaps be distributed in ten years, when worn machinery — of which wear is included as an expense in the price — is replaced by new machinery, etc.

Then there are those individuals who receive money, and who do not spend it. This money is included in the prices, but it is not in the purchasing power of those who need goods.

The repayment of short-term bank loans, and the present fiscal system, increase further the gap between the prices and the purchasing power. Hence the accumulation of goods, unemployment, and all that ensues.

**Well, Social Credit would bring order into this chaos. Since it considers money as a bookkeeping system, it would constantly adjust the sum of the prices and the sum of the purchasing power, so that they would balance. This would involve simple accounting procedures, and a balance would be achieved.**

### *A dividend for progress*

In the second place, the production system does not distribute purchasing power to everyone. It distributes it only to those who are employed in production. And the more the production comes from the machine, the less it comes from human labour. Production even increases, whereas required employment decreases. So there is a conflict between progress, which eliminates the need for human labour, and the system, which distributes purchasing power only to the employed.

Yet, everybody has the right to live. And everybody is entitled to the basic necessities of life. Earthly goods were created by God for all men, and not only for those who are employed, or employable.

**That is why Social Credit would do what the present system is not doing. Without in any way disturbing the system of reward for work, it would distribute to every individual a periodical income, called a "social dividend" — an income tied to the individual as such, and not to employment.**

And as progress would liberate people more and more from employment, the dividend would take a larger part in their purchasing power. The dividend would allow everybody to enjoy the fruits of progress. This would be considering all citizens as shareholders, being entitled to a share of the abundant production resulting from progress — which is a common capital — and no longer resulting from individual labour, which is rewarded by wages and salaries.

From this would stem freedom, the freedom for individuals to develop as human beings, without being constantly obliged to seek employment, to produce superfluous goods, or to make those things which serve to destroy, like in the war industry.

It would put an end to the perpetual worries about the future, in a country where one is certain that goods will be as abundant tomorrow as they are today. What a relief in the lives of individuals and families!

http://www.michaeljournal.org/plenty32.htm

# Chapter 32 - Should Money Claim Interest?

*(An article of Louis Even, first published in the March 15, 1945 issue of the Vers Demain Journal.)*

We believe that there is not one thing in the world which lends itself to so much abuse as money. This is not because money in itself is a bad thing. On the contrary, money is probably one of man's most brilliant inventions, making trade flexible, favouring the sale of goods as required by needs, and making life in society easier.

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But, to place money on an altar is idolatry. To make of money a living thing, which gives birth to other money, is unnatural.

Money does not breed money, as the Greek philosopher Aristotle said. Yet, how many contracts are entered into — contracts between individuals, contracts between governments and creditors, which stipulate that money must breed money, or else properties or freedoms are forfeited?

Little by little, everybody has sided behind the theory, and especially behind the practice, that money must produce interest. And in spite of all the Christian teaching to the contrary, the practice has made so much headway that, so as not to lose in the furious competition around the fertility of money, everybody must behave today as if it was natural for money to breed money. The Church has not abrogated her old laws, but it has become impossible for her to insist on their application.

The methods used to finance World War II, in which we were Churchill, Roosevelt, and Stalin's acolytes to defend Christianity, solemnly consecrated the rule that money, even money thrown into the sea or into the burning flames of cities, must bear interest. We refer here to the Victory Bonds, which finance destruction, which do not produce anything, and which must bear interest just the same.

### Interest and dividends

So that our readers do not pass out thinking about their savings put into industry or loan institutions, let us hastily make a few distinctions.

If money cannot increase by itself, there are things that money buys which logically produce developments. Thus

I set aside $5,000 to purchase a farm, or animals, seeds, trees, machinery. With intelligent work, I will make these things produce others.

The $5,000 was an investment. By itself it has not produced anything; but thanks to this $5,000, I have been able to get things that have produced.

Let us suppose that I did not have this $5,000. But my neighbour had it, and he did not need it for a couple of weeks. He loaned it to me. I think it would be proper for me to show my gratitude by letting him have a small portion of the products which I get, thanks to the productive capital which I have thus been able to obtain.

It is my work which has made his capital profitable. But this capital itself represents accumulated work. We are then two, whose activities — gone by for him, present for me — cause some production to appear. The fact that he waited to draw on the country's production with the money he received as a reward for his work, allowed me to get the means of production that I would not have had without it.

We are therefore able to divide the fruits of this collaboration between us. There remains to determine, by agreement and equity, the part of production that is owed to the capital.

What my lender will get in this case is, strictly speaking, a dividend. (We divided the fruits of production.)

The dividend is perfectly justifiable, when production is fruitful.

This is not exactly the idea that one generally attaches to the word “interest”. Interest is a claim made by money, in function of time only, and independently of the results of the loan.

Here is $1,000. I invest it in federal, provincial, or municipal bonds. If I purchase bonds that bear 4% interest, I ought to get $40 in interest every year, just as truly as the earth will make one revolution around the sun during this period of time. Even if the capital is used up without any profit, I must get my $40. That is interest.

We cannot see anything that justifies this claim, save that it is customary. It does not rest upon any principle.

There is therefore justification for a dividend, because it is subordinated to production growth. There is no justification for interest in itself, because it is dissociated from realities; it is based on the erroneous idea of a natural and periodical generation of money.

## Indirect investments

In practice, he who brings his money to the bank indirectly puts it into a productive industry. The bankers are professional lenders, and the depositor passes his money to them, because they are capable of making it thrive better than he can, without having to look after it himself.

The small interest that the banker enters to the depositor's credit from time to time, even at fixed rates, is in fact a dividend, a share from the income that the banker, with the help of the borrowers, has obtained from productive activities.

## Anonymous investments

In passing, let us say a word on the morality of investments.

Many people are not preoccupied in the least with the usefulness nor the noxiousness of activities that their money will finance. As long as it yields profits, they say, it is good. And the more profit it yields, the better the investment is.

A pagan would not reason differently.

If a house-owner does not have the right to rent his house to serve as a brothel, even though it would be very profitable, the owner of savings does not have any more the right to put them into enterprises which ruin souls, even if the enterprises fill pockets.

Moreover, it would be much preferable for the backer and the entrepreneur to be less dissociated. The smaller industry of old was much more sound: The financier and the entrepreneur were the same person. The corner storekeeper is still in the same situation. The chain stores are not. The co-operative, the association of people, keeps the relation between the use of money and its owner, and has the advantage of making possible enterprises which exceed the resources of one sole individual.

In the case of companies that issue shares on the market, the money comes without its owner. This is a generalized evil. We have already explained (in the October 1942 issue of the *Vers Demain* Journal) how this problem could gradually be solved by introducing corporate ownership of big industry. The members of industry would gradually become owners of it, without harm to acquired interests. But this would first require a Social Credit system.

## The growth of money

Let us go back to the beginning question: Should money claim interest? We are therefore inclined to answer: Money can claim dividends when there are fruits. Otherwise, no.

If contracts are drafted differently, if the farmer must pay back interest, even though he did not receive any crop that year; if the farmers of Western Canada must honour liabilities at 7%, when the Financiers who lead the world cause prices to fall to one-third of what they were, this does not change anything about the principle. It simply proves that one has substituted reality for trickery.

But if money can claim dividends, when there is a production increase, this production increase must automatically create an increase in money. Otherwise, the dividend, while being perfectly justifiable, becomes impossible to provide without giving a blow to the public from which it was extracted.

I was saying a few lines above: If, thanks to the $5,000 which allowed me to buy ploughing implements, I have increased my production, the lender is entitled to a share of these good results. This is very easy to do if I let him have a share of these increased products. But if it is money that I must give to him, it is quite another story. If there is no increase of money in the public, my increased production creates a problem: more offered goods, but no increase of money in front of them. I may be successful at displacing another seller, but he will be the victim.

One will tell me that the $5,000 must have contributed to increasing money in circulation. Yes, but I must pump back the $5,000, plus what I call the dividend, what others call interest.

Then the problem is not settled. And in our economic system, it cannot be. For money to increase, it is necessary that the bank—the only place where the increase is created—lends some somewhere. But in lending it, the bank exacts a repayment that is also increased. The problem snowballs.

The Social Credit system would settle that problem, as well as settle many other problems.

The dividend is a legitimate, normal, logical thing. But the present system does not allow one to pay it without making it hurt somewhere.

It is undoubtedly the reason that makes so many decry dividends. Note that the Communists and the Socialists always clamour against dividends, but never against interest. It has not entered their minds yet to denounce the source of evil: the creation of money by private institutions which lend it from its very emission at interest.

## Two horrors

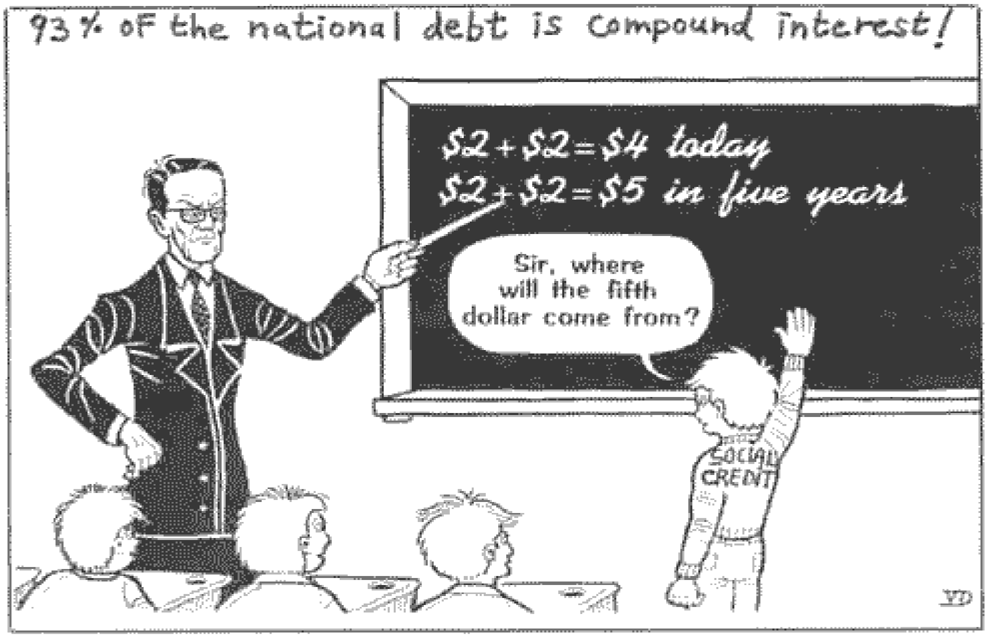
Now, this is an indescribable horror. An organized society, men's work, the progress of science, bring forth wealth: but it is the bankers who create the money based on this wealth, and they appropriate this money, since they do not allow it to be used without lending it at interest.

The other horror is that of governments which resort to loans for public use. Where is the sovereignty of a government which has not the right to create funds, when the increased production necessitates an increase in money?

And to this horror, our Federal Government, through its Victory Bonds, adds immorality, by promising interest on capital which does not produce as much as a blade of grass.

Put one billion dollars into cannons, bombs, and anything you would want of this kind, and run after the fruits of this production to distribute them in dividends to the lenders. These fruits are shattered brains, scattered bowels, mutilated bodies, ruins, tears, blood, hatred, that one ought to logically offer as interest to those who subscribe to the Victory Bonds, since these fruits are the products of their investments.

As for the repayment of the capital, a government which itself does not acknowledge that it has the right to create money, ought to be honest enough to say to the buyers of bonds: provide your money; it will come back to you as wages or salaries for your work in the war industries; then I will take it out of your pockets, little by little, to put it back into your hands as repayments for your loans.




http://www.michaeljournal.org/plenty33.htm

## Chapter 33 — Interest on Newly-Created Money Is Robbery

**Our Lord drove the money changers out of the Temple;**
**it is high time the International Financiers be driven out**

*(An article of Alain Pilote, published in the January-February, 1991 issue of the Michael Journal.)*

As most of the regular readers of the "Michael" Journal should know, the fundamental flaw of the present financial system is that all the existing money has been created by the banks, as a debt: banks create new money, money that did not exist before, every time they make a loan. These loans must be returned to the banks, but increased with interest.

Even coins and bank notes, which, in Canada, are respectively issued by the Canadian Mint and the Bank of Canada — two State-owned institutions — are put into circulation only when they are lent at interest by the private chartered banks. And it is precisely this interest, which is charged at the origin of money, that creates the problem, a mathematical impossibility to pay the loan back: the bank creates the principal it lends, but does not create the interest that must also be paid back.

**For example, let us suppose that the bank lends you $100, at 10 per cent interest. The bank creates $100, but wants you to pay back $110. You can pay back $100, but not $110: the $10 for the interest does not exist, since only the bank has the right to create money, and it created $100, not $110. The only way to pay back $110, when there is only $100 in existence, is to also borrow this $10 from the bank... and your problem is not solved; it has only gotten worse: you now owe the bank $110, plus a 10-per-cent interest, which makes $121... and as years pass, your debt gets bigger; there is no way to get out of it.**

Some borrowers, taken individually, can manage to pay back their loans in totality, the principal plus the interest, but all the borrowers as a whole can not. If some borrowers manage to pay back $110 when they received only $100, it is because they take the $10 that is missing in the money put into circulation through the loans granted to other borrowers. In order for some borrowers to be able to pay back their loans, others must go bankrupt. And it is only a matter of time before all the borrowers, without exception, find it impossible to pay the banker back.

**And note that even with an interest rate of only 1 per cent, the debt would still be unpayable: if you borrow $100 at 1-per-cent interest, you will have to pay back $101 at the end of the year, while there is only $100 in circulation. This means that any interest charged on newly-created money — even a 1-per-cent interest — is usury, is a robbery, is a racket.**

Some may say that if one does not want to get into debt, one has only not to borrow. But if no one borrowed money from the banks, there would simply not be a penny in circulation at all: in order to have money in circulation in our country — if only a few dollars — someone — an individual, a corporation, or the Government—must borrow these dollars from the bank, at interest. And this money borrowed from the bank cannot remain in circulation indefinitely: it must be returned to the bank when the loan is due... and returned with the interest, of course.

### *Unpayable debts*

This means that just to maintain the same amount of money in circulation, year after year, unpayable debts must pile up. In the case of public debts, the bankers are satisfied as long as the interest charges on the debts are paid. Is it a favour they do for us? No, it only delays the financial impasse for a few years since, after a while, even the interest on the debt becomes unpayable. *(See example in the next chapter.)*

If debts do not pile up, there can be no money in our country. So one should not be surprised to see the public debts of all the nations reaching astronomical proportions: for example, Canada's public debt, which was $24 billion in 1975, reached the $200-billion mark ten years later. *(In January, 1995, the debt of the Canadian Government reached the $500-billion mark, with interest charges of about $49 billion per year, or one-third of all the taxes collected by the Federal Government. If one adds the debts of the provinces, corporations, and individuals, one gets a total debt in Canada of over 2,800 billion dollars.)* Even though you take all the money that exists in Canada, even the money in saving accounts, it will not be sufficient to pay off the debt. And the same situation prevails in all the countries in the world.

It is impossible to pay off the public debt, since it is made up of money that does not exist. Many Third-World nations have realized this absurdity, and stopped servicing their debts. In fact, these loans to Third-World countries are far from helping them: on the contrary, they impoverish these nations even more, since these nations must pledge to pay the bankers back more money than what was lent, which makes money tighter among the people, and condemns them to live in poverty and starvation.

**But can a country be run without borrowing the bankers' debt-money? Yes, and it is very easy to understand: It is not the banker that gives money its value; it is the production of the country. Without the production of all the citizens in the country, the figures lent by the bankers would be worthless. So, in reality, since this new money is based on the production of society, this money also belongs to society. Simple justice therefore requires it to be issued by society — interest free — and not by the banks. Instead of having a money created by the banks, a banking credit, one would have a money created by society, a social credit.**

## Our Lord drives the money changers out of the Temple

As Louis Even said, "Interest at the origin of money is illegitimate, absurd, anti-social, and anti-arithmetic." To charge interest on newly-created money is therefore a very great crime that cannot be justified. As a matter of fact, the only passage in the Gospel where it is mentioned that Jesus used force, is when He drove the money changers out of the Temple with a scourge of cords, and overthrew their tables (as reported in Matthew 21:12-13 and Mark 11:15-19), precisely because they were lending money at interest.

**There was, at that time, a law that the tithes or taxes of the Temple could be paid only in one certain coin called the "half shekel of the sanctuary", of which the money changers had managed to obtain the monopoly. There were several different coins at that time, but the people had to obtain this particular coin with which to pay their Temple Tax. Moreover, the doves and the animals that the people bought for sacrifice also could only be bought with this same special coin that the money changers exchanged to the pilgrims, but at a cost of twice or more times its actual worth, when it was used to buy commodities. So Jesus overthrew their tables and said: "My house shall be called a house of prayer; but you have made it a den of thieves."**

In his book, *Money and Its True Function*, F.R. Burch has the following comment on this text of the Gospel:

**"As long as Christ confined His teachings to the realm of morality and righteousness, He was undisturbed; it was not till He assailed the established economic system and cast out the profiteers and overthrew the tables of the money changers, that He was doomed. The following day, He was questioned, betrayed on the second, tried on the third, and on the fourth, crucified."**

One would be tempted to make the parallel with the Pilgrims of Saint Michael, the "White Berets" of the "Michael" Journal: as long as they content themselves with talking about moral renovation, the Financiers can still tolerate it; but when the "White Berets" dare to attack the debt-money system, this is an "unforgivable sin", and the Financiers are then ready to do everything to silence the "White Berets". But these attempts of the Financiers are vain, since the truth always triumphs in the end.

## The teaching of the Church

The Bible contains several texts that clearly condemn the lending of money at interest. Moreover, more than 300 years before Jesus Christ, the great Greek philosopher Aristotle also condemned lending at interest, pointing out that "money, being naturally barren, to make it breed money is preposterous." Furthermore, the Fathers of the Church, since the remotest times, always denounced, unequivocally, usury. Saint Thomas Aquinas, in his *Summa Theologica* (2, 2, Q. 78), thus summarized the teaching of the Church on lending money at interest:

**"It is written in the Book of Exodus (22, 24): `If you lend money to any of my people who is poor, that dwells with you, you shall not be hard upon them as an extortioner, nor oppress them with usury.' He who takes usury for a loan of money acts unjustly, for he sells what does not exist, and such an action evidently constitutes an inequality and, consequently, an injustice... It follows then that it is wrong in itself to take a price (usury) for the use of money lent, and as in the case of other offenses against justice, one is bound to make restitution of his unjustly acquired money."**

In reply to the text of the Gospel on the parable of the talents (Matthew 25:14-30 and Luke 19:12-27) which, at first sight, seems to justify interest ("Wicked and slothful servant... why did you not put my money into the bank, so that I might have recovered it with interest when I came?"), Saint Thomas Aquinas wrote: **"The interest mentioned in the Gospel must be taken in a figurative sense; it means the additional spiritual goods asked of us by God, who wants us to always make better use of the goods He entrusted us with, but this is for our benefit and not His."**

So this text of the Gospel cannot justify interest since, as Saint Thomas says, "an argument cannot be based on figurative expressions."

Another passage of the Bible that presents difficulties is Deuteronomy 23:20-21: "You shall not demand interest from your brother on a loan of money or food or of anything else. You may demand interest from a foreigner, but not from your brother." Saint Thomas explains:

"The Jews were forbidden to take interest from `their brothers', that is to say, from other Jews; this means that demanding interest on a loan from anyone is wrong, strictly speaking, for one must consider every man as `one's neighbour and brother', especially according to the evangelical law that must rule mankind. So the Psalmist, talking about the just man, says unreservedly: `he who lends not his money at usury' (14:4) and Ezekiel (18:17): `a son who accepts no interest or usury'."

If the Jews were allowed to demand interest from a foreigner, Saint Thomas wrote, it was tolerated in order to avoid a greater evil, for fear that they might charge interest to other Jews, the worshippers of the true God. Saint Ambrose, commenting on the same text, gives to the word "foreigners" the meaning of "enemies", and concludes: "One may seek interest from the one he legitimately wants to harm, from the one whom it is lawful to wage war with."

**Saint Ambrose also said: "What is usury, if not killing a man?"**

**Saint John Chrysostom: "Nothing is more shameful or cruel than usury."**

**Saint Leo: "The avarice that claims to do its neighbour a good turn while it deceives him is unjust and insolent... He who, among the other rules of a pious conduct, will not have lent his money at usury, will enjoy eternal rest... whereas he who gets richer to the detriment of others deserves, in return, eternal damnation."**

In 1311, at the Council of Vienna, Pope Clement V declared null and void all secular legislation in favour of usury, and "all who fall into the error of obstinately, maintaining that the exaction of usury is not sinful, shall be punished as heretics."

On November 1, 1745, Pope Benedict XIV issued the encyclical letter *Vix Pervenit*, addressed to the Bishops of Italy, about contracts, and in which usury, or money-lending at interest, is clearly condemned. On July 29, 1836, Pope Gregory XVI extended this encyclical to the whole Church. It says:

**"The kind of sin called usury, which lies in the loan, consists in the fact that someone, using as an excuse the loan itself — which by nature requires one to give back only as much as one has received — demands to receive more than is due to him, and consequently maintains that, besides the capital, a profit is due to him, because of the loan itself. It is for this reason that any profit of this kind that exceeds the capital is illicit and usurious.**

**"And in order not to bring upon oneself this infamous note, it would be useless to say that this profit is not excessive but moderate; that it is not large, but small... For the object of the law of lending is necessarily the equality between what is lent and what is given back... Consequently, if someone receives more than he lent, he is bound in commutative justice to restitution..."**

The teaching of the Church on this matter is therefore quite clear but, as Louis Even wrote (in the previous chapter): "In spite of all Christian teaching to the contrary, the practice has made so much headway that, so as not to lose in the furious competition around the fertility of money, everybody must behave today as if it was natural for money to breed money. The Church has not abrogated her laws, but it has become impossible for her to insist on their application."

## Islamic banking

**On this matter, it is interesting to consider the experience of the Islamic banks: the Koran — the holy book of the Moslems — forbids usury, as the Bible of the Christians does. But the Moslems took these words seriously and have set up, since 1979, a banking system that conforms with the rules of the Koran: Islamic banks charge no interest on either current or deposit accounts. They invest in business, and pay a share of any profits to their depositors. This is not the Social Credit system implemented in its entirety yet but, at least, it is a more than worthy attempt at putting the banking system in keeping with moral laws. On this point, the Christians should be inspired by this example of the Moslems.**

## Interest and dividends

This article should have shown clearly enough that any interest on newly-created money is unjustifiable. But this may bring some fear among those who have money deposited in banks: if interest is thus condemned, will they still receive some interest on their money deposited in banks? Read what Mr. Even wrote in the previous chapter, under the subtitle "Interest and dividends" ("So that our readers do not pass out…").

Mr. Even concluded that money can claim dividends where there are fruits. Otherwise, no. But in order to make this possible, the production increase must automatically create an increase in money. Otherwise the dividend, while being perfectly justifiable, becomes impossible to give in practice.

In the example of the $5,000 that was used to buy ploughing implements, the lender is entitled to a share of the results, since production increased, thanks to his loan. If he accepts to be paid in goods, there is no problem. But if he wants to be paid in money, it is quite another story since, even if production increased, there was no corresponding increase in the money in circulation. The Social Credit system, which makes money come into being interest free, as new production is made, would settle this problem.

And for those who worry about the fate of the banks if they did not charge interest on their loans, let us just mention for now that the wages and salaries of their employees would be paid by the National Credit Office, the authority in charge of the creation of new money in the country. (This point is explained in detail in Louis Even's brochure: *A Sound and Efficient Financial System.*)

**Just like Our Lord drove the money changers out of the Temple, it is high time we drove out the International Financiers and their debt-money system, and set up an honest debt-free money system — money issued by society. May this passage of the Gospel inspire us, and let us ask Christ to fill us with the same zeal as His for the interests of God and for justice.**

http://www.michaeljournal.org/plenty34.htm

# Chapter 34 — The Public-Debt Problem

*(An article of Alain Pilote, first published in the July-August, 1986 issue of the Michael Journal.)*

**All the countries in the world are presently struggling with a debt problem. Third-World countries' debt is over $1,300 billion (in 1986), and most of these Third-World countries are not even capable to meet the interest payments on their foreign debts.**

**More developed countries, like Canada and the United States, do not escape this crisis: Canada's federal debt – $224 billion in 1986, is over $500 billion in 2004. And the richest country in the world, the one with the largest production — the United States — is also the most indebted country, with a debt of over $2,073 billion in 1986 (over $7,000 billion in 2004). Is there not a contradiction here? How can a country be rich and debt-ridden at the same time? Is the whole world on the brink of becoming completely bankrupt?**

## A debt-money system

**Why are all the countries in debt? It is quite simple: in the present system, all money is created, comes into being, as a debt.**

To understand this, let us divide the economic system into two parts: the producing system and the financial system. The example is taken from Louis Even's parable, *The Money*

*Myth Exploded*: On the one side, there are five shipwrecked people on an island, who produce all the necessities of life, and on the other side, a banker, who lends them money. To simplify this example, let us say there is only one borrower on behalf of the community; we'll call him Paul.

Paul decides, on behalf of the community, to borrow a certain amount of money from the banker, an amount sufficient for business in the little community, say $100, at 6% interest. At the end of the year, Paul must pay the bank an interest of 6%, that is to say, $6. 100 minus 6 = 94, so there is $94 left in circulation on the island. But the $100-debt remains. The $100-loan is therefore renewed for another year, and another $6 of interest is due at the end of the second year. 94 minus 6, leaves $88 in circulation. If Paul continues to pay $6 in interest each year, by the seventeenth year there will be no more money left in circulation on the island. But the debt will still be $100, and the banker will be authorized to seize all the properties of the island's inhabitants.

Production has increased on the island, but not the money supply. It is not products that the banker wants, but money. The island's inhabitants were making products, but not money. Only the banker has the right to create money. So, it seems that Paul wasn't wise to pay the interest yearly.

Let us go back to the beginning of our example. At the end of the first year, Paul chooses not to pay the interest, but to borrow it from the banker, thereby increasing the loan principal to $106. "No problem," says the banker, "the interest on the additional $6 is only 36 cents; it is peanuts in comparison with the $106 loan!" So the debt at the end of the second year is: $106 plus the interest at 6% of $106, $6.36, for a total debt of $112.36 after two years. At the end of the fifth year, the debt is $133.82 and the interest is $7.57. "It is not so bad," thinks Paul, "the interest has only increased by $1.57 in five years. We can handle that." But what will the situation be like after 50 years?

**$100 debt growth at 6% interest**

| Year | Original borrowed capital | Debt at year end * | Interest due at year end | Money in circulation |
|---|---|---|---|---|
| 1 | $100 | $106.00 | $6.00 | $100 |
| 2 | (remains | $112.36 | 6.36 | (remains |
| 3 | the same) | 119.10 | 6.74 | the same) |
| 4 | " | 126.25 | 7.15 | " |
| 5 | " | 133.82 | 7.57 | " |
| 10 | " | 179.08 | 10.14 | " |
| 20 | " | 320.71 | 18.15 | " |
| 30 | " | 574.35 | 32.51 | " |
| 40 | " | 1,028.57 | 58.22 | " |
| 50 | " | 1,842.02 | 104.26 | " |
| 60 | " | 3,298.77 | 186.72 | " |
| 70 | " | 5,907.59 | 334.39 | " |

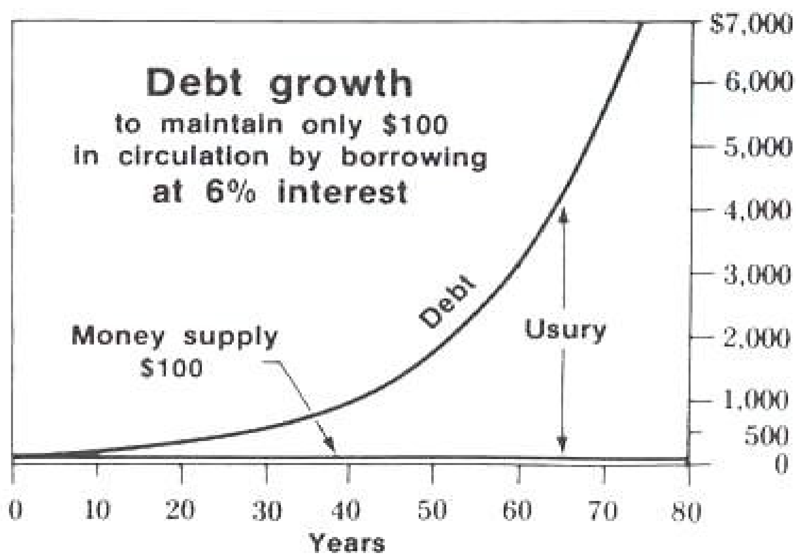
* includes interest due

The debt increase is moderate in the early years, but the debt increases very fast with time to unbelievably big numbers. And note, the debt increases each year, but the original borrowed principal (amount of money in circulation) always remains the same. At no time can the debt be paid off with the money that exists in circulation, not even at the end of the first year: there is only $100 in circulation, and a debt of $106 remains. And at the end of the fiftieth year, all the money in circulation ($100) won't even pay the interest due on the debt: $104.26.

**All money in circulation is a loan and must be returned to the bank, increased with interest. The banker creates money and lends it, but he has the borrower's pledge to bring all this money back, plus other money he did not create. Only the banker can create money: he creates the principal, but not the interest. And he demands to pay him back, in addition to the principal that he created, the interest that he did not create, and that nobody else created either. As it is impossible to pay back money that does not exist, debts accrue. The public debt is made up of money that does not exist, that has never been created, but that governments nevertheless have committed themselves to paying back. An impossible contract, represented by the bankers as a "sacrosanct contract", to be abided by, even though human beings die because of it.**

## Compound interest

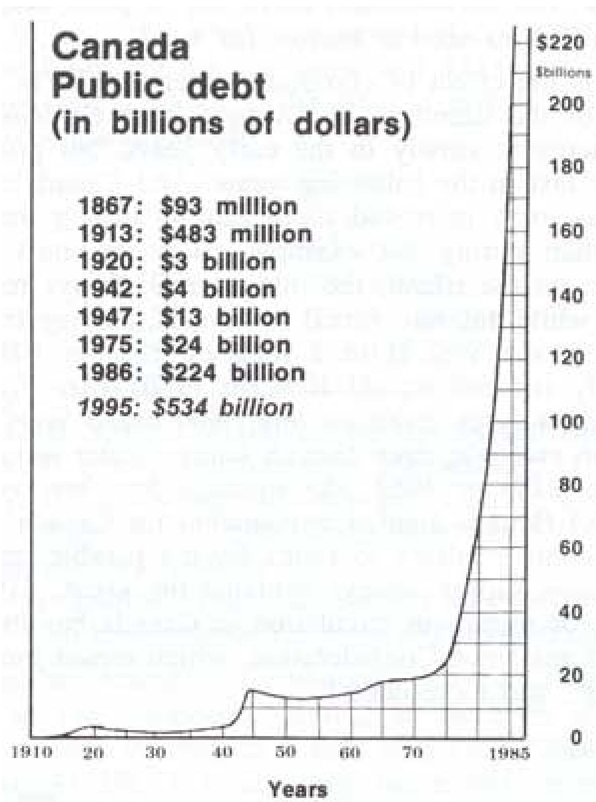
The sudden increase in the debt after a certain number of years can be explained by the effect of what is called ***compound interest***. Contrary to simple interest, which is paid only on the original borrowed capital, compound interest is paid on both the principal plus the accumulated unpaid interest. Thus, with simple interest, a $100-loan at 6% interest would give, at the end of 5 years, a debt of $100 plus 5 times 6% of $100 ($30.00), for a total debt of $130. But with compound interest, the debt at the end of the fifth year is the sum of the debt of the previous year ($126.35) plus 6% interest of this amount, for a total debt of $133.82.




Putting all these results on a chart, where the horizontal line across the bottom of the chart is marked off in years, and the vertical line is marked off in dollars, and connecting all these points by a line which traces a curve that illustrates the effect of compound interest and the growth of the debt:

The curve is quite flat at the beginning, but then becomes steeper as time goes on. The debts of all countries follow the same pattern, and are increasing in the same way. Let us study, for example, Canada's public debt.

## Canada's public debt




Each year, the Canadian Government draws up a budget where are estimated the expenditures and the revenues for the year. If the Government takes in more money than it spends, there is a surplus; if it spends more than it takes in, there is a deficit. Thus, for the fiscal year 1985/86 (the Government's fiscal year runs from April 1 to March 31), the Federal Government had expenditures of $105 billion and revenues of $71.2 billion, leaving a deficit of $33.8 billion. This deficit represents a lack in revenues. *(The Federal Debt has managed to balance its budget over the recent years, but it is simply because it downloaded its deficit on provinces and municipalities, forcing them to make cuts in health and other basic services. This does not prevent the overall debt of all public administrations to continue to increase.)*

The national debt is the total accumulation of all budgetary deficits since Canada came into existence (the Confederation of 1867). Thus, the 1986 deficit of $33.8 billion is added to the debt of 1985, $190.3 billion, for a total debt of $224.1 billion in 1986. *(By January, 1994, Canada's public debt reached the $500-billion mark.)*

When Canada was founded in 1867 (the union of four provinces — Ontario, Quebec, New Brunswick, and Nova Scotia), the country's debt was $93 million. The first major increase took place during World War I (1914-18), when Canada's public debt went up from $483 million in 1913 to $3 billion in 1920. The second major increase took place during World War II (1939-45), when the debt went up from $4 billion in 1942 to $13 billion in 1947. These two increases may be explained by the fact that the Government had to borrow large sums of money in order to take part in these two wars.

But how can be explained the phenomenal increase of these last years, when the debt almost increased ten times, passing from $24 billion in 1975 to $224 billion in 1986, in peacetime, when Canada had no need to borrow for war?

It is the effect of **compound interest**, like in the example of the island in *The Money Myth Exploded*. The debt increases slowly in the early years, but grows extremely fast in the following years. And Canada's public debt has even increased more rapidly during these last years than during the example given in Louis Even's parable: on the island, the interest rate always remained at 6%, while this rate varied in Canada, passing from 2% during World War II to a high of 22% in 1981.

Here is another explanation for Canada's faster debt growth: contrary to Louis Even's parable, in which the money supply always remains the same, $100, the amount of money in circulation in Canada has increased many times since Confederation, which meant more borrowings... and more debts!

There is a big difference between interest rates of 6%, 10%, or 20%, when one speaks of compound interest. The following are the sums that $1.00 will amount to in 100 years, loaned at the rates of interest mentioned and compounded annually:

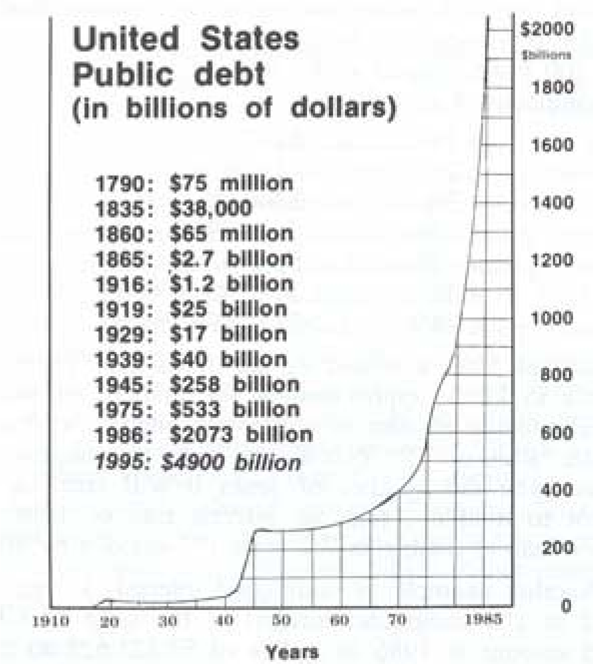
at 1%...........................$2.75
at 2%.........................$19.25
at 3%.......................$340.00
at 10%.................$13,809.00
at 12%........... $1,174,406.00
at 18%...........$15,145,207.00
at 24%.........$251,799,494.00

And at 50%, it would eat up the world! There is a formula to know approximately the amount of time it will take for an amount, at compound interest, to double; it is the “Rule of 72”: You divide 72 by the interest rate. It gives you the number of years it will take for the amount to double. Thus, an interest rate of 10% will cause a loan to double in 7.2 years (72 divided by 10).

Another example of compound interest: 1 cent borrowed at 1% compound interest at the birth of Christ would amount (in 1986) to a debt of $3,821,628.40 ($3.8 million). At 2%, it is not only twice this amount that would be owed, but 314 million times this amount: 1.2 followed by 15 zeros (one billion millions of dollars!)

All this is to show that any interest asked on money created out of nothing, even at a rate of 1%, is usury. **In his November 1993 report, Canada's Auditor General calculated that of the $423 billion in net debt accumulated from Confederation to 1992, only $37 billion went to make up the shortfall in program spending. The remaining $386 billion covered what it has cost to borrow that $37 billion. In other words, 91% of the debt consisted of interest charges, the Government having spent only $37 billion (8.75% of the debt) for actual goods and services.)**

## The public debt of the United States




The public debt of the United States follows the same curve as Canada’s, but with figures ten times bigger.

As was the case with Canada, the first significant increases in the public debt took place during war times: the American Civil War (1861-1865), World Wars I and II. From 1975 to 1986, the debt went up from $533 billion to $2,125 billion. (*In 2004, this debt is over $7 trillion.)* Therefore, during the same period (1975-1986), Canada’s public debt increased more rapidly than the United States’ (9.3 times in Canada in comparison with 3.8 times in the United States). The reason: interest rates were higher in Canada during the same period, reaching as high as a 3-point difference.

### What is a billion?

When one speaks of millions and billions of dollars, one is talking about very huge sums, and it is quite difficult to figure out what a billion is. A few years ago this definition was circulated: A billion seconds ago, the first atomic bomb had not yet exploded. A billion minutes ago, Christ was still on earth. Spending a billion dollars at a rate of $100 a minute would take 19 years.

But when one speaks of the public debt of the United States, it is not a question of billions, but of thousands of billions, or trillions (1 followed by 12 zeros). In 1986, the public debt of the U.S.A. was $2 trillion. 2 trillion $1 bills placed end to end would stretch 186 million miles – from the earth to sun and back. A 2-trillion dollar spending spree – at a rate of $1,900 a minute – would last 2000 years. In 1981, when the nation's debt approached $1 trillion, President Reagan illustrated that figure with this example: "If you had a stack of $1,000 bills in your hands only 4 inches high, you would be a millionaire. A trillion dollars would be a stack of $1,000 bills 67 miles high."

## The peak of the iceberg

**With the debt of the Canadian Government, one must also consider the debt of the Provinces, over $250 billion. And if the debts of governments represent huge sums, they are only the peak of the iceberg: If there are public debts, there are also private debts! The Federal Government is the biggest single borrower, but not the only borrower in the country: there are also individuals and companies. In the United States, in 1992, the public debt was $4 trillion, and the total debt $16 trillion, with an existing money supply of only $950 billion. In 1994, Canada's total debt was $2.8 billion, divided as follows: 18% Federal Government, 13% Provincial and Municipal Governments, 10% Residential Mortgages, 55% Corporations, and 4% Consumer Credit.**

## Servicing the debt

The cost of servicing the public debt increases proportionally to the debt, since it is a percentage of this same debt. In 1995, Canada paid $49 billion in interest on the public debt, that is to say, one-third of the total revenues. To finance its debt, the Federal Government sells Treasury Bills and other bonds, most of them being bought by chartered banks.

**As regards the sale of Treasury bonds, the Government is a stupid seller: it does not sell its bonds to the banks; it gives these bonds away to them, since these bonds cost the banks nothing: the banks do not lend the money; they create it. Not only do banks get something for nothing, but they also get interest on it.**

On September 30, 1941, a revealing exchange took place between Mr. Wright Patman *(left)*, Chairman of the U.S. House of Representatives Banking and Currency Committee, and Mr. Marriner Eccles *(right)*, Chairman of the Federal Reserve Board (the central bank of the U.S.A.) concerning a $2 billion monetary issue which the Bank created:

**Mr. Patman: "How did you get the money to buy those $2 billion of Government securities?"**

**Mr. Eccles: "We created it."**

**Mr. Patman: "Out of what?"**

**Mr. Eccles: "Out of the right to issue money, credit."**

**Mr. Patman: "And there is nothing behind it, except the Government's credit?"**

**Mr. Eccles: "We have the Government bonds."**

**Mr. Patman: "That's right, the Government's credit."**

## Solution: debt-free money created by society

**This puts us on the right track for a solution to the debt problem: if these bonds are based on the Government's credit, why would the Government have to go through the banks to use its own credit?**

It is not the banker who gives value to money, but the credit of the Government, of society. The only thing the banker does in this transaction is to make an entry in a ledger, writing figures which allow the country to make use of its own production capacity, its own wealth.

Money is nothing else but that: a figure — a figure which is a claim on products. Money is only a symbol, a creation of the law, according to Aristotle's words. Money is not wealth, but the symbol that gives rights to wealth. Without products, money is worthless. So, why pay for figures? Why pay for something which costs nothing to make?

**And since this money is based on the production capacity of society, this money also belongs to society. Then, why should society pay the bankers for the use of its own money? Why pay for the use of our own goods? Why doesn't the Government issue its own money directly, without going through the banks?**

Even the first Governor of the Bank of Canada admitted that the Federal Government had the right to issue its own money. Graham Towers, who was Governor of the Bank from 1935 to 1951, was asked the following question, before the Canadian Committee on Banking and Commerce, in the spring of 1939:

**Question: "Will you tell me why a government with the power to create money should give that power away to a private monopoly and then borrow that which parliament can create itself, back at interest, to the point of national bankruptcy?"**

**Towers' answer: "Now, if parliament wants to change the form of operating the banking system, that is certainly within the power of parliament."**

## No inflation

"Yes, but money created by the Government will bring on inflation!" the economists will hasten to say.

Inflation occurs only if there is more money than products. This is what happened for example in 1923 with the German mark (an example economists are found of quoting, to prove that government-issued money would create inflation). The German Government was perfectly aware of the fact that there was more money in circulation than products, and that was to cause inflation, but it continued to print money just the same. This was false accounting, and it is not at all what Social Credit is advocating.

When Social Credit talks of money created by the Government, it does not mean that money can be issued anyhow, according to the whims of the men in office; it means that the State (through an independent organism, which could very well be the Bank of Canada), would deal with the volume of money as an accountant in charge of keeping an accurate record of the total production of the country, expressing production in assets, and consumption in liabilities. In other words, this organism would keep a balance, a constant relation between money and products; this ratio always remaining the same, money would always have the same value, and inflation would be impossible. Having as much money available as there are products is the golden rule to avoid inflation.

And since money is only a matter of accounting, this result would be very easy to obtain: one has only to adjust figures to the production level. There is no need for Government controls on production to reach this objective; the Government has to act only in accordance with the statistics on production: to create money at the same rate as production, and remove this money from circulation at the same rate as consumption. The accountant is not the owner of the money he counts; he is only a bookkeeper. He does not create the facts; he records them; therefore the State would not interfere in the citizens' choices, or in what producers make or do not make, or in what consumers choose or reject.

In itself, the money issued by the Government is no more inflationary than the money created by the banks, since it is the same money, guaranteed by the same Government, and based on the same production capacity of the country to respond to the needs of the same citizens of the country. On the contrary, money created as a debt by the banks is precisely the first cause of inflation: inflation means prices that are going up. Now, the obligation for companies and governments that are borrowing to bring back to the bank more money than what the bank created, forces companies to inflate their prices, and governments to inflate their taxes.

Inflation also means having more money than products. But in the mind of "orthodox" economists, inflation means "too much money" – period! (They forget to add: "in relation to products".) Are there many people who complain about having too much money? But these economists try to fight inflation by raising interest rates, which is causing prices to rise… and inflation to rise! As many Canadian Premiers put it, "it is like trying to extinguish a fire by pouring gasoline over it."

**If one admits that the creation of money is possible for a lower authority (the banks), why would it not be possible for the sovereign authority of the country — the Government? What prevents, who forbids the Government to do so? One accepts that banks can create money, but one refuses this power to the Government. The Government refuses to itself a privilege it has granted to the banks: that's the height of imbecility.**

## Balanced budgets

Some will object: "But, is it not a good thing for the Government to reduce the deficit? After all, we cannot live beyond our means...". This may seem logical at first sight, but it actually shows a lack of understanding of the nature and the workings of the money system. When they talk of "living beyond one's means," they are talking, of course, about the financial means, and not about the physical means: people live on their production, on what exists; they cannot live beyond the physical means, on what does not exist!

What they mean is that society should live in accordance with its financial means, with the money it has. And it is too bad if the financial means do not correspond to production: if there are $100 worth of products and only $50 in cash, one must content oneself with $50 worth of products, and throw away the rest; in other words, to lower the standard of living of the citizens to the financial means. Instead of subjecting the symbols (figures) to reality (the products), it is reality that is subjected to the symbols. The healthy system (production) is brought down to the level of the unsound system (finance).

Governments thus reason: "We cannot spend more than we collect in taxes; we must balance our budget, eliminate the deficit, and this will automatically bring back prosperity!" Well, such a recipe, if applied to the letter, won't bring about prosperity, but disaster: to reduce the deficit to zero in the present system means cutting expenses or raising taxes (or both), which will bring about a drastic decrease in the money supply.

**Under the present debt-money system, if the debt were to be paid off to the bankers, there would be no money left in circulation, creating a depression infinitely worse than any of the past.** Let us quote again the exchange between Messrs. Patman and Eccles before the House Banking and Currency Committee, on September 30, 1941:

**Mr. Patman: "You have made the statement that people should get out of debt instead of spending their money. You recall the statement, I presume?"**

**Mr. Eccles: "That was in connection with installment credit."**

**Mr. Patman: "Do you believe that people should pay their debts generally when they can?"**

**Mr. Eccles: "I think it depends a good deal upon the individual; but of course, if there were no debt in our money system..."**

**Mr. Patman: "That is the point I wanted to ask you about."**

**Mr. Eccles: "There wouldn't be any money."**

**Mr. Patman: "Suppose everybody paid their debts, would we have any money to do business on?"**

**Mr. Eccles: "That is correct."**

**Mr. Patman: "In other words, our system is based entirely on debt."**

How can we ever hope to get out of debt when all the money to pay off the debt is created by creating a debt? Balancing the budget is an absurd straight jacket. What must be balanced is the capacity to pay, in accordance with the capacity to produce, and not in accordance with the capacity to tax. Since it is the capacity to produce that is the reality, it is the capacity to pay that must be modeled on the capacity to produce, to make financially possible what is physically feasible.

## Repayment of the debt

Paying off one's debt is simple justice if this debt is just. But if it is not the case, paying this debt would be an act of weakness. As regards the public debt, justice is making no debts at all, while developing the country. First, let us stop building new debts. For the existing debt, the only bonds to be acknowledged would be those of the savers; they who do not have the power to create money. The debt would thus be reduced year after year, as bonds come to maturity.

The Government would honour in full only the debts which, at their origins, represented a real expense on the part of the creditor: the bonds purchased by individuals, and not the bonds purchased with the money created by the banker, which are fictitious debts, created by the stroke of a pen. As regards Third-World countries' debts, they are essentially owed to banks, which created all the money loaned to these countries. These same countries would therefore have no interest charges to pay back, and their debts would be, virtually, written off. Banks would lose nothing, since it is they that had created this money, which did not exist before.

http://www.michaeljournal.org/plenty35.htm

# Chapter 35 — The Labour Question, A Money Problem

*(A radio talk of Louis Even, reprinted in the November 1, 1943 issue of the Vers Demain Journal.)*

### The wage-earner

Modern industry has made the huge working-class agglomerations to arise—what an author calls the barracks of the proletariat. Our nation has its great share of these barracks that one has erected with much enthusiasm, while paying homage to the foreign capital which at last deigned to enlist the sons and daughters of our native land.

Proletarians of pulp and paper-makers; proletarians of textiles; proletarians of mines; proletarians of asbestos; proletarians of aluminum; proletarians multiplied by the system of development of our natural resources to the benefit of international exploiters, no longer own a piece of land from which to derive their food, these former farmers or sons of former farmers have nothing, absolutely nothing, but what their wages can buy, to live and provide a living for their families.

From this moment on, the wage becomes the weapon by which an employer can manoeuvre his employees at will.

Just as the slave of old, today's wage-earner is not really free to accept or refuse the working conditions of the master, the employer.

No doubt, the worker can refuse to serve, or leave his employer. But, at the same time, bread leaves his table, and misery settles in at home.

No doubt, the worker can meet with his employer and expose his grievances to him, to prove how inadequate his wage is, in front of prices, to allow him, him and his own, a decent livelihood.

But is the employer much more independent than the worker?

The employer is not the absolute master of the enterprise. There is the financier who, year by year, demands that his money be fertile. From the very first day of its entrance into circulation, does not money lay claim to an offspring?

## Wages and prices

The employer's life already claims a profit. The fertility of money demands profits yet more peremptorily.

The first condition for industry to get profits is to sell its products. To sell, one must offer one's products at a price which can withstand other producers' competition. The worker can forget this, but the employer must keep it in mind constantly, or the threat of ruin violently reminds him of it.

Now, if the employer increases his workers' wages, he must necessarily increase the sale price of his products—otherwise he will be in the red and have to consider a liquidation.

And if the employer increases his sale prices to cover wage increases, will he be able to sell in front of the competition? And if he does not sell, or if he sells less, he must reduce the number of his personnel, or sell at a loss and soon suffer the total closure of his workshops, putting both employers and employees in front of an empty chest, or to live off neighbours or public administrations.

No doubt all workers of an industry as a whole can unite to demand an increase in wages; no doubt, all employers of this industry as a whole can come to terms with one another, to agree to a general increase in wages and to a parallel increase in sale prices in this industry as a whole. The competition obstacle disappears by this cartel.

But what will be the result? Who will pay for the increase in sale prices, if not the consumer, who will have either to do without the more expensive items, or pay for them at the raised prices and do without other articles? In either case, at least short-time working will hit at least a section of the workers and employers.

The sectors which thus increase their wages and cover them by the price increases of their products, benefit temporarily. But in front of these increased prices, the other sectors will certainly bustle about until they get a corresponding increase. This is the general rise in prices that pinches all consumers. Now, do not the majority of the consumers belong to the working class?

What good does it do me to receive 5 percent more in wages, if the price of products is increased by 5 percent? Or if I have to be unemployed a day or two a week, or two to three months during the year?

## Forgotten plenty

And while the financiers, the entrepreneurs, and the employees are thus at daggers drawn with each other, to determine what share will go to one, what share to the other, mountains of products remain without buyers.

They strike back, unionize, mutually send out ultimatums, demand or refuse arbitration tribunals, discuss, put off, sign provisional agreements, outline them, begin the fights again, go on strike, declare lockouts, set up meetings, make virulent speeches. Hatred revives, moralists preach, agitators point out the shop windows and the beautiful homes, governments prepare to mobilize troops, masses turn toward Communism, investors are afraid, children die of hunger, women despair, men commit suicide, Christians are damned — all this because they do not manage to give satisfaction when they try to share out a two-billion dollar production, while at least two other billion worth of products vainly solicit consumers, and while other billions worth of goods could be made, if effective demand for them existed.

Three men fight to death over a loaf of bread, while two other loaves of bread rot under their very eyes, because no one thinks to take them.

## The struggle for the symbol

The whole gamut of modern economic problems is there — the labour problem as well as the others: the emphasis in the economic question has been shifted from real wealth (products) — to the symbol (money). We tear each other to pieces on account of scarce money, instead of fraternizing to enjoy a plentiful production.

One thinks in terms of dollars, instead of thinking in terms of wheat, articles of clothing, shoes, houses, goods and services of all kinds. Because one thinks in terms of dollars, and because the banker makes the dollars scarce, one thinks in terms of scarcity.

It would be so easy to satisfy everybody, to establish peace and understanding between employers and workers, if the money to share was as plentiful as the offered production.

Would one need arbitration tribunals, or violent measures, to decide how many bushels of wheat, how many pounds of cheese, will be the employer's share and how many will be the worker's share, when the employers and workers together are incapable of consuming all the wheat and cheese that the country's even bridled production can provide?

Should one have to undergo so many struggles to decide how many pairs of shoes the employer will be able to appropriate and how many the worker will be able to take, when the shoe manufacturers have to close their doors because there are too many shoes in the country?

And this question could also be asked about firewood, space and material to build houses, furniture, and likewise, all other things.

## Why not see the beautiful realities?

There are ever so many resources to put plenty everywhere. But the distribution of all these things is tied to the money symbol. And one stops at the money symbol. One finds the money symbol scarce, and one accepts the decrees of those who make it scarce without reason. One does not see the plentiful things any more.

It is God and man's hands and minds that have made the plentiful things. One closes one's eyes to the generous gifts of Providence. One closes one's eyes to the fruits of man's genius and human labour, and one fixes them on the scarcity of money, and one persists obstinately to struggle for scarce money.

Therefore when are you going to open your eyes on the beautiful realities, instead of fastening them on the artificial symbols, you, sociologists, union leaders, who spend so much energy on the sharing of dollars?

If only you would devote one-tenth of these energies to demand that the dollar makers bring out dollars in relation to what the farmer brings out from his field, in relation to what the employer, the worker, and the machine bring out from the factory?

Make the Canadian dollars as plentiful as the Canadian production. Bring the Canadian dollars into the Canadian homes, to buy the Canadian production.

If the soil obeys the farmer's plough, if the tool obeys the mechanic, why should not the dollars obey an exact national accounting?

## Progress that mortifies

Then here a human mind, joining its personal researches to the researches and acquisitions of centuries of study, causes a new machine to come into existence. The machine will do the work of twenty workers and will require the attention of only one.

For the employer, it is an advantage. For the worker, it is a terror. Why? Since the machine supplies the product, while it does away with man's labour, and since the product is made for man, man ought to get the product in a different way than through his wages — at least in the proportion that the product comes without his labour.

A new problem is created for the worker — that of his displacement by the machine. This is a problem which will never be settled through wage scales, since the wage-earner is suppressed by mechanization.

## Leaders who kiss their chains

What are the experts doing about the labour questions to bring to families the more and more plentiful production dissociated from human labour, dissociated from wages?

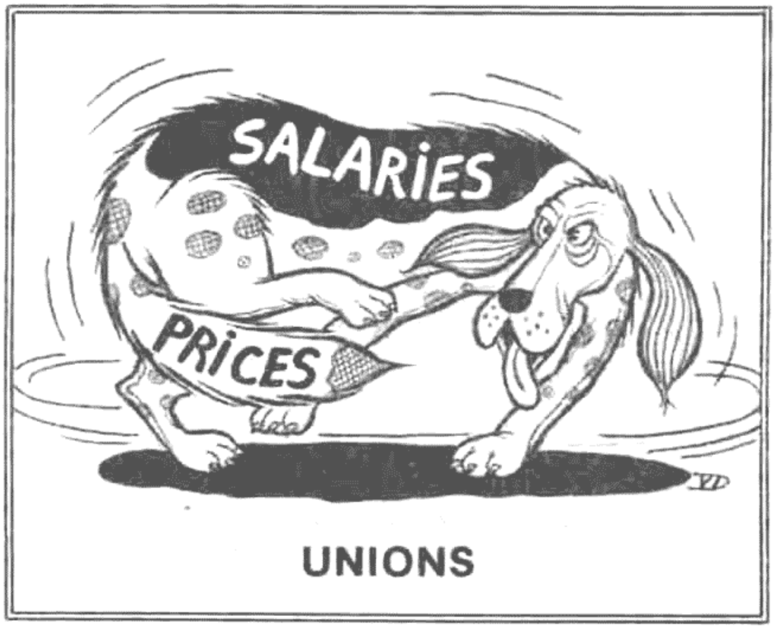
Trade unions organize and struggle. Why? Are not their activities wasted on the means of getting a bigger share of the scarce symbol, a bigger share of the dollars limited artificially in quantity? First of all, when have they considered demanding a total number of dollars regulated by total manual or mechanical production? Has not one seen frequently, on the contrary, the authorities of these trade unions eliminate attentively, or forbid formally, any discussion on this subject?

Money is scarce, they agree. The employer is, like themselves, the slave of money scarcity, they have to admit. But they accept this slavery, and they make use of their militancy in the struggle between slaves. They admit the artificial scarcity, and fight over rations.

To request the liberation of plenty would mean to give in to Social Credit; it would mean to become a political activist, according to them!

Accepting the absurd scarce money system in front of a plentiful production, is not being a political activist, but it is to call for a more accurate and more social system: this is being a political activist. Crawling is not being a political activist, but standing up to an unbelievable disorder: this is being a political activist. Taking from brothers who suffer equally from money scarcity, is not being a political activist, but attacking the bankers' system, which without reason creates this money scarcity: this is being a political activist.

Does not the master of money find remarkable protectors, even among those who seem to feel pity for his victims?

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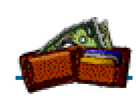
## Chapter 36 — There Is No Unemployment Problem — There Is a Dividend Problem

*(An article of Gilberte Côté-Mercier, first published in the February 1, 1961 issue of the Vers Demain Journal.)*

### Leisure



Unemployment is not a problem. On the contrary, it's a blessing. It's an objective; a goal sought for centuries by scientists, by universities, by intelligent people.

Unemployment, free time, leisure: do not all people wish for this fervently? Did not studies throughout the evolution of civilization, in a great part, have as a goal to develop science in such a way, more and more, so that machines would be added to human hands, even to reach the point of completely replacing human labour, and to produce an output infinitely greater than mere manual labour can? Did we not succeed in inventing machines which do the work in our place? Electronics even leads us to replace the human minds for calculations. Isn't this marvellous? Yes, indeed!

What is marvellous is the genius and the discoveries, the plentiful production stemming from these discoveries, to end up with so much production with much less work. So, people should now be able to relax and take a rest! Of course, since producing more while working less must certainly mean “to be able to rest”! Don't you think so? To be unemployed means to stop working, to rest. (God rested on the seventh day of the Creation, says the Bible. This is why man is commanded to stop working, to rest, on Sundays.)

When unemployment becomes widespread, it means that a great number of workers are at rest, and that the products for their needs come to them, just the same.

So if unemployment becomes widespread, in every country in the world, one must rejoice, since it represents both rest and the existence of useful goods, the possibility of resting while the basic necessities of life are being produced, just the same.

Well, despite all of this, people are not thrilled about unemployment; they rather moan about it. They complain about progress; they bemoan the fact that machines are working in place of them and giving more results, without tiring them. The whole world moans over progress, the machine, rest, unemployment.

## A lack of money

Some people might say: “Well, when we are unemployed, we have no money!”

So, it is not because they are unemployed that they are complaining; it is because they do not have enough money to live on!

People should therefore not say that it is unemployment that is the problem, but the lack of money. It is the lack of money that is the problem.

There is no unemployment problem. And it is because authorities persist in wanting to settle the problem of unemployment — a problem which does not exist — that they settle nothing at all!

There are some people who propose to put the machines away, and to harness men in the place of the machines to allow them to earn wages. Is this not stupid, especially since the machines can produce more in less time and without any sweat whatsoever? Why not give free money to the workers, and then let them watch the machines do all the work? This would be money given to people for doing nothing, instead of letting the machines do nothing.

Some might retort: “Giving money to people for doing nothing would be a dividend!” Exactly, it would be a dividend. And therein lies the problem: it is not an unemployment problem, but a dividend problem. It is not a production problem, but a distribution problem. One must not seek to make people work in the place of machines, but seek to distribute the products of the machines to people who have needs, without forcing these people to work, since the machines are working in their stead.

Wages are intended to purchase the products stemming from brawns and brains, whereas dividends are intended to purchase the products of the machine. When man works with his hands, he gets a wage. When it is the machine that works in the place of men, all men should get a dividend. The products stemming from the hands are paid for with wages. The products of the machines should be paid for with dividends. The products stemming from the hands are the fruits of human labour. It is the wages, the remuneration of human labour, which can pay for the products stemming from the hands. The products of the machines come free of charge, without human labour. Since the products of the machine are free, the money to purchase these free products must also be given for free. And free money is a dividend.

It is a dividend to whom? To the working class? To the unemployed who do not work? No, it is intended for no special category; it is a dividend to all consumers, to all those who buy things, to all Canadians. It is a dividend to you, to your father, to your mother, to each of your children. It is a dividend to the rich and to the poor as well. It is a social dividend — a dividend to purchase the products of the machines, to purchase progress, which is a social good.

## Without taxes

— But, who will be paying for this dividend? — Society, since it is a social dividend. — But will not society tax us for it? — Not at all. If society was to tax us, it would be removing money from us. It would be the opposite of giving us money, the opposite of the dividend. We must get free money, money given to purchase progress. It is not taxes that we need.

— But from where will society take this money to give to everyone? From where will Canada take so much money to give out to all Canadians? — From the accounting ledgers. Money is basically a matter of bookkeeping; it is figures. The monetary system is put into function by the banks. And at the head of our banking system, we have the Bank of Canada.

The Bank of Canada must see to the issue of necessary money in order for each Canadian to get a dividend, each month — let us say of at least $800 — so that each Canadian can purchase his share of the products from progress, products manufactured by the machine.

## Finished with the headache of unemployment

And what about unemployment? Well, it will no longer be an issue. There will no longer be what is called the unemployment problem, if everyone gets a dividend. The storekeepers will sell their products. The manufacturers will manufacture more. The unemployed will be called back to work. And all desired products will be sold. And when there are too many products in comparison with needs (when the supply is greater than the demand), the production will slow down, increasing leisure, spare time. And the dividend will increase as the mechanized production increases. The fruits of our labour will always be paid for by our wages. And the fruits of the machines will be paid for by the dividends.

Without the social dividend, progress is harmful, since it creates unemployed people without money. With the dividend, progress will be distributed to all.

Without the social dividend, progress makes starving unemployed workers. With the dividend, the unemployed will be financed. Unemployment will be called leisure for free men, time available for free activities. The wealth of great lords is leisure. A really rich man is one who can dispose of his time as he pleases, not one who is harnessed to earn a living like a beast of burden.

The socialists and leftists in our universities and State schools, in our trade unions, in our media, and in most associations, want man today to continue to be harnessed. They call for full employment. On the contrary, the Social Crediters want man to be really enriched by progress, to be liberated by the machine. They want man to dispose of his time for his culture, for studying the arts, philosophy, for charity; they want man to be really civilized! Social Credit is a doctrine of high civilization, of true Christianity. To be hired is to get trashed by the controllers, who are thirsty for little or great power, political and civil power — absolute power in the countries under the yoke of Moscow, or more and more tyrannical power in the so-called free countries which are really under the yoke of International Finance.

As long as our university scholars do not call for the social dividend, one may question what is the use of enlarging universities, and to pay for everyone's education. Today's progress is not distributed; machines are put away, men are harnessed like horses, and are left starving amidst plenty. Yet, our universities have already cost us millions. What a success our sacrifices for our schools have given us! Look at the unemployed without bread; look at those who are hired to work with pick and shovel. It was not really worth the trouble to be so learned. Before enlarging and multiplying schools, it would be far better to teach Social Credit in the schools that we now have; to teach students, and teachers as well, about the dividend, and to make them realize that there is no unemployment problem, but rather a social-dividend problem.

http://www.michaeljournal.org/plenty37.htm

# Chapter 37 — Full Income Instead of Full Employment

*(An article of Louis Even, first published in the September 1, 1960 issue of the Vers Demain Journal.)*

## Perversions of ends and means

To speak of full employment, that is of universal employment, is to make a contradiction with the pursuit of progress in the techniques and processes of production. New and more perfect machines are not introduced to tie man to employment, nor are new sources of energy tapped for this end, but rather they are brought into production for the purpose of liberating man from work.

But, alas, we seem to have lost sight of ends. We are confusing means and ends. We mistake the former for the latter. This is a perversion, which infects our whole economic life and which makes it impossible for men to enjoy to the full the logical rewards of progress.

Industry does not exist to give employment, but to furnish products, goods. If it succeeds in furnishing such goods, then it has accomplished its purpose, met its end. And the more completely it meets this end with the minimum of time and the minimum employment of human hands, the more perfect it is.

Mr. Jones, for example, buys his wife an automatic washing machine. Now the weekly wash will take only a quarter of the day instead of a full day. When Mrs. Jones puts the clothing in the washing machine along with the soap, when she turns on the taps bringing in the proper mixture of hot and cold water, she has nothing more to do except to turn on the machine. The machine washes the clothes, rinses them, and then stops automatically when the clothes are ready to come out.

Is Mrs. Jones going to bemoan the fact that she now has more time to do what she pleases? Or is Mr. Jones going to search for another type of work to replace that from which his wife has been freed? Certainly not. Neither one is that stupid.

But we do find such stupidity running rampant in our social and economic life, for the system makes progress penalize the individual, instead of bringing him relief, in that it persists in tying purchasing power, the distribution of money, to employment, and employment alone — employment in production. Money comes only as a recompense for effort and labour in production.

The role of money has also been perverted. Money, basically, is nothing more than a ticket which we present in order to obtain goods or services. It is a ticket which is universally valid permitting the purchaser to buy what he wants and which makes available to him the entire market of goods and services. He has at his disposal the entire production of the country.

If it is desirable that the economy of the country fulfill its reason for existence, which is to satisfy human needs, then individuals must have sufficient use of these “tickets” to be able to lay hands on enough products, in as far as the country's capacity for production can meet such demands. The volume of money with which to buy goods should be regulated by the sum total of goods and services offered, and not by the sum total of work necessary to produce them.

It is true that production distributes money to those who are employed in the work of producing. But this is as a means, and not as an end. The end of production is not to supply money, but to furnish goods and services. And if production is able to replace twenty salaried individuals by the introduction of one machine, it has not in any way thwarted its true purpose. And if it could furnish all the production necessary for humans, and not distribute one cent of money, it would still be meeting the end for which it exists: to furnish goods and services.

In freeing men from labour, industry should certainly receive the same gratitude which Mr. Jones received from his wife when he liberated her from hours of work by purchasing an automatic washing machine for her.

## When purchasing power disappears

But how can a man say “thank you” when he has been liberated from work by a machine, when he finds to his consternation that he has no money?

And this is precisely where our economic system has become defective, in that it has not adapted its financial mechanism to its productive mechanism.

In the measure that industry or production passes out of human hands, so too should purchasing power, in the form of money, be channeled to consumers through some other means than just recompense for employment.

In other words, the financial system should harmonize with production, not only with respect to volume, but also with respect to the manner in which it is distributed. If production is abundant, then money should be abundant. If production is liberated from human labour, then money should be dissociated from employment.

Money is an integral part of the financial system, and not a part of the production system, strictly speaking. When the production system finally reaches a point where it can distribute goods without the aid of salaried individuals, then too the financial system should reach the point where purchasing power can be distributed by some other means than salaries.

If such is not the case, it is because, unlike the production system, the financial system has not adapted itself to progress. And it is precisely this difference which has given rise to grave problems, when in fact progress should make all problems of such a nature disappear.

Replacing men by machines in production should lead to the enrichment of men, to their deliverance from purely material worries and cares, permitting them to give themselves over to human pursuits other than those which are related solely to the economic function. If, on the contrary, such a substitution leads to privation, it is because we have refused to adapt the financial system to this progress.

## The financial system is false and obsolete

Our physical capacity to produce no longer poses any problem to producing, easily and efficiently, all that is required by normal needs. And we have all the means to transport and distribute such production. If the financial system truly reflected this state of affairs, it, neither, would pose any problems. There would be no financial problem, just as there is no production problem and no problem in transportation and distribution. But finance does not reflect the realities of production and distribution. It is in flagrant opposition to such realities.

Our financial system is as false as a map which would put Toronto to the east of Montreal. A traveller who set out for Toronto, following such a map, would soon end up in the gulf of St. Lawrence. The further he went, the further he would be from his goal.

**Nevertheless, the financial system, which is not a thing devised by the Almighty, was invented by men certainly to serve our economic life, and not to command it, much less tyrannize it. It should, then, reflect the realities of our economic life at all times.**

## Two extreme situations

In a primitive economy, where production depends almost solely upon the employment of all available hands all the time, the right to the fruits of production might quite justifiably be tied to employment in production. A financial system then which distributes purchasing power only through salaries paid to employment in production, might be quite suitable in a primitive economy.

At the other extreme, that of total automation, where all production flows forth without the need of a single human hand, any financial system which tied the distribution of purchasing power uniquely to employment would achieve absolutely nothing. In such a hypothesis then, in order to give the consumers the “tickets” which would permit them to choose what goods they need, and thus, incidentally, guide the activities of automated production, it is necessary to find a means for distributing this purchasing power absolutely dissociated from employment, since employment would no longer exist.

This purchasing power, dissociated from employment is called by the Social Crediters a dividend. And it is a particularly suitable word. The dividend which the capitalist receives is something quite apart from his employment. It is the employment of others which brings in this dividend. Likewise, in the hypothesis of completely automated production, the consumers' dividends would be completely dissociated from their employment; it would be the employment of progress which would bring them their dividends.

Such a dividend would necessarily be the same for all, since it would be earned by no individual. This would be a dividend whose capital would be the greatest of all capitals, the preponderant factor in modern production, that is, progress; progress which has been built up by generation after generation, and handed down from one to the other. It is a capital in which all the living are equal co-heirs.

A financial system, then, which reflected exactly the facts of a completely automated production system, would by necessity be exclusively a financial system of dividends.

## The case of existing production

But between these two extremes, between a primitive economy and a system which is totally automated, there are various stages. These various stages should reflect a system of purchasing power, neither totally tied to salaries nor totally tied to dividends.

We are, at present, far from the primitive economy. So the distribution of purchasing power tied uniquely to employment contradicts the evolution of our production system.

A part of our production is due to the effort of men employed in production. This part then justifies the distribution of a part of the purchasing power through salaries.

But a very large part of production — and a growing percentage — is due to technological progress and not to the employment of people. This part then should be reflected by the distribution of dividends, of dividends to all, since it is the fruit of progress, a common heritage, and not the fruit of any present effort.

The raising of salaries, when the amount of work being done by human hands is reduced, is likewise a perversion. It is to turn the dividend for all into salaries for the producers. It is to deny to all, as heirs to the fruits of progress, their claims on a free share in the fruits of production. It is to make even wider the divergence between the cost price and the real production price of the goods produced. It leads to the necessity of taxing the revenues of producers for various allocations, a brutal manner of imperfectly compensating for the refusal to issue the dividends due to everyone. It is to add still another inflationary factor to a financial system which is already inherently inflationary.

A double distribution of purchasing power — that which is in accord with the efforts of individuals needed in production, and the dividend for all — would soon cause these difficulties to disappear. It would in no way diminish the total of goods flowing out to families. In fact, it would increase it, since all production, freed from financial hindrances, would meet the needs of the people in a more direct manner.

http://www.michaeljournal.org/plenty38.htm

# Chapter 38 — Equality Between Money-Figures and Price-Figures

*(An article of Louis Even, first published in the February, 1966 issue of the Vers Demain Journal.)*

Cast a glance over all the objects that are in your home: a piano, ties, beds, forks; whatever object, they have all been purchased. If they are a gift, the person who gave them to you had to purchase them first.

Unless you are a farmer, all that is on your table or in the refrigerator has also been bought. Even farmers have on their tables things they had to buy — just to mention pepper and salt — and they also had to purchase the ploughing implements that allowed them to produce the food that is on their tables or that they sell on the market.

This is modern life: people work to produce goods that will not be consumed by themselves personally, that will not end up in their homes. These goods are made to be sold on the community market, nation-wide.

Then, each person goes to this community market and chooses what he wants. One can choose as long as one has the means to choose, since the products are not given away; they are sold. They are marked with a price tag, in dollars and cents. In other words, to be able to buy something, you must possess the equivalent in dollars and coins. The more money you have, the more choices you have to purchase goods. If you have no money at all, well, you can choose absolutely nothing: you must then live off the charity of others.

## Prices and purchasing power

This means that our standard of living depends on the existence of two things: first, the existence of goods before us, and second, the existence of purchasing power in our pockets.

The existence of goods before us — whether in stores or warehouses — is no problem today. Goods can come in stores as fast as they are ordered — except, perhaps, in wartime, when the production of consumer goods is stopped intentionally in order to produce deadly weapons.

But if goods arrive on the market quickly and in plenty, the purchasing power in our pockets comes at a much slower rate. To prove it, wallets are often empty, but stores are never completely empty. New goods arrive faster in the stores than money does in our wallets.

There is a price on every good for sale. What is this price made up of? Look, it is made up of figures.

## Money is figures

And what about the money in your pockets — when you have some, what is it made up of? Look, it is made up of figures. Take bank notes of $2, $5, or $10: they are all rectangular pieces of paper of 6 inches by 2.75 inches. What differentiates them from each other is the figures printed on them, nothing else. The 10-dollar note is worth twice as much as the 5-dollar note because one bears the number 10, and the other, the number 5.

If you have a bank account, you can say: "I have some money deposited in the bank." What is this money in the bank made up of? Look in the banker's ledger, or in your bankbook: you see nothing but figures.

When you write a cheque to pay somebody, or when somebody writes a cheque to pay you, what gives value to this cheque? The amount that is written upon it — the figures.

Prices on goods are figures. Money to purchase goods is also figures.

If the figures that are prices and the figures that are money corresponded, there would be no more problem to pay than there is to produce.

But this is not the case, and that is why goods pile up even though retailers try to sell them; that is why they do not reach the consumers who need them.

## Lack of purchasing power

There is a lack of purchasing power, whereas goods are far from lacking. Purchasing power consists in the relation between the figures you have in your wallet and the figures that are marked on goods.

When the figures that are marked on goods increase, people say: "The cost of living is high." But say what you like, it remains high.

When the figures in our wallets diminish or disappear, people say: "Money is tight. We do not have enough money." But say what you like, it will not make money come into your wallets.

He who has little money, who is continuously short of money for his needs, says: "I am poor." There are many people who say: "I am poor."

There are some of these people who say: "I am poor because there are other people who are too wealthy." We, the Social Crediters, never say this. We know that one does not have to impoverish the wealthy in order to make the poor richer.

Let us suppose there is not much money in your wallet. Go to a store; go, if you wish, at the same time as a rich person goes. What do you notice? The rich person easily buys everything he needs. He leaves the store with one or several full boxes. Is the store empty because of this? If you cannot bring home what you need from the store, is it because this rich person took so much with him that there is nothing left for you? Of course not. The real reason is because your wallet is too slim. So, if money was put in your wallet without taking it from the rich person's wallet, would this not suit you?

Then, what prevents more money from being put into the wallets when there are still unsold goods and a multitude of unemployed people who could make even more goods if the quantity of goods threatened to diminish? If money is figures, what prevents the money-figures from being put at the level of the price-figures? The rich person does not possess all the figures of arithmetic. Figures are the most inexhaustible thing that can exist. It is a very strange thing indeed that people have to suffer, not because of a lack of goods, but because of a lack of figures.

Oh, I could imagine some distinguished economist who says with a shrug: “Money cannot be created just like that; what would be the use of money with no goods to match it?”

It would certainly be useless! But please tell us, Sir, what use are goods with no money in front of them? They are only useful to make people unemployed, deprived, and exasperated. But if you have goods in front of needs, and money on the same side as needs, then both goods and money will be useful.

Of course, money must not be created in any way, without any relation to goods. Money must be issued in an intelligent way, so that the price-figures and the money-figures can correspond, and so that everyone can have enough money-figures to live.

## A dividend and lowering of prices

There are two ways to have price-figures and money-figures correspond: prices can be lowered, or wallets fattened.

Social Credit would do both without harming anybody, by suiting everybody.

With the present financial system, it is impossible to lower the prices without harming the producers, and impossible to fatten the wallets without raising the prices.

You have seen, quite often, workers demanding pay raises. Why? Because their wages, which are made up of money-figures, are too small in comparison with the price-figures marked on goods. They are right to complain since they have needs that remain unanswered in front of goods that pile up.

But if workers get pay raises, these pay raises are included in the prices, and the price-figures increase accordingly. The gap remains between the price-figures and the money-figures.

Money-figures must be increased without increasing the price-figures. For this, additional money must come from a source other than industry. This is what a Social Credit financial system would do. This is what the Social Crediters call “a dividend”: a dividend to all, since it is not a salary as a reward for work.

On the other hand, Social Credit also proposes a monetary mechanism to lower prices, without harming the producers, because the retailers would be compensated for the sum the consumers do not have to pay.

The two mechanisms put together — the lowering of prices and the dividend — would be calculated so as to balance price-figures and money-figures.

Both are needed. If there is only a dividend, the prices could tend to raise, even if the actual cost price of goods remains the same. And if there is only the lowering of prices, without a dividend, it would be of no use for people with no income.

## Progress at the service of the human person

More and more, technological progress allows to produce more with less human labour.

This progress, the many inventions, scientific applications, discoveries of new sources of energy, are not due to the work of a single man, nor the work of a few, not even the work of the present generation only. All this progress is capital that has been increased and transmitted from one generation to the next. It is a communal good that must not benefit a few only. “The discoveries of human genius,” wrote Damien Jasmin, “must benefit every man, and not only a few fortunate and rich ones.”

When a capitalist invests some money in a company, if this company is profitable, the capitalist gets a dividend, even though he does not work personally in this company. Those who work in that company receive wages, but the capitalist who invested money in it receives a dividend; and if he also works himself in the company, he receives both a salary and a dividend.

Well, Social Credit says that progress — the great capital we have just talked about above, which is a community capital that is more and more productive — must bring in dividends to all, since all the members of society are the co-owners of this progress. Those who do not work remain just the same the co-owners of this communal capital, and are entitled to a dividend. Those who work are also entitled to this dividend, and to their wages as well.

This is where the Social Crediters stand on the progress issue.

Those who persist in saying that one must be hired to be allowed to purchase goods, are obliged to create new jobs, whereas progress eliminates the need for human labour. They go against progress! They try to create new material needs to keep people employed, thus making progress lead to materialism. Or else, they direct the economy towards war production, and to war itself, which is the most efficient way to destroy production and to keep people employed.

The Social Crediters want to put progress at the service of man, and free man, more and more, from material worries, thus allowing him to devote himself to functions other than the sole economic function.

The dividend to each and everyone, besides being an acknowledgement of the right of all to an income issued from a productive communal capital, is also the most direct method to guarantee to every human being at least a share in the material goods, which are meant for all. This method is all the more urgent since there is no other method proposed today to ensure this right. In a world where at least two-thirds of the population have no means of production of their own, they need a compensation so as not to be reduced to choosing between total starvation and becoming the slaves of those who concentrate more and more into their hands the sources of wealth.

http://www.michaeljournal.org/plenty39.htm

# Chapter 39 — The Environment — Where Money Is Concerned

*(An article of Alain Pilote, first published in the July-August, 1994 issue of the Vers Demain Journal.)*

## Only Social Credit can put an end to the waste of resources while allowing the blossoming of the human person

One has been hearing a great deal, for a few years, about the environment or ecology, that is to say, the need to prevent the destruction of nature by pollution and by the bad use of natural resources. If it is true that one cannot go against the laws of nature indefinitely as regards development, some environmentalists go as far as to say that drastic measures should be imposed to protect the environment, and that since the governments don't have the courage to do it, a supranational authority will be needed to impose such decisions – which goes totally along the lines of the International Financiers and their wish for a world government.

These people do not hesitate to exaggerate the seriousness of the environmental problems, in order to impose more control over the population. One only has to think about the so-called hole in the ozone layer, or the claim that the resources of the earth cannot support the whole of the world's population, which would oblige the use of drastic means to reduce the population, like having recourse to widely-spread abortion and artificial birth control – which is what is advocated by the United Nations, and strongly opposed by the Catholic Church, through its leader, Pope John Paul II. There is enough food and resources on earth to support every human being; if these goods do not reach those who need them, it is because the money system – the distributive system – does not work properly.

If one examines the problem closely, one sees that it is the rules of the present financial system that cause such a useless degradation of the resources of the globe – especially the rule that binds the distribution of purchasing power to employment, thus creating situations like this one: ecologist groups would like a certain plant to be forced to stop polluting, but the Government replies that it would cost this company too much and could even force it to close down, and so it is preferable to keep the precious jobs, even at the expense of the environment.

Reality – the environment – is sacrificed for the symbol – money. And what about all the artificial needs created for the sole purpose of keeping people employed? What about all the paper work and red tape that requires the need for a lot of people, packed in office buildings? What about goods manufactured in order to last as short as possible, in the aim of selling more of them? All that leads to the useless waste and destruction of the natural environment.

## The pollution of souls

And one could say a lot too about another kind of pollution – much worse than the first kind – caused by the present financial system: the pollution of souls, which puts our eternal salvation in jeopardy. One only has to think about the State that promotes lotteries and gambling to collect more money; the industry of drugs and sex; the people who, in order to get money to live, are forced to accept jobs that go against their consciences, against the Commandments of God; children who are forced to steal, to prostitute themselves, etc. On this matter, Pope John Paul II wrote in his Encyclical Letter *Centesimus Annus* (paragraph 38):

> **"In addition to the irrational destruction of the natural environment, we must also mention the more serious destruction of the human environment, something which is by no means receiving the attention it deserves. Although people are rightly worried – though much less than they should be – about preserving the natural habitats of the various animal species threatened with extinction, because they realize that each of these species makes its particular contribution to the balance of nature in general, too little effort is made to safeguard the moral conditions for an authentic 'human ecology'."**

In other words, if man persists obstinately in acting against the order wanted by God – whether the laws of nature or the moral laws – it can only turn against him. If a society has no moral principles at all, even an army of policemen won't be sufficient to bring back order and common sense.

The Pope added:

> **"The first and fundamental structure for 'human ecology' is the family, in which man receives his first formative ideas about truth and goodness, and learns what it means to love and to be loved, and thus what it actually means to be a person. Here we mean the family founded on marriage, in which the mutual gift of self by husband and wife creates an environment in which children can be born and develop their potentialities, become aware of their dignity, and prepare to face their unique and individual destiny."**

All those who want a better environment, material and spiritual one as well, should study the money question, in order to know what is defective in the present financial system. And they will discover that only Social Credit can put an end to the waste of resources, while allowing the blossoming of the human person.

## Shortage of purchasing power

The basic cause of the pollution of the environment, of the waste of the resources of the globe, is the chronic shortage of purchasing power, which is inherent in the present financial system. One cause of the money shortage is, of course, the interest on bank loans. The regular readers of the "Michael" Journal know that all the money in circulation is created by the banks, in the form of debts. All the money in circulation is a loan, that must be returned to the bank, increased with the interest. The banker creates money and lends it, but he has the borrower's pledge to bring all this money back, plus other money that he did not create. The banker demands the borrower to pay him back, in addition to the principal he created, the interest he did not create, and that no one did create. As it is impossible to pay back money that does not exist, one must borrow again, and debts pile up. This is what happens in all the countries in the world.

## An inherent flaw in the system

Even if the banks charged no interest, nevertheless, at any given moment the amount of money available to the community as purchasing power is never sufficient to buy back the total production made by industry.

The economists maintain that production automatically finances consumption; that is to say, that the wages and salaries distributed to the consumers are sufficient to buy all the available goods and services. But facts are proving just the opposite. Scottish engineer Clifford Hugh Douglas was the first to demonstrate this chronic shortage of purchasing power. He explained it this way:

The producer must include all his production costs in the price of his product. The wages distributed to the employees (which for convenience's sake can be labeled "A" payments) are only one part of the cost price of the product. The producer has also other costs besides wages costs (which are labeled "B" payments), that are not distributed in wages and salaries, such as the payments for raw materials, taxes, banking charges, depreciation charges (to replace machinery), etc.

The retail price of the product must include all the costs: wages (A) and other payments (B). So the retail price of the product must be at least A + B. Then, it is obvious that the wages (A) cannot buy the sum of all the costs (A + B). So there is a chronic shortage of purchasing power in the present system. If one tries to increase wages and salaries, the wage increases will automatically be included in the prices, and it will settle nothing. (It can be compared to a dog running after its tail.) To be able to buy all of the production, an additional income is needed coming from a source other than wages and salaries, an income at least equivalent to B. This is what the Social Credit dividend would do, being given every month to every citizen in the country. (This dividend would be financed with new money created by the nation, and not by the taxpayers' money.)

## What has kept the system going

Without this other source of income (the dividend), there should be, theoretically, a growing mountain of unsold goods. But if goods are sold all the same, it is because, instead, we have a growing mountain of debt! Since people have not enough money, retailers must encourage credit buying in order to sell their goods. But this is not sufficient to fill the gap in the purchasing power.

So there is also a growing stress upon the necessity for works that distribute wages without increasing the quantity of consumer goods for sale, such as public works (building bridges or roads), war industries (building submarines, airplanes, etc.). But this is not sufficient either.

So each country will strive to achieve a "favourable balance of trade", that is to say, to export, to sell to other countries more goods than it receives, in order to obtain, from these foreign countries, the money that the population is lacking at home to buy their own products. However, it is impossible for all nations to have a "favourable balance of trade": if some countries manage to export more goods than they import, there must be also, necessarily, countries that receive more goods than they export. But no country wishes to be in that position, so it causes trade conflicts between nations, that can degenerate into armed conflicts.

Then, as a last resort, the economists have discovered a new export market, a place where we can send our goods without anyone trying to send anything back, a place where there are no inhabitants: the moon, outer space. Some countries will spend billions of dollars to build rockets to go to the moon or other planets; all this huge waste of resources just to generate wages that will be used to buy the production left in our countries. Our economists are really in the clouds!

## Environmental implications

From there, you can easily imagine all the implications these foolish economic policies have on the environment. The following paragraphs summarize these implications very well. They are taken from the special supplement on the environment entitled *Green – Where Money is Concerned*, published in the summer of 1991 by the English publication *The Social Crediter* (K.R.P. Ltd., 16 Forth Street, Edinburgh EH1 3LH, Scotland), which adapted it from *The New Times*, published by the Australian League of Rights:

"The picture that emerges from this understanding of the impact of the financial system is of an economy driven largely by financial imperatives rather than by consumer demand for tangible products of the economy, and consequently proliferating unwanted production. The financial pressures tending to make production a goal in itself constitute a powerful incentive to overuse and waste resources. Merely for the sake of distributing income, we must compulsively churn over the resources of the earth.

"The effects of this compulsive economic activity on the environment are tremendous. Thousands of deleterious intrusions on nature are justified on the grounds that they put income in people's pockets. Shoddy quality and built-in obsolescence are winked at because they guarantee rapid replacement of goods and sustained economic 'busy-ness'. Financial structures encourage companies to cut corners and employ inferior, polluting technology rather than up-to-date, clean productive methods. Production is tallied favourably in government statistics without regard to whether it degrades or debilitates people or is functional or ever actually fills consumer needs. Endemic misdirection of effort subverts ecological morality; the sense of humanity's place in nature is weakened.

"To put the position somewhat differently, instances of environmental degradation are largely symptoms of the deeper problem of a persistent shortage of consumer buying power.

“Environmentalists routinely denounce exponential economic growth as folly. Unfortunately, without precise understanding of what makes such growth imperative, they cannot suggest anything very practical in the way of alternatives.

## The false god of full employment

“Full employment, one of the silliest concepts ever developed, is of course bound up in the whole sorry mess... The purpose of economic activity is to make life more, not less, congenial. A lot of, if not most, employment Å especially the make-work variety Å is fundamentally pointless and degrading (...)

“Why is the environmentalists' silence about the folly of the policy of full employment a significant failing? At least in part because keeping people employed is tremendously costly, and when it is done merely as a roundabout means of distributing incomes, it constitutes sheer waste. Just as many individuals find that much of the income they derive from work ends up being expended in allowing them merely to continue working, so an economy that strives to keep all citizens at work winds up applying vast quantities of resources to that end without net gains in productivity.

“Office complexes must be built and maintained to house the “fully employed”; mountains of supplies must be manufactured for them to “work” with; systems for moving them to and from the workplace must be installed; great amounts of fuel must be extracted and refined and transported and burned to get them to and from work and keep them warm once they are there; and so on.

“The fixation, resulting from years of brainwashing on the subject by the media and object lessons in the form of economic depressions and recessions, that we have on the desirability of creating jobs has blinded us to the fact that deliberate pursuit of `full employment' can lead only to inefficiency... Full employment suits dull functionaries, not creatures bearing the stamp of divinity. (...)

## To correct the problem

**“Really, the only way to deal with the problems of pollution and spoliation is to remove the incentive for abuse. The principal engine of economic waste is the emphasis on production as an end in itself to deal with an inherent defect in the system of income distribution. It follows that correction of this defect would take the pressure off people to build capital that is redundant and that nobody wants in itself. It would allow a rational and balanced assessment of our environmental situation and open the broadest possible range of options for contending with it.**

**“The first step towards economic and environmental regeneration is to increase the flow of income to consumers. Of course, by ‘income’ is meant real buying power – not recycled debt for which the people are already responsible in their roles as consumers and taxpayers. The banks create billions of dollars daily against the real wealth produced by the population, and the upshot is that the country is wallowing in debt. These same institutions could be instructed to create credit on a debt-free basis and, to equilibrate the flows of production costs and ability to liquidate them, distribute it in the form of dividends payable to all citizens.**

“In other words, in a responsible and scientific manner, let us make ourselves financially rich. We cannot be richer financially than we are in real terms, but we can be as rich. Indeed, it would be idiotic to be less rich. Well, yes, this does not say much for the quality of the thinking we have applied to the situation to date, but it is not too late to improve it. (...)

"Against the wishes of virtually every conscious person, our beautiful earth is being intensitively ravaged and polluted, and, in a kind of Reichstag fire manoeuvre, power-hungry persons are using these environmental problems for self-serving political ends. When we trace the causes of the present situation to their source, we find a flawed financial system. We need not destroy the money system – indeed, to do so would be a grave error – but it is crucial that we reform it so it becomes the servant, not the master, of our aspirations."

All those who care for the environment, and consequently for the future of mankind on earth, all those who want to "save the planet", should therefore study and diffuse Social Credit, the only system that would put money at the service of the human person, and put an end to the waste of resources.

http://www.michaeljournal.org/plenty40.htm

# Chapter 40 — The Government Must Create Its Own Money Answers to a Few Questions

*(An article of Alain Pilote, published in the November-December, 1994 issue of the Michael Journal.)*

The regular readers of the "Michael" Journal will have noticed it: the first request of the Social Crediters, the "White Berets" of the "Michael" Journal, is that the Federal Government should take back its power to issue, create the money for our country. Once this is done, it will then be possible to implement the two other principles of Social Credit: a monthly dividend to every citizen, and a periodical discount on retail prices, to prevent any inflation.

However, for the new readers, this request may give rise to a few questions. We will mention here the most frequent ones, and give them short answers.

***Question: You say that the Government should create the money. Does it not already do it, with the Bank of Canada notes?***

**Answer:** If the Federal Government does create its own money, why is it over $500 billion in debt? The truth is that bank notes and coins come into circulation only when they are lent by private banks, at interest. Moreover, this kind of money (cash) represents less than 10 per cent of the money supply in our country. The other kind of money, which represents over 90 per cent of the money supply, is bookkeeping or checkbook money, that is to say, figures written on checks or bank accounts.

***Question: Why do you want the Government to create the money? Is not the present bank money good?***

**Answer:** Chartered banks lend out money and put it into circulation at interest, in the form of a debt, which creates unpayable debts. For example, let us suppose that the bank lends you $100, at 6 per cent interest. The bank creates $100, but wants you to pay back $106. You can pay back $100, but not $106; the $6 for the interest does not exist, since only the bank has the right to create money, and it created $100, not $106.

In other words, when a chartered bank lends you money, it actually demands you to pay back money that does not exist. The only way to pay back $106 when there is only $100 in existence is to also borrow this $6 from the bank. Your problem is not solved yet; it has only gotten worse: you now owe the bank $106, plus an interest payment of 6 per cent, which makes a total of $112.36. As years pass, your debt gets bigger; there is no way to get out of it.

Some borrowers, taken individually, can manage to pay back their loans in full — the principal plus the interest —, but all the borrowers as a whole cannot. If some borrowers manage to pay back $106 when they received only $100, it is because they take the missing $6 in the money put into circulation through the money loaned to other borrowers. For some borrowers to be able to pay back their loans, others must go bankrupt. And it is only a matter of time until all the borrowers, without exception, find it impossible to pay the bankers back, whatever the rate of interest on their loans.

Some may say that if one does not want to get into debt, one has only not to borrow. Well, if no one borrowed money from the banks, there would simply be not a penny at all in circulation. And this money borrowed from the bank cannot remain in circulation indefinitely: it must be returned to the bank when the loan is due... and returned with interest, of course.

## Unpayable debts

This means that just to maintain the same amount of money in circulation in our country, year after year, unpayable debts must pile up. For example, if one wants to maintain only $100 in circulation, year after year, by borrowing at 6% interest, the debt will be $106 after one year, then $112.36 after two years ($106 plus the 6% interest), and so on. After 70 years, the debt will have reached the sum of $5,907.59, and there will still be only $100 in circulation.

In the case of public debts, the bankers are satisfied as long as the interest on the debt is paid. Is it a favour they do to us? No, it only delays the financial impasse for a few years since, after a while, even the interest on the debt becomes unpayable. Thus, in the example of the $100 borrowed at 6%, the interest due on the debt will have reached $104.26 after 50 years, which is more than all the money in circulation. (*See Chapter 34.*)

No wonder then that the national debts of all the civilized countries in the world are reaching astronomical proportions. For example, Canada's national debt, which was $24 billion in 1975, is now over $500 billion, and the interest on this debt costs over $49 billion per year, or about one-third of all the taxes collected by the Federal Government; this percentage keeps increasing year after year. So, to satisfy the bankers, the Government must slash all its other expenditures. Will the Government wait until servicing the debt takes 100% of the taxes, to change the system, or will it prefer to let people starve? Moreover, the national debt is only the peak of the iceberg: there are also the debts of the provinces, the municipalities, the corporations, and the individuals!

***Question: Does the Government have the power to create money? Would this money be as good as that of the banks?***

**Answer:** The Government has indeed the power to create, issue the money of our country, since it is itself, the Federal Government, that has given this power to the chartered banks. For the Government to refuse to itself a privilege it has granted to the banks, is the height of imbecility! Moreover, it is actually the first duty of any sovereign government to issue its own currency, but all the countries today have unjustly given up this power to private corporations, the chartered banks. The first nation that thus surrendered to private corporations its power to create money was Great Britain, back in 1694. In both Canada and the U.S.A., this right was surrendered in 1913.

It is not the bankers who give money its value; it is the production of the country. Bankers produce absolutely nothing; they only create the figures that allow the nation to make use of its own producing capacity, its own wealth. Without the production of all the citizens in the country, the figures of the bankers are worthless. So, the Government can just as well create these figures itself, without going through the banks, and without getting into debt. Then why should the Government pay interest to a private banking system for the use of its money, when it could issue it itself, without going through the banks, without interest nor debt?

This very question was actually asked to Graham Towers, Governor of the Bank of Canada from 1935 to 1954, before the House of Commons Standing Committee on Banking and Commerce, in the spring of 1939 (page 394 of the Minutes of Proceedings and Evidence Respecting the Bank of Canada, Committee on Banking and Commerce, 1939):

**"Will you tell me why a government with power to create money should give that power away to a private monopoly and then borrow that which parliament can create itself back at interest to the point of national bankruptcy?"**

Answer of Towers:

**"Now, if parliament wants to change the form of operating the banking system, then certainly that is within the power of parliament."**

As a matter of fact, the power of the Federal Government to create the money of our country is clearly stated in the Constitution (Section 91 of the British North America Act, paragraphs 14, 15, 16, 18, 19, and 20).

## No danger of inflation

***Question: Is there not any danger that the Government might misuse this power and issue too much money, which would result in runaway inflation? Is it not preferable for the Government to leave this power to the bankers, in order to keep it away from the whims of the politicians?***

**Answer:** The money issued by the Government would be no more inflationary than the money created by the banks: it would be the same figures, based on the same production of the country. The only difference is that the Government would not have to get into debt, or to pay interest, in order to obtain these figures.

On the contrary, the first cause of inflation is precisely the money created as a debt by the banks: inflation means increasing prices. The obligation for the corporations and governments that are borrowing to bring back to the banks more money than the banks created, forces the corporations to increase the prices of their products, and the governments to increase their taxes.

What is the means used by the present Governor of the Bank of Canada to fight inflation? Precisely what actually increases it, that is to say, to increase the interest rates! As many Premiers put it, “It is like trying to extinguish a fire by pouring gasoline over it.”

It is obvious that if the Canadian Government decided to create or print money anyhow, without any limits, according to the whims of the men in office, without any relation with the existing production, there would definitely be runaway inflation. This is not at all what is proposed here by the Social Crediters.

## Accurate bookkeeping

What the Social Crediters advocate, when they speak of money created by the Government, is that money must be brought back to its proper function, which is to be a figure, a ticket, that represents products, which in fact is nothing but simple bookkeeping. And since money is nothing but a bookkeeping system, the only necessary thing to do would be to establish accurate bookkeeping:

The Government would appoint a commission of accountants, an independent organism called the “National Credit Office” (in Canada, the Bank of Canada could well carry out this job if ordered to do so by the Government). This National Credit Office would be charged with setting up accurate accounting, where money would be nothing but the reflection, the exact financial expression, of economic realities: production would be expressed in assets, and consumption in liabilities. Since one cannot consume more than what has been produced, the liabilities could never exceed the assets, and deficits and debts would be impossible.

In practice, here is how it would work: the new money would be issued by the National Credit Office as new products are made, and would be withdrawn from circulation as these products are consumed (purchased). (Louis Even's booklet, *A Sound and Effective Financial System*, explains this mechanism in detail.) Thus there would be no danger of having more money than products: there would be a constant balance between money and products, money would always keep the same value, and any inflation would be impossible. Money would not be issued according to the whims of the Government nor of the accountants, since the commission of accountants, appointed by the Government, would act only according to the facts, according to what the Canadians produce and consume.

The best way to prevent any price increase is to lower prices. And Social Credit does also propose a mechanism to lower retail prices, called the “compensated discount”, which would allow the consumers to purchase all of the available production for sale with the purchasing power they have at their disposal, by lowering retail prices (a discount) by a certain percentage, so that the total retail prices of all the goods for sale would equal the available total purchasing power of the consumer. This discount would then be refunded to the retailers by the National Credit Office.

## No more financial problems

If the Government issued its own money for the needs of society, it would be automatically able to pay for all that can be produced in the country, and would no longer be obliged to borrow from foreign or domestic financial institutions. The only taxes people would pay would be for the services they consume. One would no longer have to pay three or four times the actual price of public developments because of the interest charges.

So, when the Government would discuss a new project, it would not ask: "Do we have the money?", but: "Do we have the materials and the workers to realize it?". If it is so, new money would be automatically issued to finance this new production. Then the Canadians could really live in accordance with their real means, the physical means, the possibilities of production. In other words, all that is physically possible would be made financially possible. There would be no more financial problems. The only limit would be that of the producing capacity of the nation. The Government would be able to finance all the developments and social programs demanded by the population that are physically feasible.

## No nationalization

***Question: Does what you advocate require nationalizing private banks?***

**Answer:** Not at all. The private banks could freely continue to exercise the functions that are rightfully theirs: receiving deposits and investing them. They could continue to loan money, but the creation of new money would be the sole prerogative of the sovereign government of the nation.

## The education of the people by the "Michael" Journal

***Question: If all that you have said above is true, and that a social money system, money created by a public organism on behalf of society, is so beneficial, why is it that the Government does not implement it right away?***

**Answer:** Constitutionally speaking, there is nothing that prevents the Government from doing it immediately, since it has already the right to issue its own currency. It is the sovereign government of the nation that must be responsible for the monetary policy of our country, and not private corporations, for whom the objective is not at all the common good, but their own profit. On July 21, 1961, Louis Rasminski, who was Governor of the Bank of Canada from 1961 to 1973, sent the Government the following letter:

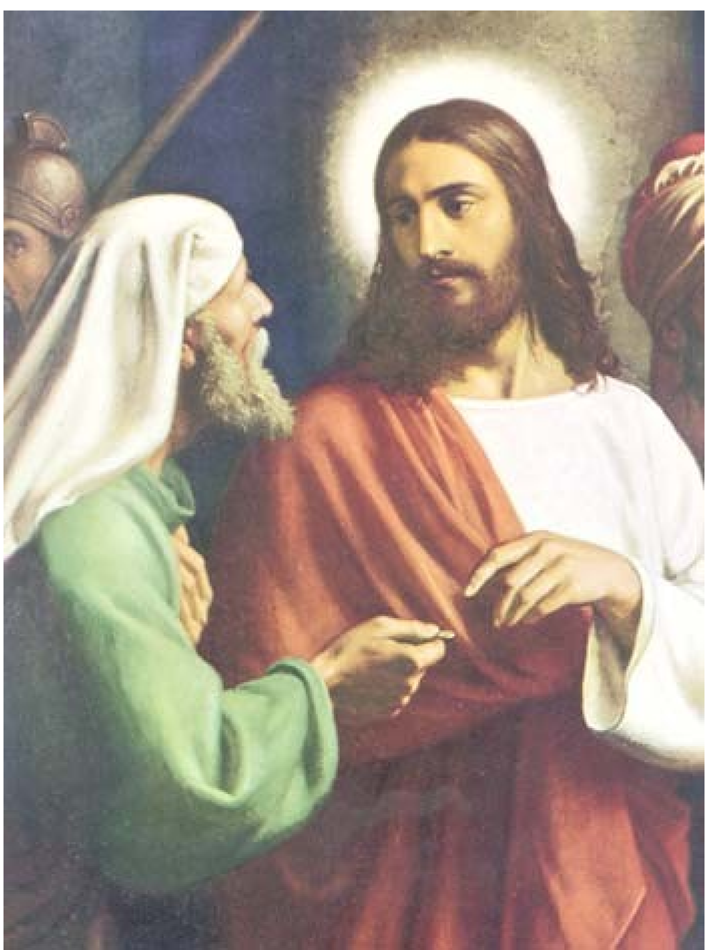
"If the Government disapproves of the monetary policy being carried out by the Bank (of Canada), it has the right and the responsibility to direct the Bank as to the policy which the Bank is to carry out... and the Bank should have the duty to comply with these instructions."

The governments, despite statements that are often stupid, are perfectly aware of the iniquity of the creation of money by private companies, but they dare not to challenge the money power, for want of support among the population. *(See Chapter 24, on Mackenzie King's statements in 1935.)*

The only thing that is lacking is the education of the people, to show the falseness, the absurdity, and the injustice of the present financial system, and the existence of a corrective system like Social Credit. Only the "Michael" Journal denounces the present system and brings the Social Credit solution. The population must therefore study the "Michael" Journal. To that end, everyone must be subscribed to the "Michael" Journal.

http://www.michaeljournal.org/plenty41.htm

# Chapter 41 — To Caesar What Is Caesar To God What Is God's



**Something does not belong to Caesar simply because he demands it. The rights of Caesar are limited by the prior rights of the human person.**

*(An article of Louis Even, first published in the December 15, 1960 issue of the Vers Demain Journal.)*

The Pharisees, anxious to trap Jesus in His talk, sent to Him their followers along with the Herodians, who were supporters of Rome, to pose this question: “Is it lawful to pay tribute to Caesar, or not?” (Matthew 22:17.)

In those days, “tribute” was something different from the income tax paid by our free citizens today. Tribute implies subjugation: it was a contribution exacted of the vanquished by the conqueror. (Rome had conquered Palestine by force.)

Our Lord answered by first exposing the trap prepared by the Pharisees: “Hypocrites, why do you thus put Me to the test?” He then asked them to show Him the coin of the tribute, on which was engraved the image of Caesar. Then he said to them: “Render, therefore, to Caesar the things that are Caesar's, and to God the things that are God's.”

## A curtailed quote

Usually, those who quote this line of the Gospel do it to stress the duty to pay taxes. And they do so with much eloquence. Besides, most of the time, they quote the first part of the text only — that which concerns Caesar. The latter part, concerning God, is usually passed over in silence, these speakers being so much preoccupied with the importance of Caesar today.

And even when people quote this first part, they seldom draw attention to the limitative nature of the words “what is Caesar's”. We say “limitative”, because Caesar does not own everything. But apparently, if one listened to the “tax preachers”, one should give to Caesar all that he demands. Caesar usually has a good appetite, caring little whether there are things that are also due to those he milks by taxes.

You understand that Caesar means the government, or more exactly, the governments, since there are as many Caesars as there are levels in the political structure of a nation. In Canada, there are municipal Caesars, provincial Caesars, and a federal Caesar. And before long, to top it all, perhaps we will also be afflicted with a supranational Caesar with universal jurisdiction.


The result of this hierarchy of Caesars, stretching up and up, has been the exacting of larger and larger “tributes”; the ears of these Caesars have become more and more distant from the voices of the people, while their sticky fingers reach down into every strata of society, sucking every bit of our incomes, squeezing all they can from every economic transaction.

But does something belong to Caesar simply because he demands it?

## Limites au pouvoir de César

In a speech delivered in the House of Commons on July 6 (1960), during the

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debate on the Bill of Rights, Noel Dorion, the MP for Bellechasse (and a few months after, a minister in the Conservative cabinet), quoted the reply of Jesus to the Herodians. However, Mr. Dorion did not use it in favour of taxes. On the contrary, the topic debated in Ottawa that day was human rights, and not the rights of Caesar. Mr. Dorion rightly remarked:

**"It is Christ who really set forth the first charter of human rights, summing it up in these succinct words which, after two thousand years, are still timely: *Render to Caesar the things that are Caesar's, and to God the things that are God's."***

Mr. Dorion did not elaborate further on this statement. But considering the subject of the debate, he certainly meant that man, the human person, belongs to God and not to Caesar; that Caesar has not the right to encroach upon what belongs to God; that Caesar must respect the dignity, freedom, and the rights of each and every citizen, including the right to life, the right to those conditions which will permit the full development of their personality. The rights of Caesar are limited by the prior rights of the human person.

In a paper given in Melbourne in 1956, and later reproduced in booklet form, Eric Butler, an Australian journalist, quoted Lord Acton:

> **"When Christ said, `Render unto Caesar the things that are Caesar's and unto God the things that are God's', He gave to the State a legitimacy it had never before enjoyed, and set bounds to it that had never yet been acknowledged. And He not only delivered the precept, but He also forged the instrument to execute it. To limit the power of the State ceased to be the hope of patient, intellectual philosophers, and became the perpetual charge of a universal Church."**

What Lord Acton meant was that the Church of Christ has the duty to make sure that Caesar does not go beyond his rights. This function of the Church had been exercised and acknowledged during Christian centuries; it prevented several Caesars — little and big ones as well — from ruling like absolute dictators over the people. But, added Eric Butler:

> **"Unfortunately, however, the perversion of Christianity has reached the stage when even large numbers of the Christian clergy, instead of striving tirelessly to limit the powers of the State, are helping to urge that society be reformed by the power of the State. They are in fact appealing from God to Caesar. Every increase in the power of the State, or of monopolistic groups, irrespective of the plausible arguments used to try and justify the increase, must inevitably take from the individual his right to personalize his life by the exercise of his free-will."** (*Social Credit and Christian Philosophy, p. 13*.)

Eric Butler is a Protestant, and he is talking here about the clergy of his Church. We leave others to decide if this remark also applies to the Catholic clergy, and if it does, to what extent.

## The human person before Caesar

Acton, Butler, and Noel Dorion therefore see, in the words of Our Lord, a limitation to the power of Caesar, instead of a justification for any kind of tax. This is because they quote it in full: "Render, therefore, to Caesar what is Caesar's, and to God what is God's."

To Caesar what is Caesar's — no more than that; and everything does not belong to Caesar.

It is precisely to protect the citizens from the all-powerful State, to make Caesar the guardian of the rights of individuals — at least in principle — that, on August 4, 1960, the Canadian Parliament unanimously voted in the Bill of Rights, however incomplete it was.

In presenting this bill, on July 1, 1960, Prime Minister Diefenbaker himself stressed its purpose: "To keep and safeguard the freedom of the individual from the governments, even the all-powerful ones. Why? Because the individual, the human person, is sovereign before Caesar. Diefenbaker knew it, and said:

"The sacred right of the individual consecrates him sovereign in his relationship with the State."

Pope Pius XI wrote in his encyclical letter, *Divini redemptoris*:

**"The human person ought to be put in the first rank of earthly realities."**

In the first rank, therefore before any other institution, before any Caesar.

Pope Pius XII wrote in his letter to the chairman of France's social weeks, July 14, 1946:

**"It is the human person that God put at the top of the visible universe, making him, in economics and politics as well, the measure of all things."**

It is not Caesar who is at the top; it is the human person. The human person therefore does not belong to Caesar; it is rather Caesar that must belong to the human person, who must serve him by exercising his function of guardian of human rights.

Maurice Allard, the MP for Sherbrooke, Que., also said during this debate on the Bill of Rights:

"The individual must not become a tool or a victim of the State; it is the State which, while making laws, must favour the numerous freedoms of man."

Caesar has therefore not the right to skin people alive through taxation, not even the right to allow the human person to be deprived of the necessities of life.

R.S. MacLellan, the MP for Inverness-Richmond, Nova Scotia, was no less categorical:

"The individual comes before the State... The only purpose of Government is to guarantee individual freedoms."

These statements of politicians lead us to believe that it is not through ignorance of principles, but by not implementing them into legislation, that Caesar — either the federal, provincial, or municipal Caesars — too often manipulates people, pushes them around, and throws them into poverty, whereas it exists to do the opposite.

## Caesar's share

Still, one must render to Caesar what is Caesar's. Render to him not all that he wants or can seize, but only what belongs to him.

So, what does belong to Caesar? We think it can be defined as follows: What is necessary to carry out his functions.

This definition seems to be implicitly accepted by Caesar himself, by the government, since the government says to those who complain about the burden of taxes: "The more services people demand, the more means the government needs to provide these services."

This is true. But in order to carry out his proper functions, Caesar must not have recourse to means that prevent people, families, from carrying out theirs.

Besides, in order to increase his importance, Caesar is always tempted to take over functions that normally belong to the families, to lower organisms, and not to the State. Moreover, the citizens would not need so much the help of Caesar, if Caesar first removed an obstacle that only he can remove: the artificial obstacle created by a financial system that is not in keeping with the huge physical possibilities to satisfy the basic material needs of every individual, of every family of our country.

Because Caesar does not correct this situation that only he can correct, Caesar then goes beyond his proper role and accumulates new functions, using them as a pretext for levying new taxes — sometimes ruinous ones — on citizens and families. Caesar thus becomes the tool of a financial dictatorship that he should destroy, and the oppressor of citizens and families that he should protect.

The life of the individual does not belong to Caesar, but to God. This is something that belongs only to God, something that not even the individual can suppress or shorten deliberately. But when Caesar puts individuals in conditions that shorten their lives, then Caesar takes what does not belong to him; he takes what belongs to God.

The human person and the family are a creation of God, that Caesar must neither destroy nor take over; that he must, on the contrary, protect against whoever wants to undermine their integrity and rights.

To deprive a family of its home because it cannot pay the property taxes, is to act against the family, against God. Caesar does not have that right.

How many other infringements on the rights and belongings of the individuals and of the families could be mentioned!

## In front of Caesar's needs

But Caesar has indeed some functions to carry out that cannot be entrusted to individuals. There are some services and goods that can only be obtained from Caesar — for example, an army to defend our country in case of war, a police to keep order against those who disturb it, the building of roads, bridges, the public means of communication between the various towns of our country. Caesar must have the means to provide the population with these services.

Certainly, but what does Caesar need to provide these services? It needs human and material resources. It needs manpower and materials.

Caesar needs one part of the production capacity of our country. In a democratic system, it is up to the elected representatives of the people to determine what part of the country's production capacity should be used for the needs of Caesar.

If one thinks in terms of realities, one must admit that there is no difficulty whatever in giving Caesar one part of the country's production capacity, while leaving, at the disposal of private needs, a production capacity that can easily meet all the normal needs of the citizens.

Let us use the verb “to tax” in the sense of “making rigorous demands on.” One can say then that private and public needs tax (make demands on) the production capacity of our country. When I demand a pair of shoes, I tax the capacity to produce shoes. When the provincial Caesar has a kilometre of road built, it taxes the capacity to build roads, for the length of one kilometre. With today's production capacity, the construction of roads does not seem to hinder the production of shoes.

It is only when one stops considering the situation in terms of realities, and rather expresses oneself in terms of money, that difficulties arise. Taxes then take another appearance, and “make rigorous demands” on wallets. If Caesar takes from my income $60 as a contribution to his road, then he deprives me of the equivalent of a pair of shoes, in order to build his road. Why, since our country's production capacity can supply the road without depriving me of a pair of shoes?

Why? Because the money system falsifies the facts.

— “But Caesar must pay his employees, he must pay for the materials he uses,” some will say.

— Certainly. But, when all is said and done, what does Caesar do when he pays, for example, an engineer $400? He allows this engineer to buy $400 worth of goods or services, to make demands on the production capacity of our country for the value of $400. So, in order to meet the needs of the engineer, is it necessary to deprive me of the right to buy a pair of shoes? Cannot our country's production capacity meet the needs of the engineer without reducing the production of shoes?

That's the whole point: as long as the productive capacity of our country has not been exhausted, there is absolutely no need to tax the private sector in order to finance the public sector.

The production capacity of our country is actually far from being exhausted, since today's problem is precisely to find jobs for people who want to work, and for idle machinery.

If the means of payment constitute a problem, it is because they do not correspond to the means of production. The tickets (money) that allow us to draw on the production capacity of our country are insufficient for the available production capacity.

This shortage of tickets is an unjustifiable situation, especially when today's money system is basically a system of figures, a bookkeeping system. If the monetary bookkeeping does not correspond to the production capacity, it is neither the fault of the producers nor of those who need this production. It is the controllers of the money and financial credit who ration the tickets, in spite of an unused production capacity that is just waiting to be used.

The citizens alone cannot correct this falsification of realities by the financial system. But Caesar can! Since Caesar is the government, since he is charged with taking care of the common good, he can — and must — order the controllers of the financial system to put their system in tune with realities.

As long as Caesar refuses to make this correction, he makes himself the servant, the tool of the financial dictatorship; he gives up his function of sovereign, and the taxes that he demands, because of this financial falsehood, are actually not owed to him. “Modern taxation is legalized robbery,” said Clifford Hugh Douglas. Caesar has not the right to legalize robbery.

Nobody denies Caesar the right to tax the production capacity of our country for the public needs — at least, as long as the part he takes leaves enough to meet the demand of private needs. There again, it is the job of the governments to see to it. Unfortunately, parliaments too have come to limit their sight to the limits fixed by the money system.

If all the production capacity of our country were represented by an equivalent financial capacity in the hands of the population, then one could prevent the population from using it all for its private needs, in order to leave some of the production capacity to Caesar and his essential services. Yet, even in such a situation, it should be done without depriving the individuals and families of their share, in a sufficient quantity, of the production capacity, to provide for their basic needs such as food, clothing, shelter, heating, medical care, etc.

Let us repeat it: such is not the case! The production capacity of our country is not only partially used, but the population cannot collectively pay for all that it produces. Private and public debts are the best proof of it!

## Mammon

This sum of debts for goods that are already made, plus the sum of the privations caused by non-production due to a lack of money, represent the sacrifices required by the financial dictatorship, by Mammon.

Mammon is not a legitimate Caesar. We must render nothing to Mammon, because nothing belongs to him. Mammon is an intruder, an usurper, a thief, a tyrant.

Mammon has become the supreme sovereign, above Caesar, above the most powerful Caesars in the world.

Caesar has become the instrument of Mammon, a tax collector for Mammon.

If Caesar needs one part of the production capacity of our country to carry out his function, he also badly needs to be watched by the population; he must be reprimanded when, instead of being an institution at the service of the common good, he makes himself the servant, the lackey of financial tyranny.

Today's great disorder, which spreads like a cancer, when fantastic progress in production should have freed man from material worries, lies in the fact that everything is being connected with money, as though money were a reality. The disorder lies in the fact that private individuals have been allowed to regulate the conditions of the issue of money, not as accountants of realities, but for their own profits, and to strengthen their despotic power over the whole economic life.

## Money created with production

There is another occasion that is quoted less often (than the coin of the tribute), where Jesus had to deal with taxes. And this time, it was not about a tribute to the conqueror, but the didrachma — a tax established by the Jews themselves, for the maintenance of the Temple (Matthew 17:24-26). Those who collected this tax came to Saint Peter, and said: “Does your Master (Jesus) not pay the didrachma?” Jesus said to Peter: “Go to the sea and cast a hook, and take the first fish that comes up. And opening its mouth, you will find a stater; take that and give it to them for Me and for you.” Peter, a fisher by trade, handled it very well.

This time, money was created with production. The government cannot do miracles, but it can easily establish a monetary system in which money is based upon production, that is in keeping with production. In other words, it must put a figure on the production capacity of our country, and put the means of payment in keeping with that figure, to finance both the public and private sectors. It would be more in keeping with the common good than to leave the control of money and credit to the arbitrary will of the high priests of Mammon.

Pope Pius XI wrote that the controllers of money and credit have become the masters of our lives, and that no one dare breathe against their will.

We refuse this implacable dictatorship of Mammon. We condemn the decline of Caesar, who has become the lackey of Mammon. We do not acknowledge that that kind of Caesar, who has become the slave of Mammon, has the right to deprive individuals and families for the benefit of Mammon, nor the right to abide by Mammon's false and greedy rules.

Mammon's dictatorship is the enemy of Caesar, of God, of the human person created by God, of the family established by God.

The Social Crediters work to free men from this dictatorship. At the same time, they work to free Caesar from his subjection to Mammon. The Social Crediters are therefore in the vanguard of those who concretely want to render to the human person created in the image of God what is his, to render to the family established by God what is its, to render to God what is God's.

http://www.michaeljournal.org/plenty42.htm

# Chapter 42 — For a Better Understanding of Social Credit

*(An article of Alain Pilote, first published in the January-February, 1995 issue of the Michael Journal.)*

## *No inflation with Social Credit*

It is not unusual to hear some people, especially so-called “learned” people, say that money issued by the Government, as proposed by the Social Credit system, would bring about runaway inflation. And when they say this, they think they said it all, whereas they know nothing about Social Credit, nothing about the circuit of money in a Social Credit system, nothing about the compensated discount, and nothing about the dividend.

You “learned” people, please think about it for one moment: which method will increase prices – 100 dollars issued without interest by the Government, or 100 dollars borrowed at interest from private banks? Even a 10-year-old kid would find the right answer immediately: it is the interest that makes prices inflate. A 10-year-old kid would also tell you that it is absurd for the Government to borrow money at interest, when it could issue it itself, without interest.

Well, it seems that for people covered with diplomas, the answer is not so obvious. Why? Because they have a false notion of the problem, preconceived ideas.

It reminds us of the guy who had met Gérard Mercier, the present Director of the “Michael” Movement, and said to him: “Your Social Credit theory doesn’t make any sense! Come on, the Government cannot just print a wholesale quantity of paper money like that. It will bring about runaway inflation!” Mr. Mercier replied: “You are quite right.”

The guy, surprised, added: “What? You, Mr. Mercier, are against Social Credit?” – “Not at all; I will explain it to you. There are two kinds of Social Credit: the real Social Credit and the false one. The one you have just explained to me is the false one; the one spread by the Financiers. I totally agree with you that the kind of Social Credit you have just explained to me doesn’t hold water, but what you explained has nothing to do with real Social Credit. I am going to explain real Social Credit to you, the kind of Social Credit you obviously never heard of.”

And Mr. Mercier explained to him the Social Credit technique, with Louis Even’s two brochures, *What Do We Mean By Real Social Credit?* and *A Sound and Effective Financial System*. The following article aims at giving a good idea of what real Social Credit is.

## Accurate bookkeeping

First, let us define the words “social credit”: instead of having money created by the banks at interest – *a banking credit*, one would have money created without interest by society – *a social credit*. The Social Credit system aims at nothing but to have money be the exact financial expression of economic realities. So there is no question whatsoever in Social Credit of issuing or printing money anyhow, without limits and in an irresponsible way (as the Financiers would like the population to think). Here is what is actually proposed by the Social Crediters:

The Government would appoint a commission of accountants, an independent organism called the “National Credit Office”, that would be charged with setting up an accurate bookkeeping as regards our currency: money would be issued as new goods are made, and be withdrawn from circulation as these goods are consumed. Thus there would be a constant balance between the capacity to produce and the capacity to pay, between prices and purchasing power.

## The dividend

Moreover, because wages are not sufficient to purchase all of existing production (wages being just one part of the production cost of any item), the National Credit Office would give every citizen a monthly dividend, a sum of money to fill the gap in the purchasing power (and make it equal to the collective prices for consumable goods for sale), and to ensure each and all a share in the goods of the nation. This dividend would be based on the two biggest factors to modern production: the inheritance of natural resources, and the inventions of past generations, which are both free gifts from God, therefore belonging to all. Those who would be employed in production would still receive a salary, but everyone, employed as well as unemployed, would receive his or her dividend.

The dividend formula would be infinitely better than the present social programs like welfare, unemployment insurance, etc., since the dividend would not be financed by the taxes of those who are employed, but by new money created by the National Credit Office. No one would therefore live at the expense of the taxpayers; the dividend would be a heritage that is due to all Canadian citizens, who are all stockholders in “Canada Limited”.

And contrary to welfare, this dividend would be given unconditionally, without means tests, and would therefore not penalize those who want to work. Far from being an incitement to idleness, it would allow people to allocate themselves to those jobs to which they are best suited. Besides, if people stopped working, production would go down, and so would the dividend, since it is based on existing production. Without this income not tied to employment, progress is no longer an ally of man, but a curse, since, by eliminating the need for human labour, it makes people lose their sole source of income.

To tie income to work is to distort means and ends. If all the necessities of life can be provided without everyone having to work, it is sheer stupidity to create useless work in order to keep everyone employed (and not to mention all the waste in resources and human energy it represents!). As John Farina, a professor in the faculty of social work at the Wilfrid Laurier University in Waterloo, Ont., put it, in 1982:

**“Man invented machines so man would not have to work, and we've succeeded to the point of one and a half million unemployed. To me that is sheer, raging idiocy.”**

## Financing public works

How would public works and services be financed in such a social money system? Whenever the population wants a new public project, the Government would not ask: “Have we the money to build this project?” but “Have we the materials and the workers to realize it?” If it is so, the National Credit Office would automatically create the new money to finance the new production.

Let us suppose the population wants a new bridge, of which the construction will cost $50 million. The National Credit Office therefore creates $50 million to finance the construction of this bridge. And since all new money must be withdrawn from circulation as the new production is consumed, the money created to build the bridge must be withdrawn from circulation as this bridge is consumed.

How can a bridge be “consumed”? Through wear and depreciation. Let us suppose the engineers who built this bridge expect it to last 50 years. This bridge will therefore lose one-fiftieth of its value every year; since it costs $50 million to build, it will depreciate by $1 million every year. It is therefore $1 million that will have to be withdrawn from circulation every year, for 50 years.

**Will this withdrawal of money be done through taxation? No, this is not necessary at all, said Clifford Hugh Douglas, the Scottish engineer who conceived the Social Credit system; there is another way, that is much simpler, to withdraw money from circulation: the method of the adjusted price (also called the compensated discount). Douglas said in London, on January 19, 1938:**

> **“The immense, complex, irritating and time-wasting taxation system, which keeps hundreds of people busy working, is a complete waste of time. The whole of the results that are supposed to be achieved by the system of taxation could be achieved without any bookkeeping at all; they could be achieved entirely through the price system.”**

## The adjusted price

How would this adjusted price work? The National Credit Office would be charged with keeping an accurate bookkeeping of the nation's assets and liabilities, which requires only two columns: one to write down all that has been produced in the country during the given period (assets), and one for all that has been consumed (liabilities). The bridge's $1 million annual depreciation mentioned above would be written down in the “consumption” column, and added to all the other kinds of consumption or disappearance of wealth in the country during the given period.

Douglas also points out that the real cost of production is consumption. In the example of the bridge, the cost price is $50 million. But the real cost of the bridge is all that had to be consumed in order to build it. Whereas, on the one hand, it is impossible to know the real cost of every article produced, one can easily know, on the other hand, what the real cost of the total production of the country was during a year: it is all that has been consumed in that country throughout the given year.

**For example, if Canada's national accounts show that, in a year, the total production of consumer goods for sale was $500 billion, and that, in the same year, total consumption was $400 billion, this means that Canada was able to produce $500 billion worth of goods and services while consuming only $400 billion worth of goods and services. What the bookkeeping price shows at $500 billion actually cost $400 billion to produce.**

The real cost of the production that is priced at $500 billion is therefore $400 billion. The population must therefore be able to reap the fruit of its labour — the $500-billion production — by paying only $400 billion for it. Besides, we have seen before that money must be withdrawn from circulation as goods are consumed: if $400 billion worth of goods and services are consumed in the country during a year, it is $400 billion that must be withdrawn from circulation, no more, no less.

## A discount on prices

How can Canadians get $500 billion worth of goods and services while paying only $400 billion? That is quite simple. The retail price of all goods and services only has to be reduced by 1/5 — a 20% discount. The National Credit Office would therefore decree a 20% discount on all retail prices during the following term. For example, if an article was priced at $500, I would pay only $400 for it.

But if the retailer wants to stay in business, he must recover $500 for the sale of that product, for this price of $500 includes all the costs of the retailer, including his profit. This is why Douglas speaks about a “compensated discount”: in the example mentioned above, the retailer would be compensated by the National Credit Office which would pay him the $100 that was discounted.

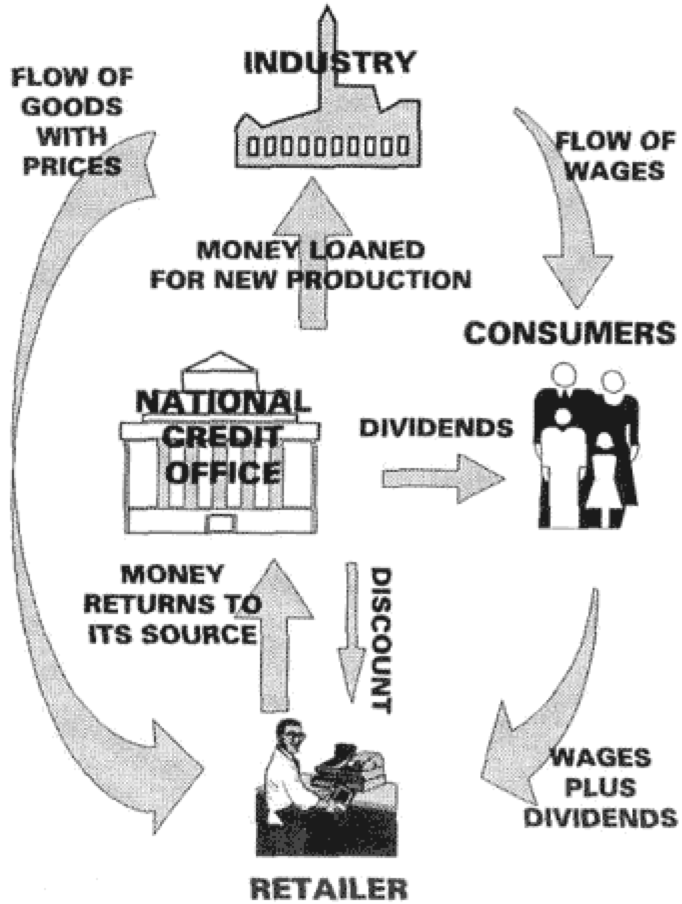
For each one of his sales, the retailer would only have to present his sales voucher to the National Credit Office, which would reimburse him the discount granted to the consumer. Thus, nobody would be penalized: the consumers would obtain the goods which, otherwise, would have remained unsold, and the retailers would recover their costs.

## Inflation would be impossible

**Thanks to this mechanism of a discount on prices, any inflation would be impossible, since the discount actually lowers prices. Inflation means rising prices, and the best way to prevent prices from rising is to lower them! Moreover, a discount on prices is exactly the opposite of a sales tax: instead of paying more for goods because of taxes, the consumers would pay less because of the discount. Who would complain about it?**

One now clearly sees that those who claim that Social Credit will cause inflation talk through their hats, for they ignore the existence of the compensated discount. Of course, if there was only question in Social Credit of printing money, and nothing else, the fear of inflation would be rightly justified. But Social Credit does have this technique to prevent any danger of inflation.

There are three fundamentals in Social Credit: 1. Money must be issued without debt by the Government — the representative of society — according to production, and withdrawn from circulation according to consumption; 2. A monthly dividend to every citizen; 3. The




compensated discount. All three are necessary; if you remove one of them, the system cannot work properly.

All of this technique of Social Credit, as explained above briefly, aims at nothing but to finance the production of goods that answer needs, and to finance the distribution of these goods for them to reach these needs. If you look at the diagram below (the circuit of money), you will notice that money never piles up anywhere; it only follows the flow of goods, being issued as goods are produced, and returning to its source (the National Credit Office) as goods are consumed (sold). At any moment, money is an exact reflection of physical realities: money appears when a new product appears, and disappears when the product disappears (is consumed).

### Taxes and Social Credit

What would become of today's taxes in a Social Credit system? All taxation would be reduced drastically, and in time could be entirely abolished. The guideline would be to have people pay only for what they consume. The consumption of public goods (like bridges) would be paid for by the adjustment of prices, as it was explained above. However, it would be unfair to have all of the citizens of the nation pay for services that are offered only to certain cities, like the water supply, sewerage, etc. It is those who receive these services who would have to pay their municipalities for them.

However, public administration would no longer drag public debts, that are mathematically unrepayable, and that are serviced every year by a large slice of the tax revenues (for the Canadian Government, servicing the public debt costs over one-third of all taxes). We would neither have to pay for all the social programs (welfare, unemployment insurance, etc.), which would be advantageously replaced by the unconditional monthly dividend to every citizen.

## *The circulation of money*
### *In a Social Credit system*

Money is loaned to the producers (industry) by the National Credit Office, for the production of new goods, which brings a flow of new goods with prices (left arrow). Since wages are not sufficient to buy all of available goods and services for sale, the National Credit Office fills the gap between the flow of purchasing power and the flow of total prices by issuing a monthly dividend to every citizen. Consumers and goods meet at the market place (retailer), and when a product is purchased (consumed), the money that had originally been loaned for producing this good returns to its source, the National Credit Office. At any moment, there is always an equality between the total purchasing power available in the hands of the population, and the total prices of consumable goods for sale on the market.

*  *  *

**All this opens up undreamt-of horizons and possibilities. For these possibilities to come true, all must know and study the Social Credit system. And for that, all must be subscribed to the "Michael" Journal. Dear friend who reads this article, here comes the part you have to play in all of this: you have understood Social Credit, so it is your duty and responsibility to make it known to others, by soliciting around you subscriptions to the "Michael" Journal. Good luck!**

http://www.michaeljournal.org/plenty43.htm

# Chapter 43 — Social Credit and Foreign Trade

*(An article of Louis Even, first published in the March 15, 1944 issue of the Vers Demain Journal.)*

## A question, an answer

It is not uncommon to hear the following objection to Social Credit: "But how will foreign trade be carried out with Social Credit money? How will this money be accepted abroad?"

A very simple answer: "The nature of Social Credit money would be exactly the same as the nature of today's money. The same form and the same kind of metal or paper, the same bookkeeping, and the same transferring of debits and credits."

Then the question falls apart. However, a few notions on foreign trade will show that, under a Social Credit system, foreign trade would meet with much less friction than under the present system, even if the Social Credit system would exist only on one side of the border.

## Imports and exports

Foreign trade consists of commercial trade going beyond the country's borders.

To purchase coffee from Brazil, oranges from Florida or California, silk from Japan, cotton from the United States, wine from France, cutlery from England, is, for the Canadians, to import goods. It is foreign trade. Imports are goods that come from abroad.

To sell Canadian paper to New York, Canadian wheat to Europe, nickel to Germany, aluminum to Japan, fish to Italy, bacon to England, is for Canada to export goods. It is still foreign trade. Exports are goods that are sent abroad.

Foreign trade is a sound activity. It is completely within the providential order. God gave all of the earth to man. He put on earth all that is needed for the material needs of the whole of humanity. But He did not put all of these things into each small corner of the globe.

Certain nations easily produce certain goods in plenty; others produce other things better and plentifully. Therefore it is profitable for men of different countries to trade their surpluses among themselves.

## Products cross the borders

In foreign trade, goods go from one country to another, in both directions, just as, within our country, goods from towns go to the countryside, and goods from the countryside go to towns.

At the grocery store in your town or village, you can see, grouped together, the products from towns and the products from the countryside.

But, at the same grocer's, you can also find things that come neither from our countryside nor our towns. You will find rice from China, tea from Sri Lanka, coffee from Brazil, bananas from the West Indies, books from France, and still other things, from almost every country in the world. They are there, it seems, as naturally as are the potatoes from the neighbouring farm.

If you were to visit foreign countries, you would, of course, also find there Canadian products. You would eat Canadian bacon in London; find flour from Alberta in France's bakeries, fish from the Gaspe Peninsula on Rome's tables, paper from the Province of Quebec in New York's large printing establishments.

## Money does not cross the borders

But would you find as easily Chinese, Japanese, Turkish, French, Italian currency, or other kinds, in Canada's wallets and tills? Goods go across borders, but money does not go across borders as goods do. This demonstrates immediately that money has nothing to do with foreign taste. It is the products, wherever they may be, which have to do with consumers' tastes. One buys Chinese rice if one likes it, green tea from Japan if one likes it; but one does not spend one minute worrying if the Chinese yuan or the Japanese yen is made of gold, silver, paper, rubber, figures, or hieroglyphics.

The product is universal; but money is essentially an internal thing. A country's monetary reform has nothing to do with tastes, ideas, or the other countries' governments.

## Goods paid for with goods

So money does not cross the borders like goods do; and, in foreign trade, goods are paid for with other goods or services. If they are not paid for immediately, there is debt on one side, claim on the other, as when a storekeeper sells on credit.

Obviously, when a Canadian orders a rice cargo from China, he does not ship a wheat cargo in payment. He goes to his bank and pays in Canadian currency, in dollars. The banker delivers a credit instrument that the Chinese merchant will exchange in his country for Chinese currency.

But another Chinese merchant will buy a wheat cargo from another Canadian, and will go to his own bank to effect his payment in Chinese currency. The bank will send a bill of exchange to the Canadian who exported the wheat, and the Canadian will be paid at home in Canadian dollars.

It is eventually the wheat cargo shipped by one company that paid for the rice cargo imported by another company.

## The difficulties with foreign trade

The exchanging of the bills of exchange is done in banks or brokerage houses, and the preponderance of these bills of exchange, on one side or the other, determines what one calls the foreign exchange rate.

But trade between countries has nothing to do with the substance that the money is made of in either country.

Do you think that the German who sells his merchandise to us, and who is paid at home in German marks, wonders if one pays for it here in paper money, or metal disks, or with a simple cheque drawn on a bank or a credit union? There is not the least difficulty in this regard.

The difficulties with foreign trade come, above all, from two things: 1. The countries want to export more than they import; 2. The value of each country's monetary unit is unstable in relation to itself.

## The first difficulty is smoothed away

A country, Canada for example, will want to exports goods for 2 billion dollars; but it will try, through tariff barriers or otherwise, to limit its imports to $1.5 billion. It wants to send abroad $500 million more in goods than it receives. Not out of charity: it requests payment. But it is reluctant to accept goods in payment, because it wants its citizens to stay very busy, to have work that gives them wages to buy the goods that are left.

The Social Crediters have, for a long time, understood and denounced this policy as being as absurd as it is unnatural. But as long as one continues to link the right to goods to wages, as long as one does not want to complement this right by dividends to raise it to the level of offered production, one will continue to look abroad for purchasing power which is lacking to the country's consumers; one will continue selling abroad goods that the citizens need but cannot pay for. With more exports than imports, one reduces the amount of goods in front of the amount of money, instead of agreeing to increase the amount of money in front of the products.

Thus one respects the rule that wants no other source of purchasing power than the personal contribution to production. Since all countries, until now, have held to this rule, all have tried to export to others more than they have imported from them. Hence are formed the economic frictions that are harmful to foreign trade and that lead to political frictions, with the tragic outcome of which we are aware.

Social Credit, by putting all the money needed into the country to buy all of the country's production, makes this crazy fury disappear. A Social Credit country is ready to export its surplus, and in return requests the same surplus quantity from others. The population of a Social Credit country has money to buy what is coming in with the money that would have bought what is going out. And a foreign country is happy to find this interaction with the Social Credit country.

Social Credit therefore makes the first cause of friction disappear in foreign trade, at least in the country that adopts the Social Credit system; trade between this country and all others is immediately facilitated and favoured.

### The second difficulty is smoothed away

The second cause of friction in trade is the instability of the purchasing value of money in one's own country.

With foreign trade, a certain time elapses between the order and the payment of the received merchandise. The price is agreed upon and the drafts are drawn up at the same time as the order. For example, a French businessman sells me Parisian goods for a value of 8,000 francs. I accept a draft that will make me pay him, in six months' time, let us say 200-Canadian dollars (the foreign exchange rate at the time of purchase).

If, in six months' time, the restriction of money has caused the dollar value to go up, I will deprive myself of as much purchasing power in paying $200 in six months' time as if I had paid $250 immediately, at the time of purchase. It is an injustice that exporters and importers always risk facing, with continual inflations and deflations of the system.

Social Credit, by always maintaining the money supply at the level of the production volume, would maintain a much better stability in the value of the Social Credit country's monetary unit.

Foreign tradesmen would know what the Canadian Social Credit dollar would signify in six months or a year's time: It would still have the same value as at the time of sale or purchase.

Trade with a Social Credit nation would therefore be sought. Those who say that Social Credit would be harmful to foreign trade say the exact opposite of what is actually true. It is either because they are unaware of what Social Credit is, or because they are unaware of what foreign trade is.

http://www.michaeljournal.org/plenty44.htm

# Chapter 44 — At the Retailer's

*(An article of Louis Even, published in the February 15, 1944 issue of the Vers Demain Journal.)*

### The products are for whom?

Bread, food, are produced to be eaten by those who are hungry. Articles of clothing, shoes, are produced to be worn by those who are in need of them. Wood is provided to build houses for those who do not have them, to heat one's house in winter, to cook all the year round. Cars, trains, airplanes are made to transport people and things.

This can also be expressed knowledgeably by saying that production exists for consumption.

Those who make products are the producers. Those who use them are the consumers.

Not all people are producers. Little children, the sick, the elderly, generally do not work in production. Besides, the more agriculture and industry utilize machines or sophisticated instruments, the fewer the hands that are needed to produce.

But everybody is a consumer. All living human beings, from the cradle to the grave, are consumers. And, as we have just said, it is for the consumers that all production is made. The products must go to the consumers, or else they have no reason to exist.

### Where do products meet consumers?

Generally, it is at the retailer's that the product goes from the producer to the consumer.

The store is like a reservoir from which the good products from everywhere pour out. And the men and women who want various products do not need to go through the whole region, to the farmer, the clothing manufacturer, the furniture manufacturer, the woodcutter. They simply go to the store — the specialized store or the general store — and they choose what they want. Everything is grouped together at the retailer's.

As long as the products are on the retailer's shelves, they are still part of production. It is when a product leaves the retailer's shelf to go to the buyer, that it becomes part of consumption.

Therefore it is at the retailer's that one can clearly see if production reaches its end, if the products reach the consumers.

## Production and distribution

Production must meet two essential conditions to reach its end:

1. It must be made.
2. It must be distributed.

If the products are not made, it is production which is basically at fault. If the products are made, but do not reach the homes, it is the distribution which is at fault.

There again, it is at the retailer's that one can account for both operations: one can see if the products come in, and one can see if the products go out.

If the products are put on the shelves at the retailer's request, the first operation is certainly good: the products are made, since they come just as fast as the retailer orders them.

Then, if the products leave the shelves as they are needed, if they leave the store and go into the homes just as fast as they are needed in the homes, the second operation, distribution, is good.

And the more these two operations run briskly, easily, without a hitch, the more perfected the economic system is. But to consider the matter properly, one must look into the retail stores.

## The retailer's counter

In the retail stores, between the shelves and the consumer, is the retailer's counter. This is a piece of furniture which could relate many stories.

The retailer's counter is at the frontier of production, and at the frontier of consumption. Behind the counter, is the production. In front of the counter, is the consumption. And no matter how low the retailer's counter may be, how weak its keeper may be, it is a frontier protected by law. If the consumers try to step over this frontier, they will soon find out!

But it is not the consumers who must cross over the frontier; it is the products. And the products cross over when the consumers present a passport. This passport, everybody knows, is money.

If products are on one side and the money on the other, if the retailer's shelves are well-stocked and if the clients' pockets are well-filled, the over-the-counter activity becomes brisk, to both the retailer's and the buyer's great joy.

But if products are inadequate, if the shelves are empty, or if the money is lacking, if the pockets are empty, the counter is as lifeless as the moon.

## A criminal disorder

Empty shelves can only be seen in wartime, because the men who were working to supply products for the shelves are too busy supplying dead bodies for the cemeteries.

In peacetime, the shelves are refilled as soon as one takes something from them; the production is rolling in from all sides; the producers are quarrelling over the privilege of refilling the shelves.

Unfortunately, wallets are not refilled at the same rate as are the shelves. It is in wartime, in front of less loaded shelves, that money comes more liberally to the counter. And in peacetime, with shelves loaded almost to the point of collapsing, wallets are almost empty.

In peacetime, one witnesses these strange sights at the retailer's: Behind the counter, order; in front of the counter, disorder.

Behind the counter, products which are replaced at the retailer's request. In front of the counter, consumers in need of products made for them, but that they can not have. Behind the counter, prices attached to the products, prices which are set exactly in relation to the worth of the products. Prices resulting from an accounting in keeping with facts, from the cost of raw materials to the retailer's legitimate profits.

In front of the counter, there is money to buy, but not consistent with the value of the products. In front of the counter, there is no accounting to keep the purchasing power at the level of the prices of the products.

http://www.michaeljournal.org/plenty45.htm

## Chapter 45 — The Stocker's Lesson

*(An article of Louis Even, published in the November 15, 1944 issue of the Vers Demain Journal.)*

Three steam boilers are joined together, with a hearth under each one. In a room nearby, there is some coal.

Let us leave the piping details aside, the feeding pumps and other things — too technical for us. But we notice, really in evidence, something which looks like an alarm clock: a figured dial, with a needle that backs up, goes forward, stays in place while vibrating almost continuously.

Being neither engineers nor physicians, we can still read on the dial: 20, 30, 100, 200.

In the room with the boilers, there is a stoker: the man in charge of the fires, the one usually called the engineer.

He is not too busy at the moment; let us ask him a few questions:

Question.: “Sir, what is this dial for?”

Answer: “It is the pressure dial indicator. The skilled workers say: a manometer.”

Q.: “What do the figures on the dial mean?”

A.: “They indicate the number of pounds of steam pressure per square inch in the boilers.”

Q.: “Is it useful to you, Mr. Stoker?”

A.: “Most certainly. It is a cardinal indication for me. I see to it that the steam is held constantly at around 100 pounds.”

Q.: “Why? And what is this steam used for?”

A.: “This steam is used to turn the motors in the factory. If the pressure is too weak, the motors will tick over or stop. This is why I keep it at 100 pounds.”

Q.: “How many shovels of coal do you put in hourly to keep the steam pressure at 100 pounds?”

A.: “It depends on what the motors are doing. If they use much steam, the needle indicates a drop in pressure, and I stoke up the fires. If the motors use less power, if some stop, the pressure goes up; the needle indicates it, and I moderate the fires.”

Q.: “But you do not know how many motors are working, nor the kind of work they are doing?”

A.: “No, and it does not concern me. I supply the steam on request.”

Q.: “But if, in the factory, they make useless things, or if they make harmful, dangerous things, you supply the steam just the same?”

A.: “My function is not to judge what is being made in the factory. This responsibility is that of the people in the factory, their managers, what the customers buy, the supervisors of society. My function is to supply steam on request.”

Q.: “If all of a sudden, Mr. Stoker, too many machines stopped all at once, would not the pressure become too strong, even when you would moderate the fires?”

A.: “Do you see this valve with a counterweight on top of the steam dome? At such a time, at 175 pounds, it would open automatically and release steam. This excess would be harmful if one did not make room for it to escape, because the boiler could blow up if the pressure were to become stronger than its limit.”

Q.: “All is foreseen, Mr. Stoker. Then, this dial gives you orders for steam, and you go according to the dial.”

A.: “Exactly.”

Q.: “If you were to refuse to follow the indications of the dial, if you were to go up or down according to your own will, Mr. Stoker, it is you who would regulate the volume of activities in the factory. With much steam, the factory would run at full capacity; with less steam, the factory would have to slow down. You could even cause it to close its doors. You would be the master!”

A.: “If I were to act thus, I would make of steam a power that dominates, and not a service that helps. I would be an usurper and a saboteur. Mere common sense is enough to understand that the factory must be regulated according to the steam; it is the steam which must be regulated according to the needs of the factory.”

Let us congratulate this stoker for having better judgment than the masters of finance, than the bankers who make and destroy money without taking the country's needs into account. They have changed an instrument of service into an instrument of domination.

The Social Credit Movement wants to establish order in finance. It wants a money that serves, and not a money that masters. It wants a money regulated according to the possibilities of production and the needs of consumers; not a production limited by the lack of money, nor a public put to penance and to ration, due to the lack of pieces of paper.

*          *          *

Social Credit is a money system that serves instead of ordering.

Under a Social Credit system, the National Credit Office would have a function similar to the one of the stoker of whom we have just spoken.

The National Credit Office would issue credits and money according to existing facts, according to activities coming from the producers and the consumers themselves. It would not be the role of the Office to say what is to be done and what is not to be done. The function of money is to serve, not to rule.

Under a Social Credit system, the consumers dictate the production, and the production follows. The money to pay for the products comes automatically.

If consumers request things that are harmful to their souls, it is up to their consciences, to the priests, to the spiritual directors, not up to the makers of money, to deal with these problems. Our Lord founded a Church, not a bank. And He did not confide the management of His Church to some financiers, but to St. Peter and to the successors of St. Peter. To fortify souls in the practice of virtue, He instituted His Sacraments, and not a money system that rations.

Therefore the money maker should simply do his job, like the furnace stoker. He should supply money for economic activities, and he should leave to more competent authorities the care of guiding consumers in their choices.

If consumers request things harmful to their health, it is for hygiene, medicine, education, to supply remedies, not up to the banker. Why should money have to be the supreme instrument, the supreme arbiter of human actions?

*    *    *

Our stoker does not take charge of the use made of his steam, but of the management of his fires according to the requirements indicated by the needle of the manometer. In the same way, the role of Social Credit would not to be concerned with the use of money, but with putting money into circulation according to the requirements of the consumers in front of the possible production.

The Socialists, the Planners, under whatever name they present themselves, want to tell the producers what to do and the consumers what they ought to be content with. This is not true of the Social Crediters; they respect freedom too much for that. The Social Crediters still have confidence in mankind. They believe that men and women know what they need.

Now ask the stoker if he has any difficulty in supplying the request for steam. He will answer you: “Not at all, as long as there is water for the boilers and coal for the hearths.”

And ask a Social Credit technician if he foresees any difficulty in supplying money to the level of production. He will answer you: “Not at all, as long as there will be ink and paper to do the accounting.”

“But what about inflation?” some might say. Inflation? Did not our stoker say to us that, if the request for steam stopped all of a sudden, faster than the moderation of his fires, there is an escape valve which automatically takes care of the excess? Likewise, with Social Credit, of which the monetary technique was devised by an engineer, Major Douglas, there is an automatic mechanism to reduce money in circulation if it becomes necessary, just as there is a mechanism to put some into circulation when necessary.

It is as easy to withdraw excess money from circulation, to protect the value of money, as it is easy to put some into circulation, to protect the value of products. Moreover, the present governments, which have not yet learned how to put money into circulation, have for a long time known how to withdraw some from circulation.

When money is lacking, let us stop refusing its issue through the fear of having too much of it. One can count. And in order not to go over 100, one does not have to stop at 25.

* * *

Social Credit will maintain the level of money at the level of possible production, required by needs. This is part of the very nature of the Social Credit monetary system; it is part of its very definition.

Under the present mechanism, nothing of the sort happens. We have a system in which the stoker runs the steam at will; and the factory can produce or must be at a standstill, according to the will of the one who supplies or refuses the steam. It is absurd!

Do you remember 1929? Why did the level of money go down suddenly and stay down, right up to the minute of the declaration of war? Everybody in the country — the housewife in her home, like the minister in his office — everybody read the dial all right: not enough money. And yet, the Government, supposedly master, did not at all dismiss the bad stoker, who had become the real saboteur of the whole country.

And when, because of the war, the saboteur lets money flow, for each new dollar put into circulation, the Government commits itself to withdrawing even more, if not immediately, at least after the war is over. Where is the sovereignty and the dignity of the Government? What a degeneration of power!

* * *

What are worth the critics of those who say: “With Social Credit, the Government will stick its nose everywhere.” Where did they get this idea? Does the stoker, who keeps the level of steam at the level of needs, stick his nose everywhere else in the factory? He does exactly the opposite.

Others defy us: “Then tell us, first of all, how much new money will you put into circulation each month, each year?” We will answer them, as the stoker would: “It depends on existing conditions, and it is the producer-consumer people who will create these facts.”

Others say to us solemnly: “Social Credit will not correct anything. We must have reforms in all domains.”

That's fine, make your reforms, gentlemen. But to achieve them, begin by securing the services of a stoker who has the sense of his functions. Begin by establishing a Social Credit money service. You will then be liberated from your dependence on a dictatorial stoker, on a mechanism that rations in the midst of plenty. You will then be able to make your reforms with ease in the other domains.

http://www.michaeljournal.org/plenty46.htm

# Chapter 46 – The Monetization of Progress

*(An article of Louis Even, published in the April 15, 1945 issue of the Vers Demain Journal.)*

To monetize something is to coin it into money, or establish it as legal tender. For example, monetizing gold or silver is to take gold or silver and strike out of them pieces of money, accepted by the countries who recognize pieces of gold and silver as legal tender.

In modern business, the money which moves the most goods is not the gold or silver money, but the bank's simple bookkeeping money, the monetized credit, which moves from one account to another and is of use in transactions without moving the metal or paper money.

The fact of recording these credits for the first time into an account, from where they will pass into circulation, therefore has all the effect of real monetization. And when this credit disappears, by cancelling it totally, when a repayment is made to its issuer, it is a real destruction of the medium of exchange.

## The necessary money increase

If one calls money all that serves to pay, buy, clear from debt or taxes, one must certainly recognize that the more a country's production increases, the more the money in circulation is a must; otherwise, production accumulates and the producers stop working.

A country's production increase denotes progress for that country. This progress can perhaps be due to an increase in the population capable of producing. Usually it is due much more to new and more effective means of working the soil, the subsoil, the motorized forces, and all of the country's other resources.

## Where and how does money increase?

How can money in circulation increase when progress increases production? Only one way: by new issues of money or what serves as money.

Today, all these new issues enter into circulation only in the form of loans, by the banks, to the governments or entrepreneurs.

We do not talk here about simple loans of money already in existence: this would not increase the total circulation at all; it would be a simple transfer of money from one person to another, from one institution to another.

When we talk about a money increase to match a production increase, it can only be about new money added to the old, putting into circulation money which was not previously in circulation. This money can perhaps be of metal or paper, or the simple crediting of accounts at the disposal of industrialists or governments — it is of no great importance, so long as it is willingly accepted in payment for goods or services.

Where and how is the increase made? The borrowing industrialist pledges his acquired properties, but this is not enough. He must envisage a profitable development from money that he borrows. He must show, to the banker's satisfaction, a production increase, the sale of which will allow him to repay the lending bank. The guaranties are in the banker's hands, it is true: but the bank does not wish at all to seize the pledged properties. This does not interest the bank; it only happens as a last resort when the borrower's project goes wrong and he can not pay back his loan. What the bank wants is money, because its business is a money business.

Therefore it is really progress, envisaged as very realizable, which is the real determinant of the loan.

To make this loan, the bank records the amount to the credit of the borrowing industrialist. The cheques written on this credit will pay for the manpower and the industrialist's other disbursements to establish new means of production in the country.

The increase in the means of payment, made through this recording of credit in the borrower's account, is therefore purely and simply a monetization of progress. Without progress in production, this monetary expansion would not be possible; or it would really be nothing but inflation, and inflation, instead of increasing the real purchasing power, decreases the purchasing power of everybody.

## The agents of progress

Before going any further, let us see to whom is attributable this progress that the banker monetizes to lend to the entrepreneur.

Progress is the outcome of many things: not only does it stem from the industrialist's personal initiative or his collaborator's work, but also, and perhaps above all, from the application of inventions, from the scientific processes, which constitute a real common cultural heritage. No one can proclaim himself the sole owner of the new improvements: they are a new link in the chain of progress, but a new link which would be impossible without the previous ones.

The entrepreneur's initiative and the activities that he will recruit certainly bring a share to progress: this share is private and must give a reward to its authors, in the form of profits or wages and salaries. But the share that society itself brings into progress is more and more considerable.

And what share does the banker bring into it? The banker only ratifies the evaluation of progress. He agrees or refuses to monetize the progress that the borrower plans to put into concrete form.

## Each one's share

Now what is the result of monetization for the various parties involved — the borrower, the public, the banker — under the present system?

Let us begin with the banker. It is really he who is the first beneficiary of a progress to which he personally does not contribute, and on which he has no more claim than the other members of the community.

Let us point out that the banker actually fulfills a double function in the described operation. He monetizes progress; then he lends the fruit of this monetization.

When he monetizes progress, he carries out a sovereign act. He does it by virtue of a charter that the Federal Government has granted to him. He acts as the sovereign, through a simple delegation of power — a power that rightly resides in the Sovereign Government. Therefore the fruit of this act must be a social fruit, a common good.

But nothing of the sort actually occurs. Hardly has Mr. Jones, the sovereign, monetized progress, when he makes this money the property of Mr. Jones, the banker. And our artist, who becomes again a simple banker, actually lends, to the profit of the bank, the money that he has just monetized when he fulfilled the role of sovereign through a delegated power existing for the common good.

This same person, sovereign to monetize and banker to lend, therefore takes advantage of the first role — the role of sovereign — to pass to the lending banker what must legitimately belong to the people.

This is a despoilment, stemming from corrupt practices. And not only is the banker the first and principal beneficiary of the monetization of progress, but he is also the best-protected beneficiary. He can not lose, even if the borrower fails in his undertaking, since he has guaranties in his hands on the borrower's past acquisitions, and these acquisitions exceed always in value what the banker has lent.

What is the borrower's share? He will also be able to benefit from the monetization of progress, provided, in the first place, he manages to establish the means of production planned; secondly, provided he is clever or violent enough to extract from the public more money than he puts into circulation.

The borrower's profit is less ensured than the banker's. If he fails in his undertaking, he comes out of it poorer, since the banker grabs the goods that the borrower has pledged.

And the public? The members of society, whose common cultural heritage perhaps forms the most considerable share in progress, have as such no share from the monetization of this progress. They have none, because the sovereign, who has monetized progress, has forgotten the people and thought only of the banker.

Those who work are paid wages or salaries, thanks to monetization; but collectively, they must, as consumers, pay more for the product of their work than they draw in wages and salaries, since the entrepreneur must take out all the money that he lets go, plus his strongly legitimate personal profit, plus the repayment to the banker who appropriated the fruit of monetization from the very beginning.

As this repayment, to be complete, must be greater than the loan, and as it is collectively impossible to bring in more money than goes out, there will necessarily be bankruptcies somewhere, or ruination, or accumulation of private or public debts.

All these things oppress the community. The ruin of a few is a burden for the whole. The private debts are paid only by placing surcharges on the prices for the buyer. The public debts, or the interest on the growing public debts, are paid only by overtaxing the taxpayers.

Instead of a public that benefits from progress, one has therefore a public crushed under a growing load as progress is expressed by debt-money. In such a case, if putting into circulation the monetization of progress causes a temporary well-being, this temporary well-being is short-lived; the very conditions of this issue of money impose unpleasant and exhausting bleedings.

Let us add that bankers have around them a clientele of borrowers who are more and more welcome, because these borrowers have proved themselves effective at fleecing the public. These are the unscrupulous ones of whom the Pope (Pius XI) spoke. Though not very pleasant to God and His angels, to the bankers these unscrupulous borrowers are the cream of humanity. And this is the way that, around the sovereign and lending banker, are grafted the powerful monopolies which strangle all competition and poison the economic atmosphere.

The monetization of progress, such as we have, is therefore an injustice, a theft, an illogicality, a concentration of wealth, and a manufacture of chains.

## A more social monetization

It is the Government which, in the name of society, ought to monetize progress. As the country's production increases, it is the Government itself which ought to increase the money, or the credit-money, and do it for the good of all members of the community.

The Government ought to act in this way for the good of each and every one, by distributing freely to each and every one, in the form of a social dividend, the claims on the country's progress.

The entrepreneurs and workers would have their rewards, through the sale of their products or their work, thus made easier. Finance would come, debt free, through the consumers, whom the monetization would have benefited directly, instead of coming in the form of a debt through the banker, who grabs the fruit of monetization.

And if the Federal Government does not want to free the people in this way from the yoke of the sovereign banker, the Provincial Governments can do it more gradually, but just as effectively, through a Provincial Financial Mechanism which the citizens would use freely, instead of clinging to the banks' spoliating system.

http://www.michaeljournal.org/plenty47.htm

# Chapter 47 — 30 Million Capitalists in a Canada of 30 Million Citizens

*(An article of Louis Even, first published in the August, 1968 issue of the Vers Demain Journal.)*

## Well-deserved reproaches

If a Communist says to you:

"In your capitalist countries, wealth piles up more and more in the hands of a few. Some men become very wealthy and put others in their service. The more they have, they more they use it to enlarge their nest eggs. They buy out small concerns. They make the modest industrial concerns disappear, and they establish big companies, with colossal factories, into which the working masses must rush every morning, or often at night, and perform what they are ordered to do. Otherwise, they will die of hunger. It is the small number of capital accumulators who run the show, and it is the great number of workers who are led by the nose."

If a Communist tells you that, can you reply in the negative? No, obviously, because what he says is very much in keeping with the facts.

And if a Communist says to you:

"In your capitalist countries, when a government or a public body needs to carry out public works, for schools, hospitals, water systems, roads, canals, airports — if it does not have money — it remains paralyzed, even though there is everything required in the country to carry out these public works. If it wants these public works carried out, it must get into debt, that is to say, put the population in debt for works that the population will carry out itself; or it must tax more, thus reducing the purchasing power of the individuals, while the country can very well produce both capital goods and consumer goods — public things and things for private consumption. In other words, your government must deprive you of butter in order to provide asphalt roads, while the country can very well produce at the same time all the necessary asphalt to pave the roads and all the butter needed to spread on one's bread."

If a Communist speaks to you that way, are you going to tell him that he's lying? If he's in the habit of lying while speaking highly of the Communist regimes, he's not lying when he's putting these absurdities of the capitalist countries under your nose.

You do not want to live under a Communist regime, which conscripts all people to the orders of the party in power and of its technocrats. You do not want a Communist government, which keeps watch over and spies on everything and everyone through its secret police and its informers. You do not want a regime which must surround its borders with 20-foot-high walls, surmounted by a network of barbed wire, flanked by a watchtower fitted with machine-guns, with packs of police dogs, and a night and day surveillance, to deny citizens starving for liberty any possibility of reaching our capitalistic countries where there is still more liberty and, at the same time, where bread is easier to obtain.

But what can you reply to the Communist who accuses the capitalist system of injustice in the distribution of wealth, and of the subjection of the public bodies to the monetary dictatorship?

If you are not a Social Crediter, if you believe that the monetary system which imposes its conditions and its regulations is a sacred and untouchable system, with which one must try to make one's way in life even if it means stepping over everyone else, then you most certainly do not have anything valid to give as an answer to the Communist. Spiritual arguments on religious grounds may perhaps have merit if you are unaware of the sacrificing of natural rights of the human being to the demands of the financial system. But on temporal grounds, on that of a just distribution of wealth, and the emancipation from purely financial obstacles, you are terribly deprived; you are empty-handed. And you are so, more and more of your own volition, because Social Credit has for a long time presented you with the effective remedy to the monetary dictatorship — a remedy which would bring back the capitalist system to its proper role of making the production and the distribution of goods respond to the needs of all, with a maximum of economic security and of personal liberty.

## Everyone a capitalist

Question: "And how would Social Credit make this marvellous transformation? How can it change monopolizers into servants concerned with the needs of the population?"

Answer: Social Credit would do it, precisely by breaking the monopoly — a monopoly which is no longer sound capitalism, but a monstrosity stemming from a defective financial system, tyrannical at its source and in its operation. Social Credit would do away with the monopoly by making each individual a capitalist: 30 million capitalists in a Canada of 30 million citizens.

Question: "But how could those who have little or no money be considered capitalists?"

Answer: First, by giving the word "capital" its true sense, the sense of production factor, and not only the narrow sense of sums of money. Think of capital in terms of reality, and not in terms of symbols. Money is only a symbol, a token. It is the goods which are real in production. Money is nothing but a unit of measurement; it only serves to put a figure on, to calculate the comparative values of things, to record, to add.

If I own a farm, with its buildings, its animals, its ploughing implements — even if I had no money in my pockets — I own capital — my farm — capital which I can put into service. Then I can get products. I am a capitalist.

The real capital of a country is its production capacity. If there is no production capacity, even if all the money in the world is put into circulation, no product will result; such a country will not be able to sustain anyone.

## A great communal capital

Question: “Very well. But there are people who do not possess any other real capital than money capital; who have no farm, no factory, nor any other production factor. How can we make them capitalists also, since you are saying: ‘All are capitalists’?”

Answer: It can happen, by considering what the factors which go into the country's production are, and to whom these factors belong.

We said in a recent article on the subject: Production, especially modern production, depends upon many things other than the work of producers and the investments of money people. First of all, it depends upon the existence of raw material, natural resources, without which no production is possible. It depends also, and more and more, on progress transmitted from one generation to the next —inventions, discoveries, know-how, improvements in production techniques — progress which brings about faster production, even with fewer employees and reduced working hours.

Now, both these elements — natural resources and progress — are not the sole property of any particular individual. The first element — natural resources — is a free gift from God to all of humanity. The second — progress — is a bequeathed heritage from past generations, and we are all coheirs of it by right.

Therefore there is a vast real capital, of which we are all co-owners — a communal capital that no one takes with him, but which, having become a preponderant factor in modern production, must really be worth a dividend to all the co-owners. It is a social dividend to which all are equally entitled, as members of the national community.

How can this theory be put into practice? It can be done as follows, by using known investment terms: Those who invest private capital in production get a share or several shares in relation with their investment. They become shareholders. Let us say that of all the citizens of a country: all are co-owners of a vast real capital, a big production factor; each gets one social share reflecting his part of this capital. This is a share which does not need to be evaluated in money. It is part of a real capital, and its worth is dependent on the productivity of this real capital in production. Now, we do not hesitate to say that the greater part of modern production stems much more from this social capital than from the personal participation of those who are hired in the production processes, whether as employers or employees. The role of these participants is certainly necessary and must be remunerated, but the role of the social capital increases more and more, whereas the role of the total number of employees subsides more and more. This means that the social dividend should more and more displace the wage and other forms of remunerations to the producers.

Without reaching this effect from the very beginning, during the breaking-in of the system, the periodical dividend to each citizen should already allow each one to get at least the basic necessities of life, which is really the first function of a sound and well-established economic organism.

## Report to the shareholders

Then, since all members are shareholders of the communal capital, the public organism in charge of the system would present to them periodically, through public means, the “report to the shareholders” — something as follows, for example:

“During the last accounting period, you have all received a monthly dividend of $800, based on the fulfillment of previous accounting periods. Now, during the latest accounting period, the value of the country's annual production went from 590 billion dollars to 600 billion dollars, without any increase in producing personel. This increase is therefore due to progress, which is a communal capital. Therefore it must not be expressed by a pay increase, but by an increase in the social dividend. The latter will therefore be increased by $15 a month to each of the 30 million Canadians. That is to say, a total of $5.4 billion for the year. The rest of the increase ($4.6 billion) will be integrated through the compensated-price mechanism, to reduce retail prices to be paid by the consumers without infringing upon the producers' cost price.”

This compensated price is a Social Credit technique, which has the effect of making the population pay for all of its various production at the cost of all of its various consumption, which is the just price. We must actually pay the price for what we consume, and not the price for what we produce. That is logical, not only for the individual consumer, but for the national community as a whole. We will not explain here this marvellous Social Credit technique, which would do away with all inflation, as well as all deflation, and which would also allow us to do without the whole complex system of the country's general taxation. (*See Chapter 16 for an explanation of the compensated-price mechanism.*)

But to return to the system of distributing a share of the production to all the citizens in the form of a dividend, what are the foreseeable effects? We foresee numerous beneficial effects, but it would require another article to outline even a prospective summary of it.

### Possible correction

Let us reply here to a remark which comes up much too often: “This conception of a distributive economy can seem logical and marvellous. But is this not a beautiful utopia that is practically unrealizable?” Why unrealizable? Because one would need to make a few modifications, light at that but of a philosophical nature, to the present financial system? But this system is a creation of man. If it is not serving well, we must not submit to it; we must make it more flexible. It is possible, as it was proven during World War II. The system, which had kept the world in a long and major depression before the war, was made more flexible to finance as necessary the whole production of required war engines, and to finance the free distribution of bombs upon the heads of the enemies. It can and must be made more flexible to finance as necessary the whole possible production answering human needs, and to distribute this production as necessary to appropriately serve these needs, in their order of priority, to all people, to all families in the country.

To refuse this correction when it is possible, is a crime on the part of the controllers of the system. To let evil perpetuate itself is, on the part of the country's authorities, either a criminal complicity, or guilty cowardice, inadmissible by the keepers of the law and of the common good of the nation.

http://www.michaeljournal.org/plenty48.htm

# Chapter 48 — Men of the Right, Empty-Handed

*(An article of Louis Even, first published in the March-April, 1971 issue of the Vers Demain Journal. The introduction and the comments are from Alain Pilote, and were published in the November-December, 1995 issue of the Michael Journal.)*

*The following article was written by Louis Even in 1971, but it still applies to the present situation, where there seems to exist in Canada and the U.S.A. a political shift towards what political commentators call "the right", or neo-liberalism, or conservatism. By this term, they want to describe politicians who curse "the welfare State", or any form of socialism or State intervention. But, as Louis Even explains so well, because these so-called "right-wing" politicians do not want to change or denounce the present financial system, which is actually the root of all the evils they denounce, the cures they advocate are often worse than the evils they denounce, since they will hurt the people they are supposed to help.*

*For example, they will make cuts in social programs, hospitals, health care, education, etc., in order to reduce the deficit. They say that they have no alternative but to "redefine the role of the State" (reduce programs) because they simply do not have the money to finance them. It is policies like these that brought many people in Eastern European nations, that were recently freed from Communism and converted to the "market economy", to say: "At least, in the days when the Communists were in power, we were not starving!"*

*These politicians say that they have no alternative. Yet, they would not be forced to make all these cuts if they decided to tackle the real problem, and to reform the financial system; that is to say, to have the sovereign government of each nation resume its right to issue the money for the nation, instead of borrowing money at interest from private banks. If this is not done, poverty will increase and become widespread among the population.*

*What is needed for every country in the world is Social Credit, and Canada should be the first nation to set the example. This will come insofar as the subscribers to the "Michael" Journal make an effort to diffuse the Social Credit light around them, by soliciting subscriptions and finding new subscribers to the "Michael" Journal, in order to educate the population, so that all the Canadians will shout to the Prime Minister: "Hey, create your money!"*

A.P.

### Men of the right…

Men of the right, you indeed refuse Communism and all that leads to it.

You do not admit any possibility of an alliance between the Communist heresy and the Christian truth.

Sure enough, you refuse Communism because of its atheism, and because once in power, it thwarts the free practice of any religion. But even if a Communist government would not forbid religious teaching and practices, you would still say no to Communism because it denies human rights, because it abolishes freedom of choice, because of the tyranny of a Communist State, and because of its materialism and ideology.

You condemn any form of collectivism or State socialism. You repel vehemently the idea of being ruled by a caste of technocrats empowered to dictate the ways of life and to plan the activities of citizens. You hate the interventions of a government, with all its bureaucracy, in the private affairs of yourselves and your families.

You acknowledge that the Government does not have the right to substitute itself for families, free associations, and intermediary bodies for things they could perform themselves. You justly believe and proclaim that the function of governments should be one of subsidiary, letting individuals, families, free and legitimate associations perform themselves what they are well able to accomplish in the line of their chosen policies, the Government better attending to remove obstacles which only legislation can remove.

You condemn the political centralization of power which carries the seat of administration and policy further away from the people, where the pressure of financial lords will be better felt than the grievances of individuals and families.

You also deplore the accelerated concentration of wealth in a few hands, the developing of huge industrial plants in which employees by the hundreds, by the thousands, are mere units, a cog in the wheel, made to work on projects in which they have no say, and turn out products or parts of products of which they have no right to question the nature nor the destination.

You declare loudly your attachment to free enterprise and private property — whether of land, of housing, or of the means of production — and you only wish to see some form of private property accessible to all. You deplore the growing number of tenants in cities who cannot own a house, the growing number of farm-owners who are crippled with taxes and debts, and who are forced to sell their land to go and find a job in the cities. You deplore the disappearance of human-sized businesses, which are either forced to go bankrupt or to be taken over by industrial or commercial monopolies.

The attitude of unrest and rebellion gaining ground among the youth, their distaste of home and family life, their arrogance allied with vulgarity and disrespect for what you have always held sacred, fills you with anxiety. Much alarmed are you also in the face of the rising tide of materialism, of lasciviousness, of a display of pornography, of the unchecked circulation of blasphemous and immoral literature among students, of the abandonment of religion and the practical apostasy at an increasing rate. You deplore the fact that our children leave school without knowing how to write correctly, and with less Faith than they had before attending school — leaving it quite often with no Faith at all!

### ...empty-handed

But, men of the right, you must surely be aware that mere vocal condemnations will not stop political and economic centralization, State socialism.

You won't stop State socialism with empty hands. But is that not what you actually are: empty-handed? Have you nothing else to oppose socialism with but the present vitiated capitalist system, which makes the rich richer and the poor poorer, making small owners lose the little they have left?

Oh! You may well repeat your condemnations of this type of capitalism. But what do you present to improve it? If you have nothing to present, how will you prevent people, who are left out in the cold by the system, from turning to socialism or Communism, even if this means sacrificing their personal freedom? The have-nots, the homeless, the starving people thirst for more than words about freedom, since they practically lose all freedom when they have nothing to eat or to shelter.

You, men of the right, what do you have to present to the have-nots, to the homeless? With what do you want to stop increasing State intervention in areas that come under individuals, families, and local administrations? Can't you see that all this State interventionism is due to the financial incapacity of individuals and families to pay for municipal, school, or health services?

You notice this financial incapacity, but how do you propose to remedy it? What solution do you present, what do you have to offer but speeches in which you are prompt to blame the very victims of the system for their situation?

What do you have to present? Nothing? Well, then you won't stop any nationalization, any State control, any red tape, any technocracy, any welfare State, any form of socialism or Communism.

Your hearts are broken when you see an increasing drift from the land, country people leaving their land for the asphalt of the cities. But what do you have to present to prevent taxes and debts from ruining farmers? Nothing? Well, don't be surprised if they decide to abandon a piece of land that must feed the State and the financiers before feeding their own families.

Some will say that a drift from the land is part of progress. Really? In the past, with fifteen or twenty cows, a farmer could support a family of twelve children; today, one cannot raise four children if one does not have at least sixty head of cattle, a tractor, machinery... and a lot of debts!

Nothing is done to promote family life, to encourage parents to have children, to keep teenagers at home, to defend parental authority. You, men of the right, what do you have to propose to reassert the rights of the family and parental authority? Nothing! Once again, you are empty-handed!

What do you have to propose so that progress and automation will result in free people, instead of people totally or partially unemployed, condemned to live on money taken from the wages of those who have not been displaced by progress? What do you propose? Nothing!

Because you are empty-handed, because you have nothing new to propose, you are reduced either to shutting up or to promoting the same policies as the men of the left, which lead to the same results.

Just consider this: Communists of Soviet countries and governments of the free world, men of the left and men of the right, all advocate a full employment policy.

Since progress in production requires less human labour to satisfy the normal needs of people, governments look for a solution in the promotion of new material needs, to keep production going. One no longer preaches the limitation of material needs, which would be suitable for Christians, but on the contrary, one promotes the creation of new needs, therefore sinking into materialism. Even if you, men of the right, deplore the rise of materialism in our society, you contribute to it, because you do not know how, or do not want to advocate a distribution of goods that is dissociated to the requirement of being employed in production.

Basic goods are already made, even in overabundance, but without requiring all of the available work force. One cannot get these goods without presenting money, purchasing power, but this purchasing power can be obtained only if one is employed in production. This damn rule obliges governments to create new jobs, therefore creating new goods, and therefore new needs to buy these new goods. You know where it leads us all to — materialism. Yet, you, men of the right, are attached to this rule as if it were a Commandment of God.

## Supremacy of money

Can't you see, men of the right, that the evil in the economic and social organism lies in the submission to a financial system, of which the rules lead to all the conditions that you deplore. The whole economic life is being motivated by money. Money reigns supreme. It has become the determining end of every economic activity, and it also conditions the operation of these same activities. This supremacy of money is the great economic heresy — and more than merely economic — that Christians are too blind to see, or too bound to denounce, or too coward to overthrow. (...)

Men of the right, have you ever seen governments, big or small, worried in their economic plans by anything else than money problems? When they want to build a road, a school, a hospital, do they worry about finding workers to do the job, or of finding materials? Is it not the problem of finding money that is the major headache of governments? Ask the Minister of Finance!

Yet, after ten years of headaches and economic paralysis, from 1929 to 1939, as soon as World War II was declared, all the governments of the warring countries found the billions of dollars required to finance this war for six years. This proves at least that the scarcity of money could have been terminated as early as 1930, since it had been terminated the day the war was declared. It also proves that we are dealing here with a criminal money dictatorship, that starves people during peacetime, and finances slaughter and destruction without any hesitation in wartime, and it proves that the governments of those days were either lackeys, stupid, or accomplices of this criminal dictatorship. Have their present successors changed?

And you, men of the right, still accept this money dictatorship? You attack everything, except it, as though money was a god that could not be submitted to the will of man, as though financial rules could not be changed for rules in keeping with human needs and the possibilities to satisfy them.

## Ignorance or refusal?

You, men of the right, are empty-handed in front of all kinds of disorders, in every domain, because you refuse to correct this major disorder: money being sovereign instead of being a servant.

I use the word “refuse” because it seems to me that you cannot ignore what has been presented to the world for over 77 years — and in Canada, with an indefatigable zeal, for over 60 years — under the name of Social Credit.

Oh! I know too well that the news media did everything to silence or misrepresent the proposals of authentic Social Credit. I also know that the creation of political parties using that name, in Canada as well as in Great Britain, New Zealand and Australia, contributed to classing this doctrine of truth and liberation as a vulgar pursuit of power, making of Social Credit a faction of politicians to fight, or electoral speeches to ridicule.

But men of the right should have learnt, a long time ago, to search for the truth elsewhere than in news media infested with leftists and liars, and elsewhere than in the waffle of politicians. And if you are prejudiced against Social Credit, you should put your prejudices aside, for they have no reason to exist in a sincere search for a solution to the serious problems that you recognize and denounce.

## Social Credit, an effective solution

Social Credit is an effective solution, since the implementation of its financial principles would turn finance into a flexible servant, instead of a master that dictates decisions in the economic order. It would liberate every level of government from subjection to the present controllers of financial credit.

By matching the issue of financial credit — money — with the possibilities of producing the goods required by the needs, one would no longer see a production capacity paralyzed in front of unsatisfied needs.

Today's production can easily meet the orders of consumers when they have enough purchasing power to make these orders. Social Credit would guarantee to every individual, through a periodical dividend, a basic purchasing power at least sufficient enough to allow the purchase of the necessities of life, in a country in which the productive capacity can easily supply this amount of goods.

Moreover, there would be no inflation in a Social Credit economy. One cannot speak of a high cost of living, since a mechanism of price adjustment (not a fixation of prices) would establish a balance between total effective purchasing power in the hands of consumers, and the sum of the prices of the goods offered on the market to satisfy needs.

## Comments of the “Michael” Journal
## A dividend, or guaranteed annual income

Present debates about the future of social programs like welfare, unemployment insurance, or the old-age pensions, show the urgency of the implementation of Social Credit, and especially of a dividend given to every citizen, which would be infinitely more efficient than all these measures. Because they are short of money, governments cut more and more into social programs, which will inevitably hurt people very much, especially the poorest.

Welfare recipients become an easy target for bashing because their benefits are paid by the taxes of those who work. And sometimes, wage-earners, especially among the middle class, show discontent, not without reason, for it turns out that some people on welfare are better off than they who have to work "by the sweat of their brows," as they say.

Well, the Social Credit dividend would be infinitely better than the present welfare system, which presently requires a lot of inquiries to know who is eligible and who is not. Contrary to welfare, it would not be financed by the taxpayers' money, but by new money, created without interest by the Bank of Canada. Moreover, this dividend would be given to every citizen, whether he is employed or not. Those who are employed would therefore not be penalized, since they would receive the dividend plus their wages. Wage-earners could no longer accuse those who don't work of having unfair privileges, since they would also receive the same privileges, in addition to their wages.

Some people will say that giving such a dividend to everybody would make people idle; that is to say, knowing they would receive a guaranteed annual income, people would no longer want to work. To this, the Social Crediters say that, on the contrary, with a guaranteed dividend, there would be a flowering of creative activities, people being then placed in a position where they could take part in the type of activity which appeals to them, for which they are suited.

This stand was confirmed by a study of the Science Council of Canada, as reported by Canadian Press in the newspapers of July 31, 1991:

"**The fears that a guaranteed annual income to each Canadian family would harm the will of the people to work are groundless, say Derek Hum and Wayne Simpson, the two researchers who signed the document... A government spokesman pointed out that this project of a guaranteed income was on the shelf for now, but could surface at the next general election."**

We know that this project did not surface for the October 25, 1993 elections in Canada, and so the Conservatives were just swept out, passing from 157 seats to only 2!

Interestingly enough, in November, 1985, the Macdonald Commission (created by Prime Minister Trdueau a few years earlier) had released its three-volume, 1,100-page report, which recommended three major changes: 1. Free trade with the U.S.A.; 2. A shift in tax policy toward consumption; and 3. A guaranteed annual income. The Mulroney Government went on to implement the first two recommendations (with the North American Free Trade Agreement and the Goods and Services Tax), but did not implement a guaranteed annual income, which would have certainly done much more good to the Canadians than the two other measures. Was it because of the pressure of the Financiers?

It is now the Liberals who are in office. Will they be more courageous than Mulroney's Tories? The idea of a guaranteed annual income is not unknown to the Liberals. Columnist Richard Daigneault wrote in the January 4, 1985 issue of the Quebec City "Le Soleil" newspaper:

"A certain number of Liberals believe that the guaranteed annual income — a minimum income to which every citizen would be entitled — is the system of tomorrow. According to Mr. Armand Bannister, chairman of the Reform Committee of the Liberal Party of Canada, the issue of unemployment, for occurrence, can no longer be seen in the light of the past, in the viewpoint of the thirties. The setting up of modern technology in all levels of production and commercial activity will create unemployment. Can we continue claiming that each citizen, man and woman, is entitled to a job? Mr. Bannister says that it is an unrealizable hope in the context of the technological era."

In 1982, John Farina, a professor in the faculty of social works at the Wilfrid Laurier University, in Waterloo, Ont., had said:

“Man invented machines so that man would not have to work, and we've succeeded to the point of one and a half million unemployed. But instead of cheering about it, we're in despair. To me this is sheer raging idiocy.”

In June 1990, Paul Martin, who was then a candidate for the leadership of the Liberal Party of Canada, promised that if he was elected Prime Minister of Canada, he would hasten to set up a guaranteed annual income system for every citizen. In 2004, Paul Martin is now Prime Minister. Is he still willing to implement this idea?

For the Canadian Government to give this guaranteed annual income, and to serve the Canadian citizens, instead of blindly complying with the orders of the International Monetary Fund, the readers of the “Michael” Journal must keep up their apostolate work to educate the population (by distributing our offprints and by soliciting subscriptions to our journal), so that the pressure of the people on the Government will be stronger than the pressure of the Financiers.

This is the only effective method to obtain a change in that direction. For example, as it was mentioned in the June 25, 1995 edition of “The Toronto Star”, Finance Minister Martin attacked the banks because of the support of the population, saying that he was only responding to public anger. This support of the population also led another Liberal minister, Roy MacLaren, to say, about the banks: “Who are those sons of bitches to be telling us how to run the country when they're hauling in so much money?”

Readers of the “Michael” Journal, let us not deviate from our mission: let us continue to solicit subscriptions to “Michael”, to make Social Credit known and to increase the support of the population, and the Government will soon send the bankers packing for good, and give a dividend to every citizen. There is no other solution but Social Credit, so let us concentrate all our efforts for the triumph of this cause; all other issues are just a waste of time and energy.

http://www.michaeljournal.org/plenty49.htm

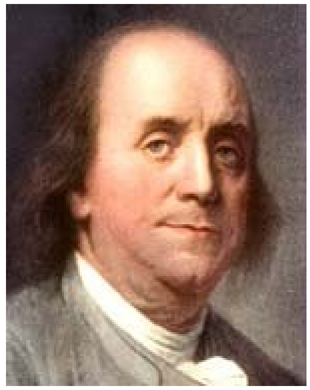
# Chapter 49 — The History of Banking Control in the United States

*(An article of Alain Pilote, first published in the Sept.-Oct., 1985 issue of the Vers Demain Journal.)*

The bankers' dictatorship and their debt-money system are not limited to one country, but exist in every country in the world. They are working to keep their control tight, since one country freeing itself from this dictatorship and issuing its own interest- and debt-free currency, setting the example of what an honest system could be, would be enough to bring about the collapse of the bankers' swindling debt-money system worldwide.

This fight of the International Financiers to install their fraudulent debt-money system has been particularly vicious in the United States of America since its very foundation, and historical facts show that several American statesmen were well aware of the dishonest money system the Financiers wanted to impose upon America, and of all of its harmful effects. These statesmen were real patriots, who did all that they possibly could to maintain for the U.S.A. an honest money system, free from the control of the Financiers. The Financiers did everything in their power to keep in the dark this facet of the history of the United States, for fear that the example of these patriots might still be followed today. Here are these facts that the Financiers would like the population to ignore:

## The happiest population



**Benjamin Franklin**

We are in 1750. The United States of America does not yet exist; it is the 13 Colonies of the American continent, forming “New England”, a possession of the motherland, England. Benjamin Franklin wrote about the population of that time: **“Impossible to find a happier and more prosperous population on all the surface of the globe.”** Going over to England to represent the interests of the Colonies, Franklin was asked how he accounted for the prosperous conditions prevailing in the Colonies, while poverty was rife in the motherland:

**“That is simple,”** Franklin replied. **“In the Colonies we issue our own money. It is called Colonial Scrip. We issue it in proper proportion to make the products pass easily from the producers to the consumers. In this manner, creating ourselves our own paper money, we control its purchasing power, and we have no interest to pay to no one.”**

The English bankers, being informed of that, had a law passed by the British Parliament prohibiting the Colonies from issuing their own money, and ordering them to use only the gold or silver debt-money that was provided in insufficient quantity by the English bankers. The circulating medium of exchange was thus reduced by half.

**“In one year,”** Franklin stated, **“the conditions were so reversed that the era of prosperity ended, and a depression set in, to such an extent that the streets of the Colonies were filled with unemployed.”**

Then the Revolutionary War was launched against England, and was followed by the Declaration of Independence in 1776. History textbooks erroneously teach that it was the tax on tea that triggered the American Revolution. But Franklin clearly stated:

**“The Colonies would gladly have borne the little tax on tea and other matters, had it not been the poverty caused by the bad influence of the English bankers on the Parliament: which has caused in the Colonies hatred of England, and the Revolutionary War.”**

The Founding Fathers of the United States, bearing all these facts in mind, and to protect themselves against the exploitation of the International Bankers, took good care to expressly declare, in the American Constitution, signed at Philadelphia, in 1787, Article 1, Section 8, paragraph 5:

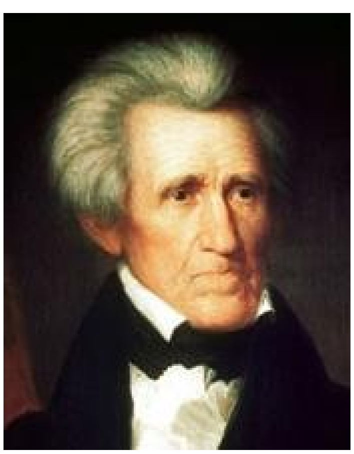
**“Congress shall have the power to coin money and to regulate the value thereof.”**

## The bank of the bankers

**Alexander Hamilton**

But the bankers did not give up. Their agent, Alexander Hamilton, was named Secretary of Treasury in George Washington's cabinet, and advocated the establishment of a federal bank to be owned by private interests, and the creation of debt-money with false arguments like: **“A national debt, if it is not excessive, will be to us a national blessing... The wisdom of the Government will be shown in never trusting itself with the use of so seducing and dangerous an expedient as issuing its own money.”** Hamilton also made them believe that only the debt-money issued by private banks would be accepted in dealing abroad.

Thomas Jefferson, the Secretary of State, was strongly opposed to that project, but President Washington was finally won over by Hamilton's arguments. A federal bank was thus created in 1791, the “Bank of the United States”, with a 20 years' charter. Although it was termed “Bank of the United States”, it was actually the “bank of the bankers”, since it was not owned by the nation, but by individuals holding the bank's stocks, the private bankers. This name of “Bank of the United States” was purposely chosen to deceive the American population and to make them believe that they were the owners of the bank, which was not the case. The charter for the Bank of the United States ran out in 1811, and Congress voted against its renewal, thanks to the influence of Thomas Jefferson and Andrew Jackson:



**Andrew Jackson**

**"If Congress,"** Jackson said, **"has a right under the Constitution to issue paper money, it was given them to use by themselves, not to be delegated to individuals or corporations."**

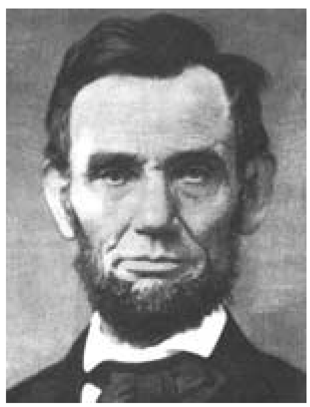
Thus ended the history of the first Bank of the United States. But the bankers did not play their last card.

## The bankers launch the war

Nathan Rothschild, of the Bank of England, issued an ultimatum: **"Either the application for the renewal of the charter is granted, or the United States will find itself involved in a most disastrous war."** Jackson and the American patriots did not believe the power of the international moneylenders could extend so far. **"You are a den of thieves-vipers,"** Jackson told them. **"I intend to rout you out, and by the Eternal God, I will rout you out!"** Nathan Rothschild issued orders: **"Teach these impudent Americans a lesson. Bring them back to Colonial status."**

The British Government launched the War of 1812 against the United States. Rothschild's plan was to impoverish the United States through this war to such an extent that the legislators would have to seek financial aid... which, of course, would be forthcoming only in return for the renewal of the charter for the Bank of the United States. Thousands were killed, but what does that matter to Rothschild? He had achieved his objective; the U.S. Congress granted the renewal of the Charter in 1816.

## Abraham Lincoln is assassinated



**Abraham Lincoln**

Abraham Lincoln was elected President of the United States in 1860, under the promise of abolishing the slavery of the blacks. Eleven southern States, favourable to the human slavery of the black race, then decided to secede from the Union, to withdraw from the United States of America: that was the beginning of the Civil War (1861–1865). Lincoln, being short of money to finance the North's war effort, went to the bankers of New York, who agreed to lend him money at interest rates varying from 24 to 36 percent. Lincoln refused, knowing perfectly well that this was usury and that it would lead the United States to ruin. But his money problem was still not settled!

His friend in Chicago, Colonel Dick Taylor, came to his rescue and put the solution to him:

**“Just get Congress to pass a bill authorizing the printing of full legal tender treasury notes, and pay your soldiers with them, and go ahead and win your war with them also.”**

This is what Lincoln did, and he won the war: between 1862 and 1863, in full conformity with the provisions of the U.S. Constitution, Lincoln caused $450 million of debt-free Greenbacks to be issued, to conduct the Civil War. (*These Treasury notes were called “Greenbacks” by the people because they were printed with green ink on the back*.)

Lincoln called these Greenbacks **“the greatest blessing the American people have ever had.”** A blessing for all, except for the bankers, since it was putting an end to their racket, to the stealing of the nation's credit and issuing interest-bearing money. So they did everything possible to destroy these Greenbacks and sabotage Lincoln's work. Lord Goschen, spokesman of the Financiers, wrote in the *London Times* (Quote taken from *Who Rules America* by C. K. Howe, and reproduced in *Lincoln Money Martyred* by Dr. R. E. Search):

**“If this mischievous financial policy, which has its origin in North America, shall become indurated down to a fixture, then that Government will furnish its own money without cost. It will pay off debts and be without a debt. It will have all the money necessary to carry on its commerce. It will become prosperous without precedent in the history of the world. That Government must be destroyed, or it will destroy every monarchy on the globe.” (The monarchy of the money lenders.)**

First, in order to cast discredit on the Greenbacks, the bankers persuaded Congress to vote, in February of 1862, the “Exception Clause”, which said that the Greenbacks could not be used to pay the interest on the national debt, nor to pay taxes, excises, or import duties. Then, in 1863, having financed the election of enough Senators and Representatives, the bankers got the Congress to revoke the Greenback Law in 1863, and enact in its place the National Banking Act. (Money was then to be issued interest-bearing by privately-owned banks.)

This Act also provided that the Greenbacks should be retired from circulation as soon as they came back to the Treasury in payment of taxes. Lincoln heatedly protested, but his most urgent objective was to win the war and save the Union, which obliged him to put off till after the war the veto he was planning against this Act and the action he was to take against the bankers. Lincoln nevertheless declared:

**“I have two great enemies, the Southern army in front of me and the bankers in the rear. And of the two, the bankers are my greatest foe.”**

Lincoln was re-elected President in 1864, and he made it quite clear that he would attack the power of the bankers, once the war was over. The war ended on April 9, 1865, but Lincoln was assassinated five days later, on April 14. A tremendous restriction of credit followed, organized by the banks: the currency in circulation in the country, which was, in 1866, $1,907 million, representing $50.46 for each American citizen, had been reduced to $605 million in 1876, representing $14.60 per capita. The result: in ten years, 56,446 business failures, representing a loss of $2 billion. And as if this was not enough, the bankers reduced the per capita currency in circulation to $6.67 in 1887!

## William Jennings Bryan: “The banks ought to get out”

**William Jennings Bryan**

Lincoln's example nevertheless remained in several minds, as far along as 1896. That year, the Presidential candidate for the Democrats was William Jennings Bryan, and once again, history textbooks tell us that it was a good thing that he did not succeed in his bid for the Presidency, since he was against the bankers' “sound money”, the money issued as a debt, and against the gold standard. Bryan said:

**“We say in our platform that we believe that the right to coin and issue money is a function of Government. We believe it. Those who are opposed to it tell us that the issue of paper money is a function of the bank, and that the Government ought to get out of the banking business. I tell them that the issue of money is a function of Government, and that the banks ought to get out of the Government business... When we have restored the money of the Constitution, all other necessary reforms will be possible, but until this is done, there is no other reform that can be accomplished.”**

## The Fed: The most gigantic trust

**Charles A. Lindbergh**

Finally, on December 23, 1913, the U.S. Congress voted in the Federal Reserve Act, which took away from Congress the power to create money, and which handed over this power to the Federal Reserve Corporation. One of the rare Congressmen who had understood all the issue at stake in this Act, Representative Charles A. Lindbergh Sr. (Rep-Minnesota), father of the famous aviator, said:

**“This Act establishes the most gigantic trust on earth. When the President (Wilson) signs this bill, the invisible government of the Monetary Power will be legalized... The worst legislative crime of the ages is perpetrated by this banking and currency bill.”**

## The education of the people

What allowed the bankers to finally obtain the complete monopoly of the control of credit in the United States? The ignorance among the population of the money question. John Adams wrote to Thomas Jefferson, in 1787:

**“All the perplexities, confusion and distress in America arise, not from defects in the Constitution, not from want of honor or virtue, so much as downright ignorance of the nature of coin, credit, and circulation.”**

Lincoln's Secretary of Treasury, Salmon P. Chase, stated publicly, shortly after the passage of the National Banking Act, in 1863:

**“My agency in promoting the passage of the National Banking Act was the greatest financial mistake of my life. It has built up a monopoly which affects every interest in the country. It should be repealed, but before that can be accomplished, the people will be arrayed on one side, and the banks on the other, in a contest such as we have never seen before in this country.”**

Automobile manufacturer Henry Ford said:

**“If the people of the nation understood our banking and monetary system, I believe there would be a revolution before tomorrow morning.”**

The education of the people, that's the solution! It is precisely the method advocated by the “Michael” Journal: to build a force in the people through education, so that the sovereign government of each nation will have the courage to stand up to the bankers and issue its own money, as President Lincoln did. If only all those in favour of an honest money system understood their responsibilities for spreading the “Michael” Journal! Social Credit, which would establish an economy where everything is organized to serve the human person, is precisely aiming to develop personal responsibility, to create responsible people. Each mind won over to Social Credit is an advance. Each person formed by Social Credit is a force, and each force acquired is a step towards the victory. And for the last sixty years, how many forces have been acquired!… If all of them were active, it is really before tomorrow morning that we would obtain the implementation of the Social Credit proposals!

As Louis Even wrote in 1960:

“The obstacle is neither the financier, nor the politician, nor any avowed enemy. The obstacle lies in the passivity of too many Social Crediters who hope for the coming of the triumph of the Cause, but who leave it up to others to promote it.”

In short, it is our refusal to take on our responsibilities that delays the implementation of Social Credit, of an honest money system. “Much will be asked of the man to whom much has been given” (Luke 12:48). Examine your consciences, dear Social Crediters; personal conversion, one more go, and let us take on our responsibilities: the victory has never been so close! Our responsibility is to make Social Credit known to others, by having them subscribe to the “Michael” Journal, the only publication that makes this brilliant solution known.

http://www.michaeljournal.org/plenty50.htm

# Chapter 50 — Social Credit in the United States in 1932

## Passed in the House of Representatives by 289 to 60

*(An article of Alain Pilote, published in the September-October, 1996 issue of the Michael Journal.)*

### The public debt

The huge public debt of the U.S.A., which is over 7,000 billion dollars (in 2004), makes every American aware of the urgency to correct the situation. But if politicians do not attack the root cause of the problem, on what causes the debt to increase, all their reforms will be useless, and the situation will even get worse.

The regular readers of "Michael" know what causes the debt to increase: it is because all the money is created as a debt at interest. Banks create the principal they lend, but they do not create the interest they demand. For example, for every person in the U.S.A., there is $20,000 of money in existence... but there is $64,000 of debt!

The only thing that can prevent the debt from growing is to strip private banks of their power to create money as a debt at interest, and to have the U.S. Treasury create all the money for America, debt-and-interest-free.

Balancing the budget or cutting expenses will not solve the problem, since it does not deal with the problem of the creation of money as a debt. In fact, cutting expenses amounts to having less money in circulation, which makes it harder for every American.

## Welfare reform

The recent welfare reform, passed by the Congress and approved by President Clinton, is a fine example of such misguided cutback policies: because the U.S. Government does not have enough money, the American people will now be able to get welfare for only a maximum of five years, and they cannot receive it for more than two years in a row — they must then find a job. (Whether there are enough jobs available or not is not the concern of the Government. The trend of progress is to make new machines that produce more with less employees, not with more employees.) With other changes (like cutting benefits to resident aliens), this reform means that 40% of those who received welfare benefits until now, will no longer get any with the new plan.

Welfare recipients are an easy target for cutbacks, because their benefits are paid for by the taxes of those who work. Many wage-earners, especially among the middle class, show discontent, not without reason, for it turns out that some people on welfare are better off than those who have to work "by the sweat of their brow."

**The Social Credit dividend (a basic income given every month to every citizen) would be infinitely better than the present welfare system and the reform approved by President Clinton. Contrary to welfare, it would not be financed by the taxpayers' money, but by new money created interest free by the U.S. Treasury. This dividend would be given to every citizen, whether he is employed or not. Those who are employed would therefore not be penalized, since they would receive the dividend plus their wages.**

It is obvious that Social Credit is the solution for the United States, as well as to every country in the world. So, how can Social Credit be implemented in the U.S.A.? If the Republicans or the Democrats do not want to include it in their platform, do the Americans have to vote for a new party?

## The Goldsborough bill

No, there is no need for new parties; only the education of the people is necessary. Once the pressure from the public is strong enough, all the parties will agree with it. A fine example of this can be found in the Goldsborough bill of 1932, which was described by an author as a "Social Credit bill" and "the closest near-miss monetary reform for the establishment of a real sound money system in the United States":

**"An overwhelming majority of the U.S. Congress (289 to 60) favored it as early as 1932, and in one form or another it has persisted since. Only the futile hope that a confident new President (Roosevelt) could restore prosperity without abandoning the credit-money system America had inherited kept Social Credit from becoming the law of the land. By 1936, when the New Deal (Roosevelt's solution) had proved incapable of dealing effectively with the Depression, the proponents of Social Credit were back again in strength. The last significant effort to gain its adoption came in 1938." (W.E. Turner, *Stable Money*, p. 167.)**

Even the dividend and the compensated discount, two essential parts of Social Credit, were mentioned in this bill, which was the “Goldsborough bill”, after the Democratic Representative of Maryland, T. Allan Goldsborough, who presented it in the House for the first time on May 2, 1932.

Two persons who supported the bill especially hold our attention: Robert L. Owen, Senator of Oklahoma from 1907 to 1925 (a national bank director for 46 years), and Charles G. Binderup, Representative of Nebraska. Owen published an article, in March of 1936, in J. J. Harpell's publication, “The Instructor”, of which Louis Even was the assistant editor. As for Binderup, he gave several speeches on radio in the U.S.A. during the Depression, explaining the damaging effects of the control of credit by private interests. The “Michael” Journal published in the past one of his speeches on Benjamin Franklin's “Colonial Scripts.” *(See our September-October, 1993 issue.)*

Robert Owen testified in the House, April 28, 1936:

**“...the bill which he (Goldsborough) then presented, with the approval of the Committee on Banking and Currency of the House — and I believe it was practically a unanimous report. It was debated for two days in the House, a very simple bill, declaring it to be the policy of the United States to restore and maintain the value of money, and directing the Secretary of the Treasury, the officers of the Federal Reserve Board, and the Reserve banks to make effective that policy. That was all, but enough, and it passed, not by a partisan vote. There were 117 Republicans who voted for that bill (which was presented by a Democrat) and it passed by 289 to 60, and of the 60 who voted against it, only 12, by the will of the people, remain in the Congress.**

**“It was defeated by the Senate, because it was not really understood. There had not been sufficient discussion of it in public. There was not an organized public opinion in support of it.”**

## The education of the people

That is the main issue. There are two things that we must remember: Republicans and Democrats alike supported it, so there was no need for a third party or any sort of “Social Credit” party. Moreover, Owen admitted that the only thing that was lacking was the education of the population, a force among the people. That confirms the method used by the “Michael” Journal, advocated by Clifford Hugh Douglas and Louis Even.

**The Goldsborough bill was titled: “A bill to restore to Congress its Constitutional power to issue money and regulate the value thereof, to provide monetary income to the people of the United States at a fixed and equitable purchasing power of the dollar, ample at all times to enable the people to buy wanted goods and services at full capacity of the industries and commercial facilities of the United States... The present system of issuing money through private initiative for profit, resulting in recurrent disastrous inflations and deflations, shall cease.”**

The bill also made provision for a discount on prices to be compensated to the retailer, and for a national dividend to be issued, beginning at $5 a month (in 1932) to every citizen of the nation. Several groups testified in support of the bill,, stressing the bill provided the means of controlling inflation.

## Ignorance among the population

The most ardent opponent in the Senate was Carter Glass, a fierce partisan of the Federal Reserve (private control of money) and a former Secretary of the Treasury. Besides, Henry Morgenthau, then Roosevelt's Secretary of Treasury, who was strongly opposed to any monetary reform, said that Roosevelt's New Deal should be given a trial first.

What mostly helped the opponents to the bill was the near downright ignorance of the money question among the population... and even in the Senate.

Some Senators, knowing nothing about the creation of money (credit) by banks, exclaimed: “The Government cannot create money like that! That will cause runaway inflation!” And others, while admitting the necessity for debt-free money, questioned the necessity for a dividend, or the compensated discount. But all these objections actually disappear after a serious study of Social Credit.

## The necessity for a dividend

Social Credit would establish a financial system that would serve the human person. It would not only finance the production of goods satisfying human needs, but it would also finance the distribution of these goods to make sure that they reach those who need them. If goods do not reach the consumers, we are producing for nothing. The purpose of production is consumption. This is what Owen had understood:

**“In 1932, the Reserve Board vigorously fought the Goldsborough bill, which expressed the overwhelming will of the House of Representatives... There is a great deal of merit, in my opinion, in the principle of distributing our new created money as far as being practicable at the bottom (to the consumers) as was contemplated by Mr. Goldsborough's bill and by Mr. Binderup's bill, because in that way the purchasing power would be produced at the bottom, and without purchasing power at the bottom you cannot have maximum production, because it is vain to produce if you cannot sell.”**

This dividend would be based on the two biggest factors to modern production: the inheritance of natural resources and the inventions of past generations, which are both free gifts from God, therefore belonging to all. Far from being an incitement to idleness, the dividend would allow people to allocate themselves to those jobs to which they are best suited. (Moreover, jobs would be more secure, once consumers are guaranteed enough purchasing power.)

## A chronic shortage of purchasing power

There is also a technical argument in favor of the dividend: the gap between purchasing power and prices, which was explained by Scottish engineer Clifford Hugh Douglas (the inventor of Social Credit) as the “A + B theorem”: .

**Economists maintain that production automatically finances consumption, that is to say, that the wages distributed to the consumers are sufficient to buy all of the available goods and services. They are wrong, since facts prove just the opposite: Wages are only one part of the price of a finished good. The total cost price of any given finished good is made up of several other factors: payments for materials, taxes, banking charges, charges for depreciation, etc.**

Douglas calls “A” the payments made to individuals (wages), and “B” the payments made to other organizations (for raw material, etc.). So “A” is the sum of the salaries, and “B” the sum of other costs. It is obvious that the retail price of any product must include all of the costs (A +

B), and that A cannot buy A + B, that wages cannot buy all of the production. For any period of time, the rate of flow of prices created is always greater than the rate of flow of purchasing power distributed.

**So a direct financing of consumers is needed, by some other channel than wages. (Since wages are included in prices, wage increases will settle nothing, bringing automatically a rise in prices.) An additional income — at least equivalent to "B", is therefore necessary. The Social Crediters call this income a dividend.**

Since the dividend has not yet been implemented in the present system, there should be, theoretically, a growing mountain of unsold goods. If the system keeps going, and if goods are sold just the same, it is because one has, instead, a growing mountain of debt!

## The compensated discount

There are two ways to make the total of the prices and the total of the purchasing power in the hands of the consumers to correspond: either lower the prices, or increase the purchasing power. Social Credit would do both, without harming anyone.

**In the present system, it is impossible to lower the prices without harming the producers, and it is impossible to increase the purchasing power of the consumers without raising the prices. The additional money must therefore not come from the wages, but from a different source: it is the Social Credit dividend. And the mechanism to lower the prices is called the "compensated discount" — a discount on the prices of every retail goods, which would be compensated to the retailer by the U.S. Treasury. This discount is meant to prevent any possibility of inflation.**

Inflation also means too much money in relation to products. In a Social Credit system, there would be no danger of inflation, since there would be a constant balance between money and goods: money would be issued as goods are made, and be withdrawn from circulation as goods are consumed.

All this is explained very briefly, but our purpose is to show that Social Credit is not an utopia, but a scientific system based on facts that can be applied immediately in any country. Social Credit only wants to "make financially possible what is physically possible." We encourage our readers to start studying Social Credit, and above all, to make it known to others, by diffusing and soliciting subscriptions to the "Michael" Journal. (Details on the technical aspects of Social Credit are available in Louis Even's book, *In This Age of Plenty*, and in our two booklets, *A Sound And Effective Financial System* and *What Do We Mean By Real Social Credit*?.)

## Thomas Edison and Henry Ford

Let us bring an end to this article with the quotations of two great American citizens.

**Thomas Edison: "Throughout our history some of America's greatest men have sought to break the Hamiltonian imprint (Alexander Hamilton's debt-money policy) on our monetary policy in order to substitute a stable money supply measured to the nation's physical requirements. Lack of public and official understanding, combined with the power of banking interests who have imagined a vested interest in the present chaotic system, have so far thwarted every effort.**

**"Don't allow them to confuse you with the cry of `paper money.' The danger of paper money is precisely the danger of gold — if you get too much it is no good. There is**

**just one rule for money and that is to have enough to carry on all the legitimate trade that is waiting to move. Too little and too much are both bad. But enough to move trade, enough to prevent stagnation, on the one hand, not enough to permit speculation, on the other hand, is the proper ratio...**

**"If the United States will adopt this policy of increasing its national wealth without contributing to the interest collector — for the whole national debt is made up of interest charges — then you will see an era of progress and prosperity in this country such as could never have come otherwise."**

**And a call from Henry Ford: "The youth who can resolve the money question will do more for the world than all the professional soldiers of history."**

Young people, have you understood? Join the ranks of the apostles of the "Michael" Journal, for the sake of your country and fellow citizens. The Pilgrims of Saint Michael need you; they are waiting for you!

http://www.michaeljournal.org/plenty51.htm

# Chapter 51 – The Aim of the Financiers: A One-World Government With a One-World Currency

*(An article of Alain Pilote, published in the July-August, 1996 issue of the Michael Journal.)*

The basic flaw of the present financial system is that the banks create money as a debt, charging interest on the money that they create. The obligation for the debtor countries to repay the banks money that the banks did not create, money that does not exist, brings about unrepayable debts. The Financiers know quite well that it is impossible for these countries to repay their debts, that the present financial system is defective at its base, and that it can only bring about crises and revolutions. But this is exactly what they want!

As Clifford Hugh Douglas, the founder of the Social Credit school, said: **"The Money Power does not, and never did, want to improve the money system — its consequences in war, sabotage and social friction are exactly what is desired."** Why?

It is because the Financiers believe that they are the only ones capable of governing mankind properly, and in order to be able to impose their will upon every individual and control the whole world, they invented the present debt-money system. They want to bring every nation in the world to such a state of crisis that these countries will think they have no alternative but to accept the miracle solution of the Financiers to save them from disaster: complete centralization, a single world currency, and a one-world government, in which all nations will be abolished, or forced to give up their sovereignty.

## The Trilateral Commission

There are three major economic areas in the world: Europe, North America, and the Far East (Japan, South Korea, Taiwan, etc.). If, under the pretext of having to join forces to be able to face economic competition with the two other economic regions, the member countries of each of these three regions decide to merge into one single country, forming three super-States, then the one-world government will be almost achieved.

This is exactly what is taking place now, and being promoted by the Trilateral Commission, founded in July, 1973, by David Rockefeller, the chairman of the Chase Manhattan Bank of New York. The official aim of the Trilateral Commission is "to harmonize the political, economic, social, and cultural relations between the three major economic regions in the world (hence the name "Trilateral"). This aim is almost achieved in Europe with the Single European Act that was implemented in 1993, requiring all the member countries of the European Community to abolish their trade barriers, and to hand over their monetary and fiscal policies to the European Commission in Brussels, Belgium. By 1999, all these countries are supposed to share only one currency, the "Euro".

As regards the North American area, the merger of its member countries is well under way with the passage of NAFTA (North American Free Trade Agreement), first between Canada and the U.S.A., and which later also included Mexico. (By the next ten years, it is supposed to include all of the Americas.) There is a strong pressure to force these countries to harmonize their fiscal policies, and as it happened in Europe, economic union will inevitably lead to political union.

In front of these two gigantic economic powers, the countries of the Far East will have no choice but to join forces together and merge, to be able to compete with North America and Europe in the field of international trade.

## A one-world currency: the "Mark of the Beast"

To consolidate their power, the Financiers also want to eliminate every existing national currrency, and to install a one-world currency. In the 1970s, Dr. Hanrick Eldeman, Chief Analyst of the Common Market Confederacy in Brussels, unveiled a plan to "straighten out world chaos": a three-story computer located in the administrative building of the headquarters of the Common Market, in Brussels, Belgium. People who work there call it "the Beast". The plan implies a system of digital enumeration of each human being on earth. Thus the computer would give each inhabitant of the world a number to be used for each purchase or sale. This number would be invisibly tatooed by laser (or implanted with a microchip) either on the forehead or on the back of the hand. This would establish a walking credit card system. And the number could be seen only through infrared scanners, installed in special verification counters or in business places. Dr. Eldeman pointed out that by using three entries of six digits each, every inhabitant of the world would be given a distinct credit card number.

This reminds us strangely of what Saint John the Apostle wrote in the Book of Revelations (13: 16-18): **"And he (the Beast) shall make all, both little and great, rich and poor, freemen and slaves, to receive a mark on their right hands, or on their foreheads,**

**and that none might buy or sell, unless he carried this mark, which was the beast's name, or the number that stands for his name. Here is wisdom; he that has understanding, let him count the number of the beast. For it is the number of a man: and the number of him is six hundred and sixty-six."**

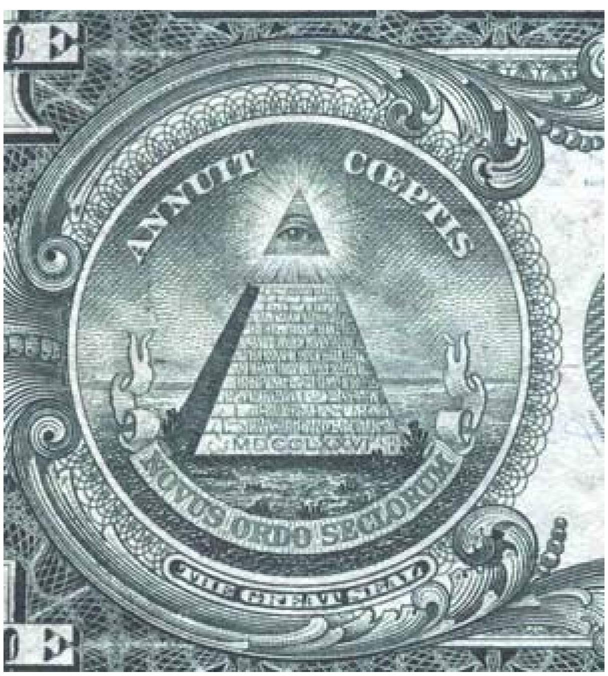
## Debit cards

A few decades ago, before the invention of computers and microchips, such a system would have seemed far-fetched, a product of science fiction. But now everyone knows about the existence of debit cards with which you can buy anything in stores, without the need to carry any cash on you, the amount of your purchase being debited automatically from your bank account. The avowed goal of the banks is to eliminate all cash, and to force people to use debit cards as the only means of payment.

There is always the risk of losing one's debit card, or of having somebody else illegally use it. So here comes the ultimate solution: to link people personally to their card, so there is no way they can lose it or have it stolen! And there you have it: a micro-computer chip can be implanted under your skin, or a three six-digital unit can be tatooed on your skin... just as described in Saint John's Book of Revelations.

Everything will be in place for a government that wants to control everybody's move, since they will know everything about you: all that you buy, where and when you buy it, who you phone, how much money you have, will all be inscribed on this card. And if, for whatever reason, you are classified as an "undesirable person" or as an "enemy of the State" by the government, they will only have to erase your number from the central computer, and you will no longer be able to buy or sell (and thus be condemned to disappear before long).

## The Illuminati




This quest for a world government has been going on for a long time. For example, on Feburary 17, 1953, Financier Paul Warburg said before the U.S. Senate: **"We shall have world government whether or not you like it, by conquest or consent."** This quest for world domination can be traced back to the creation of the "Illuminati", a secret society, in 1776. Their leader, Adam Weishaupt, wrote out the master plan to bring about the subjection of the whole human race to an oligarchy of Financiers. The word "Illuminati" is derived from Lucifer and means "holders of the light".

As surprising as it may seem, the insignia of the Order of the Illuminati appears on the reverse side of U.S. one-dollar bills. The first time it appeared was in 1933, by order of U.S. President Franklin D. Roosevelt, at the beginning of the New Deal (the name given to Roosevelt's political reforms of that time).

One can read at the base of the 13-story pyramid, the year 1776 (MDCCLXVI in Roman numerals). Most of the people think that it represents the date of the signing of the American Declaration of Independence, but it actually memorializes the foundation of the Order of the Illuminati, which was on May 1, 1776.

The pyramid represents the conspiracy for the destruction of the Catholic Church (and all existing religions), and the establishment of a one-world government, or a United Nations dictatorship. The eye radiating in all directions, is the “all-spying” eye that symbolizes the terroristic, Gestapo-like, espionage agency that Weishaupt set up to guard the “secret of the Order and to terrorize the populace into the acceptance of its rule.” The Latin words “ANNUIT COEPTIS” mean “our enterprise (conspiracy) has been crowned with success.” Below, “NOVUS ORDO SECLORUM” explains the nature of the enterprise: a “New Social Order” or a “New World Order”.

This insignia was adopted by the U.S. Congress as the reverse of the seal of the United States on September 15, 1789. (The obverse side of the seal bears the eagle, which is used as the official seal and coat of arms of the U.S.A., and which is also shown on the reverse side of the U.S. $1.00 bills.)

The appearance of this insignia of the Illuminati on U.S. one-dollar bills in 1933 meant that the followers of Weishaupt regarded their efforts as beginning to “be crowned with success,” and that they totally controlled the U.S. Government.

## A Luciferian conspiracy

To say that the Illuminati is a “Luciferian conspiracy” is not only a stylistic device, but it is literally true, since the leaders of the Illuminati are actually worshipers of Satan, and their final objective is to have the whole world bow down to him. Through his hellhounds, it is Satan himself who continues his revolt against God by endeavoring to foil God's plan on earth, and to snatch from God as many souls as possible.

Just like Satan, the Financiers think that they are smarter than God, and that they are the only ones who can lead mankind properly. The members of the Illuminati are people of every race and creed, but who all lust for money and power.

## Recognizing the powers involved

In the conclusion of his book *Pawns in the Game*, which denounces the plot of the Illuminati for world domination, William Guy Carr explains what must be done to stop this plot.

First, we must as individuals recognize the spiritual powers involved, and realize that we are not only facing terrestrial powers, but also spiritual ones; that it is basically a fight between God and Satan. We must choose who we will serve, who we will fight for: God or Satan.

Second, we must take practical steps to counteract the plan of the Financiers which, in Mr. Carr's own words, can be done only through a monetary reform: “The electors must insist that the issue of money, and the control thereof, be placed back in the hands of the Government where it rightfully belongs.”

## The necessity for Social Credit

The prayers and sacrifices to obtain the assistance of Heaven are certainly necessary to thwart the plan of the Financiers. But a technique, a temporal means, is also necessary to thwart the plan of the Financiers. This means is the Social Credit reform, conceived by the

Scottish engineer, Clifford Hugh Douglas, the only reform that the Financiers really fear, and that would put an end to their power to control all the nations. (“Social Credit” means social money — money created without debt by society, issued with new production, and withdrawn from circulation as production is consumed — instead of having a banking credit, as it is the case today —money created as a debt by private banks.)

Douglas first thought that once his discovery and its implications would be brought to the attention of the governments and of those in charge of the economy, they would hasten to implement it. But Douglas soon made another discovery: the Financiers, who ruled the economy, were absolutely not interested in changing the financial system, and its flaws and consequences (wars, waste, poverty, social friction, etc.) were absolutely what they desired, and even fostered deliberately, in order to impose their solution of a one-world government. So the Financiers did everything they could to stop and silence the Social Credit idea: a conspiracy of silence in the news media, or deliberate falsification of Douglas's doctrine, in order to render it vulnerable; calumnies and ridicule against the apostles of “Michael”. Douglas wrote in his book *Warning Democracy*:

**“So rapid was the progress made by the Social Credit ideas between 1919 and 1923 both in this country (Great Britain) and abroad, and so constantly did ideas derived from them appear in the pages of the press, that the interests threatened by them became considerably alarmed, and took what were, on the whole, effective steps to curtail their publicity. In this country the Institute of Bankers allocated five million pounds (then the equivalent of 24 million dollars) to combat the `subversive' ideas of ourselves and other misguided people who wished to tinker with the financial system. The large Press Associations were expressly instructed that my own name should not be mentioned in the public press, and no metropolitan newspaper in this country or the United States was allowed to give publicity, either to correspondence or to contributions bearing upon the subject. In spite of this the Canadian Parliamentary Inquiry at which I was a witness (in 1923) managed to expose on the one hand the ignorance of even leading bankers of the fundamental problems with which they had to deal, and on the other hand the lengths to which the financial power was prepared to go to retain control of the situation.”**

One must not forget to mention here that the best way that the Financiers found to stop the advancement of the Social Credit idea was the creation of political parties falsely bearing the name “Social Credit”, to make people think that voting for a new party is sufficient to change the system, whereas what is needed is the education of the people (by having them subscribe to the “Michael” Journal), to force the elected representatives to serve the population, instead of serving the Financiers. Fortunately, all the so-called “Social Credit parties” are dead and buried now, but they did a lot of damage and spread confusion in the minds of the people while they existed.

## “The pyschological moment”

Douglas predicted that the present debt-money system of the Bankers would become unworkable and fall by itself, because of all of the unpayable debts that it creates. All the countries in the world are struggling with skyrocketing debts and heading for disaster, even though everybody knows these debts can never be paid off. Other factors announce the inevitable fall of the present system: automation, for example, which makes full employment impossible.

Douglas said that “a psychological moment” will come, a critical moment when the population, given the gravity of the situation, and despite all the power of the Financiers, will have suffered their debt-money system long enough, and will be disposed to study and accept Social Credit. Douglas wrote the following in 1924, in his book *Social Credit*:

**“The position will be tremendous in its importance. A comparatively short period will probably serve to decide whether we are to master the mighty economic and social machine that we have created, or whether it is to master us; and during that period a small impetus from a body of men who know what to do and how to do it, may make the difference between yet one more retreat into the Dark Ages, or the emergence into the full light of a day of such splendour as we can at present only envisage dimly. It is this necessity for the recognition of the psycho- logical moment, and the fitting to that moment of appropriate action, which should be present in the minds of that small minority which is seized of the gravity of the present times.”**

Louis Even, at the end of an article written in 1970 and entitled “Social Credit, yes — Party, no”, repeated this idea of Douglas:

**“The Social Crediters of the *Michael* Journal maintain, along with Douglas, that as regards Social Credit, the most effective work to do is to enlighten the population on the monopoly of financial credit, attributing to it the bad fruits of which it is the cause in the lives of people, of families, of institutions; and, in front of these bad fruits, to expose the doctrine of genuine Social Credit, which is so brilliant and in keeping with common sense. They also endeavor to develop within themselves, and to also radiate, a Social Credit spirit, which is clearly in keeping with the spirit of the Gospel: a spirit of service and not of domination, not of an insatiable pursuit of money or material goods, which is of the same nature — with a less powerful means — as the spirit of the barons of High Finance.**

**“Whether the collapse of the present financial system, under the weight of its own enormities, or events that have been foretold many times by privileged souls — events one certainly cannot doubt of when one sees the present decadence of moral standards, apostasy, the paganization of affluent nations that used to be Christian — occur soon, in either case, the living or the survivors of those events won't be without a light to establish a social economic system worthy of its name.”**

The point to remember in all of this is that the present financial system, which creates money as a debt, is the main means of the Financiers to establish a one-world government. Debt finance is the bridge that leads us from a free society to complete dictatorship. And the only thing the Financiers fear, the only thing that can stop them in their plan of world conquest, is the reform of the present financial system, the establishment of an honest debt-free money system, along the lines of the Social Credit philosophy. Then one realizes all the importance of the Social Credit solution, and the importance of spreading it and making it known. This is why Soviet Foreign Minister Molotov had said to Dr. Hewlett Johnson, Archbishop of Canterbury, in the 30s: **“We know all about Social Credit. It is the one theory in the world we fear**

http://www.michaeljournal.org/plenty52.htm

# Chapter 52 – Social Credit and the teachings of the Popes

*(An article of Alain Pilote, published in the May-June, 1995 issue of the Michael Journal.)*

Pius XI Pius XII John XXIII Paul VI John Paul II

## Applied Christianity

Clifford Hugh Douglas, the Scottish engineer who founded Social Credit, once said that Social Credit could be defined in two words: applied Christianity. A comparative study of Social Credit and the social doctrine of the Roman Catholic Church shows indeed how wonderfully the Social Credit financial proposals would apply the Church's teachings on social justice.

## Primacy of the human person

The social doctrine of the Church can be summarized in this basic principle: the primacy of the human person:

**“The Church's teaching on social matters has truth as its guide, justice as its end, and love as its driving force... The cardinal point of this teaching is that individual men are necessarily the foundation, cause, and end of all social institutions.”** (John XXIII, Encyclical Letter *Mater et Magistra*, May 15, 1961, nn. 219 and 226.)

## Systems at the service of man

Social Credit shares the same philosophy. Clifford Hugh Douglas wrote in the first chapter of his first book, *Economic Democracy*:

**“Systems are made for men, and not men for systems, and the interest of man, which is self-development, is above all systems.”**

And Pope John Paul II wrote in his first Encyclical Letter *Redemptor Hominis* (The Redeemer of Man, March 4, 1979, n. 16):

**“Man cannot relinquish himself or the place in the visible world that belongs to him; he cannot become the slave of things, the slave of economic systems, the slave of production, the slave of his own products.”**

All systems must be at the service of man, including the financial and economic systems:

**“As a democratic society, see carefully to all that is happening in this powerful world of money! The world of finance is also a human world, our world, submitted to the conscience of all of us; for it too exist ethical principles. So see especially to it that you may bring a contribution to world peace with your economy and your banks and not a contribution — perhaps in an indirect way — to war and injustice!”** (John Paul II, homily at Flueli, Switzerland, June 14, 1984.)

## The bankers control money

Money should be an instrument of service, but the bankers, in appropriating the control over its creation, have made it an instrument of domination:

**“This power becomes particularly irresistible when exercised by those who, because they hold and control money, are able also to govern credit and determine its allotment, for that reason supplying, so to speak, the lifeblood to the entire economic body, and grasping, as it were, in their hands the very soul of production, so that no one dare breathe against their will.”** (Pius XI, Encyclical *Quadragesimo Anno*, May 15, 1931.)

The creation of money as a debt by the bankers is the means of imposing their will upon individuals and of controlling the world:

**“Among the actions and attitudes opposed to the will of God, the good of neighbour and the «structures» created by them, two are very typical: on the one hand, the all-consuming desire for profit, and on the other, the thirst for power, with the intention of imposing one's will upon others.”** (John Paul II, Encyclical *Sollicitudo Rei Socialis*, Dec. 30, 1987, n. 37.)

Since money is an instrument that is basically social, the Social Credit doctrine proposes that money be issued by society, and not by private bankers for their own profit:

**“There are certain categories of goods for which one can maintain with reason that they must be reserved to the collectivity when they come to confer such an economic power that it cannot, without danger to the common good, be left to the care of private individuals.”** (Pius XI, Encyclical *Quadragesimo Anno*.)

## Unrepayable debts

The obligation of paying back to the banker money which he did not create, brings about unrepayable debts:

**“Debtor countries, in fact, find themselves caught in a vicious circle. In order to pay back their debts, they are obliged to transfer ever greater amounts of money outside the country. These are resources which should have been available for internal purposes and investment and therefore for their own development.**

**“Debt servicing cannot be met at the price of the asphyxiation of a country's economy, and no government can morally demand of its people privations incompatible with human dignity... With the Gospel as the source of inspiration, other types of action could also be contemplated such as granting extensions, partial or even total remission of debts... In certain cases, the creditor States could convert the loans into grants.**

**“The Church restates the priority to be granted to people and their needs, above and beyond the constraints and financial mechanisms often advanced as the only imperatives.”** (*An Ethical Approach to the International Debt Question*, Pontifical Justice and Peace Commission, Dec. 27, 1986.)

**“It is not right to demand or expect payment when the effect would be the imposition of political choices leading to hunger and despair for entire peoples. It cannot be expected that the debts which have been contracted should be paid at the price of unbearable sacrifices. In such cases it is necessary to find — as in fact is partly happening — ways to lighten, defer or even cancel the debt, compatible with the fundamental right of peoples to subsistence and progress.”** (John Paul II, Encyclical *Centesimus Annus*, May 1, 1991, n. 35.)

## The imperialism of money

The Church condemns both liberal capitalism and Marxist communism. Note that it is not capitalism in itself that the Church condemns, but “liberal capitalism”, “a type of capitalism”. For the Church makes a distinction, in capitalism, between the producing system and “the calamitous system that accompanies it,” the financial system:

**“This unchecked liberalism led to dictatorship rightly denounced by Pope Pius XI as producing `the international imperialism of money'. One cannot condemn such abuses too strongly, because — let us again recall solemnly — the economy should be at the service of man. But if it is true that a type of capitalism has been the source of excessive suffering, injustices and fratricidal conflicts whose effects still persist, it would be wrong to attribute to industrialization itself evils that belong to the calamitous system that accompanied it. On the contrary, one must recognize in all justice the irreplaceable contribution made by the organization and the growth of industry to the task of development.”** (Paul VI, Encyclical *Populorum Progressio* on the development of peoples, March 26, 1967, n. 26.)

## Private property

The faults the Popes find in present capitalism do not derive from its nature (private property, free enterprise), but from the financial system it uses, a financial system that dominates instead of serving, a financial system that vitiates capitalism. Far from wishing the disappearance of private property, the Popes rather wish its widespread diffusion to all:

**“The dignity of the human person necessarily requires the right of using external goods in order to live according to the right norm of nature. And to this corresponds a most serious obligation, which requires that, so far as possible, there be given to all an opportunity of possessing private property... Therefore it is necessary to modify economic and social life so that the way is made easier for widespread private possession of such things as durable goods, homes, gardens, tools requisite for artisan enterprises and family-type farms, investments in enterprises of medium or large size.”** (John XXIII, Encyclical *Mater et Magistra*, nn.114-115.)

## Everyone a capitalist

It would be possible for everyone to be a real “capitalist” and to have access to earthly goods with the Social Credit dividend, which would apply in concrete terms this other basic principle of the Church's social doctrine: the goods of this world are intended for all men:

**“God intended the earth and all that it contains for the use of every human being and people. Thus, as all men follow justice and unite in charity, created goods should abound for them on a reasonable basis.”** (Second Vatican Council, Constitution on the Church *Gaudium et Spes*, n. 69.)

The Social Credit dividend is based on two things: the inheritance of natural resources, and the inventions from past generations:

**“Through his work man enters into two inheritances: the inheritance of what is given to the whole of humanity in the resources of nature, and the inheritance of what others have already developed on the basis of those resources, primarily by developing technology, that is to say, by producing a whole collection of increasingly perfect instruments for work. In working, man also “enters into the labor of others”.** (John Paul II, Encyclical *Laborem Exercens* on human work, Sept. 15, 1981, n. 13.)

## The machine: an ally or enemy of man?

In the present system, only those who are employed in production can get an income, which is distributed in the form of wages and salaries. The income is tied to employment. But this is contrary to the facts, since, thanks to new inventions, technology, progress, there is less and less need for human labour, workers, to produce goods: it is computers, robots, that do the job in our place.

Is technology an evil? Should we rise up and destroy the machines because they take our jobs? No, if the work can be done by the machine, that is just great; it will allow man to give his free time over to other activities, free activities, activities of his own choosing. But all of this, provided he is given an income to replace the salary he lost with the installation of the machine, of the robot; otherwise, the machine, which should be the ally of man, will become his enemy, since it deprives him of his income, and prevents him from living:

**“Technology has contributed so much to the well-being of humanity; it has done so much to uplift the human condition, to serve humanity, and to facilitate and perfect its work. And yet at times technology cannot decide the full measure of its own allegiance: whether it is for humanity or against it... For this reason my appeal goes to all concerned... to everyone who can make a contribution toward ensuring that the technology which has done so much to build Toronto and all Canada will truly serve every man, woman and child throughout this land and the whole world.”** (John Paul II, homily in Toronto, Canada, September 15, 1984.)

## Full employment is materialistic

But if one wants to persist in keeping everyone, men and women alike, employed in production, even though the production to meet basic needs is already made with less and less human labour on top of that, then new jobs, which are completely useless, must be created. And in order to justify these useless jobs, new artificial needs must be created, through an avalanche of advertisements, so that people will buy products they do not really need. This is what is called “consumerism”.

Likewise, products will be manufactured to last as short a time as possible, in the aim of selling more of them and making more money, which brings about an unnecessary waste of natural resources, and also the destruction of the environment. Also, one will persist in maintaining jobs that require no creative efforts whatever, jobs that require only mechanical efforts, jobs that could well be done by machines, jobs where the employee has no chance of developing his personality. But, however mind-destroying this job is, it is the condition for the worker to obtain money, the licence to live.

Thus, for him and a multitude of wage-earners, the meaning of their jobs comes down to this: they go to work to get the cash to buy the food to get the strength to go to work to get the cash to buy the food to get the strength to go to work... and so on, until retiring age, if they do not die before. Here is a meaningless life, where nothing differentiates man from an animal.

## Free activities

What differentiates man from an animal is precisely that man has not only material needs, but also cultural and spiritual needs. As Jesus said in the Gospel: “Not on bread alone does man live, but in every word that proceeds from the mouth of God.” (Deuteronomy 8:3.) So to force man to spend all his time in providing for his material needs is a materialistic philosophy, since it denies that man has also a spiritual dimension and spiritual needs.

But, then, if man is not employed in a paid job, what will he do with his spare time? He will spend it on free activities, activities of his own choosing. It is precisely in his leisure time that man can really develop his personality, develop the talents that God gave him, and use them advisedly.

Moreover, it is during their leisure time that a man and a woman can take care of their religious, social, and family duties: raising their family, practising their Faith (to know, love, and serve God), and help their brethren. Raising children is the most important job in the world. Yet because the mother, who stays at home to raise her children, receives no salary, many will say that she does nothing, that she does not work!

To be freed from the necessity of working to produce the necessities of life does not presume growing idleness. It simply means that the individual would be placed in the position where he could participate in the type of activity which appeals to him. Under a Social Credit system, there would be a flowering of creative activity. For example, the greatest inventions, the best works of art, have been made during leisure time. As C. H. Douglas said:

**"Most people prefer to be employed, but on things they like rather than on the things they don't like to be employed upon. The proposals of Social Credit are in no sense intended to produce a nation of idlers... Social Credit would allow people to allocate themselves to those jobs to which they are suited. A job you do well is a job you like, and a job you like is a job you do well."**

## Poverty amidst plenty

God put on earth all that is needed to feed everyone. But because of the lack of money, goods cannot meet the hungry; mountains of goods pile up in front of millions of starving people. It is the paradox of poverty amidst plenty:

**"It is a cruel paradox that many of you who could be engaged in the production of food are in financial distress here, while at the same time hunger, chronic malnutrition and the threat of starvation afflict millions of people elsewhere in the world."** (John Paul II to the fishermen of St. John's, Newfoundland, Sept. 12, 1984.)

**"No more hunger, hunger never again! Ladies and gentlemen, this objective can be achieved. The threat of starvation and the weight of malnutrition are not an inescapable fate. Nature is not, in this crisis, unfaithful to man. According to a generally accepted opinion, while 50% of cultivable land is not yet developed, a great scandal catches the eye from the huge amount of surplus food that certain countries periodically destroy for lack of a sound economy which could have ensured a useful consumption of this food.**

**"Here we are broaching the paradox of the present situation: Mankind has an incomparable control over the universe; it possesses instruments capable of exploiting its natural resources at full capacity. Will the owners of these instruments stay paralyzed in front of the absurdity of a situation where the wealth of a few would tolerate the persistent extreme poverty of many?... One cannot reach such a situation without having committed serious errors of orientation, be it sometimes through negligence or omission; it is high time one discovered how the mechanisms are defective, so as to correct, put the whole situation right."** (Paul VI at the World Conference of Food, Rome, Nov. 9, 1974.)

**"It is obvious that a fundamental defect, or rather a series of defects, indeed a defective machinery is at the root of contemporary economics and materialistic civilization, which does not allow the human family to break free from such radically**

**unjust situations."** (John Paul II, Encyclical *Dives in Misericordia* on Divine Mercy, November 30, 1980, n. 11.)

**"So widespread is this phenomenon (poverty amidst plenty) that it brings into question the financial, monetary, production and commercial mechanisms that, resting on various political pressures, support the world economy. These are proving incapable either of remedying the unjust social conditions inherited from the past or of dealing with the urgent challenges and ethical demands of the present... We have before us here a great drama that can leave nobody indifferent."** (John Paul II, Encyclical *Redemptor Hominis*, n. 16.)

## Reforming the financial system

The Pope denounces the tight-money dictatorship, and calls for a reform of the financial and economic systems, the establishment of an economic system at the service of man:

**"Again, I want to tackle a very delicate and painful issue. I mean the anguish of the authorities of several countries, who do not know how to cope with the fearful problem of indebtedness... A structural reform of the world financial system is, without doubt, one of the most urgent and necessary initiatives."** (John Paul II, Message to the 6th United Nations Conference on Trade and Development, Geneva, September 26, 1985.)

**"One must denounce the existence of economic, financial and social mechanisms which, although they are manipulated by people, often function almost automatically, thus accentuating the situation of wealth for some and poverty for the rest."** (John Paul II, Encyclical *Sollicitudo Rei Socialis*, n. 16.)

**"I appeal to those in positions of responsibility, and to all involved, to work together to find appropriate solutions to the problems at hand, including a restructuring of the economy, so that human needs be put before mere financial gain."** (John Paul II to the fishermen of St. John's, Newfoundland, Sept. 12, 1984.)

**"An essential condition is to provide the economy with a human meaning and logic. It is necessary to free the various fields of existence from the dominion of subjugating economism. Economic requirements must be put in their right place and a multiform social fabric must be created, which will prevent standardization. No one is dispensed from collaborating in this task... Christians, wherever you are, assume your share of responsibility in this immense effort for the human restructuring of the city. Faith makes it a duty for you."** (John Paul II to the workers of Sao Paulo, Brazil, June 3, 1980.)

## The duty of every Christian

It is indeed a duty and an obligation for every Christian to work for the establishment of justice and of a better economic system:

**"Anyone wishing to renounce the difficult yet noble task of improving the lot of man in his totality, and of all people, with the excuse that the struggle is difficult and that constant effort is required, or simply because of the experience of defeat and the need to begin again, that person would be betraying the will of God the Creator."** (John Paul II, Encyclical *Sollicitudo Rei Socialis*, n. 30.)

**"Such a task is not an impossible one. The principle of solidarity, in a wide sense, must inspire the effective search for appropriate institutions and mechanisms... This**

**difficult road of the indispensable transformations of the structures of economic life is one on which it will not be easy to go forward without the intervention of a true conversion of mind, will and heart. The task requires resolute commitments by individuals and peoples that are free and linked in solidarity.”** (John Paul II, Encyclical *Redemptor Homi-nis*, n. 16.)

**“These attitudes and «structures of sin» are only conquered — presupposing the help of divine grace — by a diametrically opposed attitude: a commitment to the good of one's neighbour...”** (John Paul II, Encyclical *Sollicitudo Rei Socialis*, n. 38.)

## Apostles

**“All of you who have heard the appeal of suffering peoples, all of you who are working to answer their cries, you are the apostles of a development which is good and genuine, which is not wealth that is self-centered and sought for its own sake, but rather an economy which is put at the service of man, the bread which is daily distributed to all, as a source of brotherhood and a sign of providence.”** (Paul VI, Encyclical *Populorum Progressio*, n. 86.)

## Principles and implementation

Some will say that the Popes never publicly approved Social Credit. In fact, the Popes will never approve officially any economic system, since it is not part of their mission: they do not give technical solutions, but only set up the principles upon which any economic system that is truly at the service of the human person must be based. The Popes leave the faithful free to apply the system that would implement these principles in the best way.

To our knowledge, no other solution than Social Credit would apply the social doctrine of the Church so perfectly. That is why Louis Even, a great Catholic gifted with an extraordinary logical mind, did not hesitate to bring out the links between Social Credit and the Church's social doctrine.

Another one who was convinced that Social Credit is applied Christianity, that it would apply wonderfully the Church's teachings on social justice, is Father Peter Coffey, a Doctor in Philosophy and a professor at Maynooth College, Ireland. He wrote the following to a Canadian Jesuit, Father Richard, in March, 1932:

**“The difficulties raised by your questions can be met only by the reform of the financial system of capitalism along the lines suggested by Major Douglas and the Social Credit school of credit reform. It is the accepted financing system that is at the root of the evils of capitalism. The accuracy of the analysis carried out by Douglas has never been refuted. I believe that, with their famous price-regulation formula, the Douglas reform proposals are the only reform that will go to the root of the evil...”**

In 1939, the Bishops of the Province of Quebec, in Canada, had entrusted a commission of nine theologians to examine the Social Credit doctrine in the eyes of the Church's social doctrine, to determine if Social Credit was tainted with socialism or communism. The theologians concluded that there was nothing in the Social Credit doctrine contrary to the teachings of the Church, and that any Catholic was free to support it without danger. *(See Appendix A for the full text of this study of the nine theologians.)*

The Financiers were not pleased with this report of the theologians, and in 1950, a group of businessmen asked a Bishop of Quebec (out of respect for his memory, we won't mention his name) to go to Rome and get from Pope Pius XII a condemnation of Social Credit. Back to

Quebec, this Bishop said to the businessmen: "If you want to get a condemnation of Social Credit, it is not to Rome that you must go. Pius XII said to me:`Social Credit would create, in the world, a climate that would allow the blossoming of family and Christianity'."

All those who thirst for justice should therefore start to study and spread Social Credit, by soliciting subscriptions to the *Michael* Journal!

http://www.michaeljournal.org/appenA.htm

# Appendix A – Social Credit and the Catholic Doctrine

## A study of Social Credit by nine theologians

*As soon as C. H. Douglas published his first writings on Social Credit, the Financiers did everything they could to silence or distort Douglas's doctrine, for they knew that Social Credit would put an end to their control over the creation of money. When Louis Even began diffusing Social Credit in French Canada in 1935, one of the accusations peddled by the Financiers was that Social Credit was Socialism, or Communism. But in 1939, the Roman Catholic Bishops of the Province of Quebec appointed nine theologians to examine the Social Credit system in the eyes of the social doctrine of the Catholic Church, and give an opinion as to whether it was tainted with Socialism or Communism. After considerable deliberation, the nine theologians found that Social Credit was not tainted with Socialism nor Communism, and was worthy of close attention.*

*Here is the translation of the full text of the theologians, reproduced from the November 15, 1939 issue of the Montreal weekly "La Semaine Religieuse" (The Religious Week)*:

## Report of the study commission on the Social Credit monetary system

Our readers will be interested to read the conclusions reached, after a serious study of the arguments presented from both sides, by the Commission charged by the Bishops of Quebec to examine, from the Catholic doctrine viewpoint, the Social Credit system, and especially to determine if it is tainted with the Socialism and Communism condemned by the Catholic Church.

This Commission, presided over by Father Joseph P. Archambault, S.J., also included: Msgr. Wilfrid LeBon, P.D., Canon Cyrille Gagnon, Canon J. Alfred Chamberland, Father Philippe Perrier, Father Arthur Deschênes, Father Jean-Baptiste Desrosiers, P.S.S., Father Charles-Omer Garant, and Father Louis Chagnon, S.J.

1. The Commission first delimited the field of its study.

(a) There is no question here of the economic or political aspect, that is to say, of the value of this theory from the economic viewpoint, and of the practical application of the Social Credit system in a country. The members of the Commission recognize they do not have any competence in these fields; besides, the Church does not have to pronounce herself in favour or against matters "for which she has neither the equipment nor the mission", as Pope Pius XI wrote. (Cf. Encyclical *Quadragesimo Anno*.)

(b) There is no question here either of approving this doctrine on behalf of the Church, since the Church "has never, on the social and economic field, presented any specific technical system, which besides is not her role." (Cf. Encyclical *Divini Redemptoris*, n. 34.)

(c) The only question studied here is the following: Is the Social Credit doctrine, in its basic principles, tainted with the Socialism and Communism condemned by the Catholic Church? And if so, should this doctrine be regarded by Catholics as a doctrine that cannot be admitted and diffused?

(d) The State, as it is mentioned in the present report, is considered *in abstracto*, regardless of the contingencies it may entail.

2. The Commission defines Socialism, and notes what characterizes this doctrine in the light of *Quadragesimo Anno*:

(a) Materialism;

(b) Class struggle;

(c) Suppression of private property;

(d) Control of economic life by the State, in defiance of freedom and personal initiative.

3. The Commission then worded in propositions the basic principles of Social Credit.

"The aim of the Social Credit monetary doctrine is to give to all and each member of society freedom and economic security which the economic and social organism can secure. To that end, instead of reducing production to the level of the purchasing power through the destruction of goods or restrictions on work, Social Credit wants to increase the purchasing power to the level of the productive capacity of goods."

*It proposes to that end:*

I. The State must take back the control of the issuance of money and credit. It will exercise it through an independent commission possessing the required authority to reach its end.

II. The material resources of the nation, represented by production, constitute the base of money and *credit*.

III. At any time, the issue of money and credit must be based on the movement of production, in such a way that a sound balance is constantly kept between production and consumption. This balance is ensured, at least partly, through a discount, of which the rate would necessarily vary with the fluctuations of production.

IV. The present economic system, thanks to the many discoveries and inventions that favour it, produces an unexpected abundance of goods, while at the same time reducing the need for human labour, therefore creating permanent unemployment. An important part of the population is thus deprived of any power to purchase goods made for it, and not only for a few individuals or groups. So that all may have a share of the cultural inheritance bequeathed by their forefathers, Social Credit proposes a dividend, of which the amount is determined by the quantity of goods to be consumed. This dividend will be given to every citizen, whether he has other sources of income or not.

4. Now, one must see if there is any taint of Socialism in the propositions mentioned above.

*Concerning Paragraph I*: This proposition does not seem to include any Socialist principle, nor consequently be contrary to the social doctrine of the Church. This affirmation is based on the following passages of the Encyclical Letter *Quadragesimo Anno*:

"There are certain categories of goods for which one can maintain with reason that they must be reserved to the collectivity when they come to confer such an economic power that it cannot, without danger to the common good, be left to the care of private individuals."

And the Encyclical goes on: **"In the first place, then, it is patent that in our days not alone is wealth accumulated, but immense power and *despotic economic domination* is concentrated in the hands of a few, and that those few are frequently *not the owners, but only the trustees and directors of invested funds*, who administer them at their good pleasure.**

**"This power becomes particularly irresistible when exercised by those who, because *they hold and control money, are able also to govern credit and determine its allotment,* for that reason supplying, so to speak, the lifeblood to the entire economic body, and grasping, as it were, in their hands the very soul of production, so that no one dare breathe against their will."**

To want to change such a situation is therefore not contrary to the social doctrine of the Church. It is true though that by entrusting to the State the control of money and credit, the State is given considerable influence over the economic life of the nation, an influence equal to that presently exercised by the banks, for their own profit, but this way of doing things does not entail, in itself, any Socialism.

Money being, in the Social Credit system, only a means of exchange, of which the issuance is strictly regulated by the statistics of production, private property therefore remains intact; moreover, the allotment of money and credit could even perhaps be less determined by those who control it. To reserve for the community (the control of) money and credit is therefore not against the social doctrine of the Church.

Saint Thomas Aquinas says it implicitly, in his *Summa Theologica (Ethica*, Volume 5, Lesson 4), when he asserts that it belongs to distributive justice — which, as it is known, is the concern of the State — to distribute common goods, including money, to all those who are part of the civil community.

In fact, money and credit have been, in the past, under the control of the State in several countries, including the Pontifical States; and they are still so in the Vatican. So it would be difficult to see in this proposition a Socialist principle.

*Concerning Paragraph II*: The fact that money and credit are based on production, on national material resources, seems to entail no Socialist character. The base of money is a purely conventional and technical matter.

In the present discussion, this point is agreed to in principle by several opponents.

*Concerning Paragraph III*: The principle of a balance to be kept between production and consumption is sound. In a truly humane and well-ordered economy, the aim of production is consumption, and the latter must ordinarily use up the former — at least when production is made, as it should be, to answer human needs.

As for the discount, of which the principle is admitted and even currently practiced in industry and trade, it is only a means to realize this balance; it allows the consumers to get the goods they need at a lower cost, without any loss for the producers.

Note that the Commission does not express an opinion on the necessity of a discount caused by a gap which, according to the Social Credit system, exists between production and consumption. But if such a gap does exist, to want to fill it through a discount cannot be considered as a measure tainted with Socialism.

*Concerning Paragraph IV*: The principle of the dividend is also reconcilable with the social doctrine of the Church; besides, it can be compared to the State's power to grant money. The Commission does not see why it would be necessary for the State to own capital goods to pay this dividend; presently — although in an opposite sense — the power to tax, which the State possesses in view of the common good, entails this note even more so, and yet it is admitted. The same affirmation applies to the Social Credit discount: both are based on the principle of the discount in a cooperative system. Besides, cooperation is held in high esteem in Social Credit.

The only control of production and consumption that is necessary for the implementation of Social Credit is the control of statistics, which determines the issue of money and credit. Statistics cannot be considered as a real control or a constraint upon individual freedom; it is only a method of collecting information. The Commission cannot admit that statistical control requires the socialization of production, or that it is tainted with Socialism or Communism.

## Conclusion

**The Commission therefore answers in the negative to the question: "Is Social Credit tainted with Socialism?" The Commission cannot see how the basic principles of the Social Credit system, as explained above, could be condemned on behalf of the Church and of her social doctrine. The Commission nevertheless wants to remind Catholics that Social Credit — of which the purely economic or political aspect was not**

**judged here — remains only a monetary reform, and that what is most important, is a reform of institutions, through the combination of people who practice the same trade into vocational groups, and moral renovation, according to Pope Pius XI's explicit recommendations.**

### Study of some objections

The Commission also studied some of the objections usually put forward against the preceding conclusion.

*First objection*: The control of money and credit necessarily entails the control of production, until its eventual socialization.

*Answer*: The control of money and credit does not take away from private individuals nor corporations the ownership of tools and capital goods, even if it can imply, to some extent, an indirect control of this production. This indirect control which, at least usually, must be exercised in view of the common good, does not have any Socialist character, just as the rational control of production by the banks could be called individual liberalism.

*Second objection*: The dividend encourages idleness.

*Answer*: The State will not issue money or credit according to its wishes, but according to the requirements expressed by the statistics of production, which is intimately linked to the work of the citizens. It is most likely that some will refuse to work; but one should not think that the dividend will automatically support everyone forever. For even though the dividend may, at first, be quite big to fill the gap between production and consumption, a continuous increase in production, due to an equivalent increase in work, will be required to maintain the dividend at the same level.

However, the Social Crediters should not lay too much stress on the dividend, especially on the permanent basic dividend, which is not essential for the system; but the principle in itself cannot be condemned.

*Third objection*: The dividend, and even the discount, will deprive the workers of their wages, and the producers, of their profits.

*Answer*: This could be true, to some extent, and always in an indirect way, if there was actually no gap between production and consumption. But the Social Credit system is precisely based on this gap: it is a question that is purely economic and technical. From this, the dividend cannot be condemned on behalf of the social doctrine of the Church. Besides, it seems that a gap actually exists between the cost of some production — fisheries, natural resources, etc. — and the price of consumption.

*Fourth objection*: At first sight, one sentence of Douglas inspires some doubt: “The dividend shall progressively displace wages and salaries”. (*Warning Democracy*, p. 34.)

*Answer*: In Douglas's works, the word “dividend” does not always have the same meaning. Douglas foresees here an entirely cooperative economic system. Then it is easy to understand that the cooperative workers are paid no longer with salaries, but with dividends. In this case, they are, in a way, the very owners of the production system.

This replacement of wages by dividends cannot therefore be considered as being contrary to the social doctrine of the Church; all the more so since the Pope (Pius XI) himself, in *Quadragesimo Anno*, admits the legitimacy of an order in which the contract of partnership would correct, as far as possible, the wage-contract. Cooperation is a form of contract of partnership, in which the dividend tends to replace wages normally and progressively.

Here are the words of Pius XI: **"And first of all, those who hold that the wage-contract is essentially unjust, and that in its place must be introduced the contract of partnership, are certainly in error. They do a grave injury to Our Predecessor (Leo XIII), whose Encyclical (*Rerum Novarum*) not only admits this contract, but devotes much space to its determination according to the principles of justice. In the present state of human society, however, We deem it advisable that the wage-contract should, when possible, be modified somewhat *by a contract of partnership*, as is already being tried in various ways to the no small gain both of the wage-earners and of the employers. In this way wage-earners are made sharers in some sort in the ownership, or the management, of the profits."**

It is true that it is difficult to imagine a cooperative system that has reached such an extent that every wage would disappear, to be replaced by dividends only; however, this does not make the hypothesis erroneous. Moreover, the Commission wants to point out that some expressions of Douglas, on this issue, are rather confused. However, this seems to be his thought, according to the Social Credit leaders.

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These objections cannot, in the opinion of the Commission, invalidate the previous judgement, formulated from a Catholic social point of view. Let us add that a deeper study of this system, from a purely economic viewpoint, is essential, because of the importance of the issue nowadays.

http://www.michaeljournal.org/appenB.htm

# Appendix B – The Bank of Canada Must Finance our Country, Debt-Free Say Three Economists

*(An article published in the March-April, 1995 issue of the Michael Journal. The introduction and comments are from Alain Pilote.)*

*Thanks to the sacrifices that have been made for over sixty years by the "White Berets" of the "Michael" and "Vers Demain" Journals, more and more people in high places are discovering the absurdity of the present financial system, and the urgency for the Federal Government to create its own money, interest free, instead of borrowing it at interest from private banks. Here are excerpts from a pamphlet published in 1992 entitled "The Deficit*

*Made Me Do It!", edited by Ed Finn, of the Canadian Centre for Policy Alternatives (251 Laurier Avenue West, Suite 804, Ottawa, Ont., K1P 5J6), in which three economists — Harold Chorney, of Concordia University in Montreal, John Hotson, of the University of Waterloo, and Mario Seccareccia, of the University of Ottawa — "debunk the myths about government debt," and repeat, in their own words, what Louis Even and the Social Crediters of the "Michael" Journal have been explaining since 1939. (An updated version of this pamphlet, entitled "10 Deficit Myths", was issued in January, 1996, and is also available from the same address mentioned above,)*

*Here is a text that makes a change with the conventional speeches of economists that are disconnected from reality. Moreover, this text points out the real problems and solutions concerning the public debt, at a time when several people are talking about slashing government spending — even social programs, like the pensions and unemployment insurance — to reduce the deficit. The subtitles are from the "Michael" Journal:*

**by Harold Chorney, John Hotson, and Mario Seccareccia**

"Governments these days find it easy to defend cuts in services and programs. All they have to do is point to their annual deficits and their total accumulated debts. (As of March, 1994, Canada's public debt was about $546 billion.) This public debt provides the politicians with a convenient excuse for cutting spending or raising taxes. Or both. «We're broke,» they tell us plaintively. «We can't afford to increase public services, or even keep them at their present level.»

## A lesson of war

"As the deep recession dragged into 1992, Finance Minister Don Mazankowski said he couldn't do anything about it. His hands were tied, he said. The federal government was broke. The cupboard was bare. The deficit and accumulated national debt were so enormous that his first priority had to be to reduce them — even if that meant prolonging the recession and making it even worse.

"So his budget contained almost nothing to revive the sick economy. With interest payments on the debt gobbling up one-third of tax revenue, his response was to keep taxes high and axe more public services and agencies. Like Martin Luther before him, Mazankowski in effect proclaimed: «Here stand I. I cannot do otherwise.»

**"But it doesn't take an economist to see that in fact he could. All you have to do is imagine what the government would do if it got involved in another Gulf War — or if that war were still raging. Would the Finance Minister have brought down the same kind of budget? Would he have said, «We'd like to keep on fighting, but we're broke, so we're calling our troops back»? Not on your life!**

**"Did Canada surrender half way through World War II because the national debt had grown even larger than the Gross Domestic Product (GDP)? Of course not! Somehow the extra money was found. If it wasn't by raising taxes or borrowing from the private banks, why, the Bank of Canada simply created all the money the government needed — and at near-zero interest rates, too!**

"When World War II ended, the national debt relative to the national income was more than twice as large as it is now. But was the country ruined? Did we have to declare national bankruptcy? Far from it! Instead, Canada's economy boomed and the country prospered for most of the post-war period.

## The Bank of Canada has failed in its duty

**“Why isn't the same thing happening today? Why was a much larger national debt shrugged off in 1945, while today's much smaller debt (as a percentage of GDP) is being used as an excuse to let the economy stagnate?**

**“The answer can be found at the Bank of Canada. During the war, and for 30 years afterward, the government could borrow what it needed at low rates of interest, because the government's own bank produced up to half of all the new money. That forced the private banks to keep their interest rates low, too.**

“Since the mid-1970s, however, the Bank of Canada, with government consent, has been creating less and less of the new money, while letting the private banks create more and more. Today «our» bank creates a mere 2% of each year's new money supply, while allowing the private banks to gouge the government — and of course you and me, as well — with outrageously high interest rates. And it is these extortionate interest charges that are the principal cause of the rapid escalation of the national debt. If the federal government were paying interest at the average levels that prevailed from the 1930s to the mid-1970s, it would now be running an operating surplus of about $13 billion!”

*The updated version (January, 1996) of the pamphlet expresses the same ideas:*

“The Bank of Canada was established in 1935 by an Act of Parliament. In its legislative mandate, it is directed to promote economic growth and employment, as well as preserving the value of the Canadian dollar.

“Shortly after the Bank opened its doors, it was faced with the bankruptcy of provincial governments due to the Depression. Interpreting its mandate widely, as it is supposed to do, it made precedent-setting loans to restore the finances of Manitoba. Generous loans to other provinces followed.

“World War II found Canada ready and determined to act in the Allied cause. The war effort of the federal government was financed through enormous deficits and very low interest rates brought about by the Bank of Canada. At war's end, the national debt stood at about 120% of Gross Domestic Product (GDP), nearly double the level of today. Yet Canada went on to enjoy the greatest period of economic growth in its history...

“(Now) the Bank of Canada has decided that any government spending not financed by taxation is inflationary, so it no longer extends credit to the government by holding bonds and Treasury bills. Its small holdings of government debt are confined to the banknotes needed by the economy for currency in circulation...” (*End of 1996 updated version's excerpts.*)

## Interest rates and inflation

**“Thousands of years of sad experience with the concentration of wealth and debt slavery caused all the ancient books of wisdom — including the Bible and the Koran — to condemn the charging of immoderate rates of interest.(...) The conventional wisdom, however, is that inflation is the greatest threat to the economy and must be restrained by raising interest rates. This flies in the face of the common-sense observation that rising prices (inflation) are caused by rising costs, and that interest rates are costs. So raising them will raise prices, not lower them.**

“Also raised by this policy, of course, is the income of the money-lenders, which explains why they subscribe so fervently to the perverse doctrine that high interest rates are somehow anti-inflationary. Certainly the world's bankers and other money-lenders have gained much from the nonsensical notion that, while giving workers a big raise is inflationary, giving money-lenders a big raise is not.

“Many economists rail against «wage push», and it's true that wages have risen by 2,700% over the past 50 years. But in the same period government tax revenue went up by 3,400%, and net interest by 26,000%! Yet, most of the economic textbooks that deplore rising wages don't even mention the tax and interest pushes. And it is not because they are complex ideas — rather, they are simple and obvious — but because it would be so embarrassing for economists to admit they've made a boner of such magnitude: that their theory of monetary policy violates basic principles of scientific logic.

## The creation of money

“One of the most pervasive myths about the government deficit is that governments which spend more than they receive in revenue must borrow the difference, thus increasing the public debt.

**“In fact, a government can choose to create the needed additional money instead of borrowing it from the banks, the public, or foreigners.**

“Business and the conservatives in politics and the media are horrified by the suggestion that the government exercise its right to create more money. They claim it would precipitate another ruinous bout of inflation.

**“But money creation is money creation — whether by a private bank or the Bank of Canada. And a government in debt only to the government's own bank is not really in debt at all. If it wants to go through the rigamarole of having the Treasury «borrow» from the central bank and later pay interest, that is a minor matter of bookkeeping. As long as the central bank's profits are returned to the Treasury, the results are much the same as if the Treasury had created the money itself.**

“There is no reason why the growth of Canada's money supply (averaging about $22 billion annually in recent years) could not be more substantially created by the Bank of Canada. If that policy had been followed, the federal government would not have been obliged to add to its debts to pay interest on old debts. Instead, the Bank of Canada has produced barely 2% of the money added in recent years, while the chartered banks added the rest as they made loans to households, businesses, and all levels of government. At the very least, the Bank of Canada and the chartered banks should share the privilege of creating money on a 50-50 basis.

“Those who dismiss such a proposal as «inflationary» should be required to explain why it would be more inflationary for the government's bank to create $11 billion and the private banks $11 billion, rather than the present practice of having the government's bank create $0.7 billion and the private banks $21.3 billion!

**“Clearly the current problem of the Canadian government's deficit is not its absolute size, or its size relative to the GDP, but the insane way it is being financed. A return to the policies of the World War II era, when the Bank of Canada produced almost one-half of the new money at near-zero interest, would do wonders for the economy, while greatly shrinking the deficit... The first order of business for a post-Mulroney-era government must be to regain effective control of the Bank of Canada and make it the primary source of money creation.**

**"It is ludicrous for the government to put billions of dollars into circulation by borrowing from the private banks, when it can create the extra money it needs, virtually free.**

## Banks create money

"We have to keep in mind that our monetary economy only grows when the money supply grows. Under the present debt-driven system, the only way we can increase the money supply is by borrowing it into existence from the private banks, thereby increasing our indebtedness to them.

**"It can't be stressed too much that the private banks, unlike non-bank lenders, create the money they lend. They do not — as is so widely imagined, even by the bankers themselves — lend their depositors' money. The amount of new money created by a bank loan, however, is only sufficient to pay back the principal. No money is created to pay the interest, except that which is paid to the holders of bank deposits. That's why debts must continually grow faster and faster in order for each layer of additional debt and interest to be paid.**

**"If that strikes you as a very dumb and dangerous way to operate a monetary system, you're right. Clearly it would be much safer and more sensible to have at least a large amount of the needed new money spent into circulation debt free by the federal government — or lent by it interest free to the junior levels of government which lack the power to create money. Reform of the monetary system is therefore the key to controlling the deficit and lowering the public debt."** *(End of the three economists' pamphlet.)*

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## Comments of the *Michael* Journal

We congratulate these three economists who dare to go off the beaten track. More and more people are echoing the message of the Social Crediters of the "Michael" Journal, and they urge the Federal Government to create its own money, and to put the Bank of Canada at the service of the Canadians.

The Minister of Finance and "orthodox" economists keep repeating that this solution (government-created money) is unworkable, since, according to them, it would automatically bring about runaway inflation. Yet, this policy of government-created money was actually tried out successfully in Canada during World War II (when half of the money supply was created by the Bank of Canada), and it is during those years that Canada's economy boomed the most, with near-zero inflation.

Others will say that the Bank of Canada cannot reduce its interest rates (the Bank Rate, which is set every Tuesday by the Bank of Canada), because if the rate is too low (lower than that of the United States, for example), foreign investors will flee Canada and invest their money in other countries with higher interest rates, where their investments will yield higher returns. This argument would fall by itself if the Federal Government would create its own money, instead of borrowing it. Figures made in Canada are just as good as figures made abroad to finance production made in Canada. Besides, what would Canada do if it were the only country in the world, with no foreign countries from which it could get money? Should we be condemned to starvation in front of our own goods, through lack of figures to buy them?

The three economists quoted above suggested that the Bank of Canada should create half of the money supply in our country. This suggestion is timid! What the Social Crediters of the *Michael* Journal propose is that the Bank of Canada should create all of the money supply for Canada, since money creation cannot be left in the hands of private interests. Make no mistake: private banks would still exist, and still lend money, but they would not have the power to create new money with their loans. When a chartered bank makes a loan to a business or individual, the bank would get the money for the loan from the Bank of Canada, interest free. The private bank would be accountable to the Bank of Canada for that money, having to return it to the central bank when the loan is paid back to the private bank. *(This technique is explained in detail in the first pages of Louis Even's booklet, "A Sound and Effective Financial System".)*

**The Bank of Canada has been diverted from its purpose, and instead of being the Bank of the Canadians, it has become the bankers' bank. The Chrétien Government must bring the Bank of Canada to heel, and have it finance the needs of our nation, debt free. It is the only solution to solve the problem of the deficit and the debt.**

Several groups are lobbying for more spending cuts; some even say that our Finance Minister did not go far enough with spending cuts in his last budget. It only makes less money left into circulation, which makes the situation even tougher for all Canadians. As the three economists mentioned above put it in their pamphlet, "strident calls for cutbacks and belt-tightening measures are, in tough economic times, the worst possible course to follow. It is in fact a lethal prescription for recreating the widespread unemployment and suffering of the 1930s."

**Mr. Prime Minister, you don't wish such a state of affairs to occur, do you? Well, to prevent if from happening, you have no alternative but to apply the Social Credit principles of Clifford Hugh Douglas and Louis Even!**

**Moreover, all the premiers who complain about the reduction of transfer payments to the provinces in the federal budget, should join forces to pressure the federal government to put the Bank of Canada at the service of all the Canadians, and finance the provinces with interest-free money. But make no mistake: if our governments are not backed up by public opinion, they won't have the courage to challenge the power of the Financiers. So it is your duty, dear readers of the *Michael* Journal, to create this public opinion in favour of a return to an honest debt-free money system, by getting all your friends and acquaintances to subscribe to the *Michael* Journal. This is the prime requirement for the liberation of our country. Good luck!**

http://www.michaeljournal.org/appenC.htm

## Appendix C —
## Money — Questions and Answers
## by Father Charles Coughlin

*In 1936, Father Charles E. Coughlin, a Catholic priest of the Diocese of Detroit, U.S.A., and founder of "The National Union for Social Justice", wrote a book entitled "Money! Questions and Answers". One can read in the foreword: "Because money is the most vital and fundamental problem to be solved before social justice can be reestablished, this is the first of a series of books which will deal with the entire program of social justice."*

*As William Jennings Bryan put it (see Chapter 49), as long as the Federal Government does not take back its power to issue the money for our nation, there is no other reform that can be accomplished. In other words, if one does not want to correct the financial system, one goes round in circles; one wastes his time, no matter what organization one belongs to. This is why the "Michael" Journal lays so much stress upon that issue, which is of the utmost importance: every Canadian citizen must absolutely understand the urgency for the Federal Government to take back its power to issue, create the money for our nation, instead of borrowing it at interest from private banks, which brings about unrepayable debts. In the following excerpts from his book, Father Coughlin speaks about the U.S.A., but his arguments apply just as well to Canada or any other country.*

***A. P.***

## by Father Charles E. Coughlin

While the National Union for Social Justice appreciates the splendid efforts which noble statesmen have made in the past to restore to Congress the power to coin money and regulate its value, there is also the realization that these efforts have been in vain because an uninformed and misinformed people have labored under the delusion that switching party politics instead of changing the money policies was the key to contentment and prosperity...

## The Constitution and money

**How is personal, physical life sustained under diversified activities?**

By the exchanging of goods and services.

**How is this exchange of goods and services accomplished?**

Through the medium of money, which was originated by social necessity to make possible exchanges of varieties of articles and articles of unequal value.

**Is the substance of which money is made important?**

No. It is the legal status given it by government stamp that makes it acceptable by all as money, whether it be made of metal, or of paper.

**Who should create money?**

The Government, representing all of the people.

**In our country (the U.S.A.), what governing body should represent all of the people?**

The Congress of the United States.

**Does the Constitution of the United States provide that Congress should originate our money?**

Yes. It is very specific and well defined: "Congress shall have the power to coin money and regulate the value thereof, and of foreign coin". Article 1, Section 8, Part 5.

**Under existing laws, does our National Government originate our money?**

No, only to a very limited extent.

**Who does originate (create) our money?**

Private corporations, commonly called banks, now originate practically all of our money.

**Why have private individuals usurped and exercised the sovereign power of issuing our money?**

Because when that power is held and exercised by private individuals, they can and do control the entire economic, social and governmental system and derive enormous, illicit, profits therefrom.

**Under our present private money-creating system, what do the bankers get for nothing?**

They get interest on the money they create and lend, and title to people's properties by confiscation of properties pledged, if the loans are not repaid at a specific time.

**Can Congress delegate a power, reserved to it by the Constitution as a public function, to be operated for private profit without specifications?**

No, not without violating the Constitution of the United States.

**Has Congress delegated for private profit and without specification the power to originate our money?**

Yes, by the National Bank Act of 1863, and the Federal Reserve Act of 1913, as well as intermediary and subsequent enactments.

**Why does this violation continue?**

Because every time a Franklin, a Jefferson, a Jackson, or a Lincoln, or any other honest public servant attempted to arouse the people to the fraud from which they suffer, the private money creators — international bankers — arose in their might and used their controlled press, their bootlick politicians, their office boy bankers, their docile clergymen, and their power over the prosperity of America, to smash the drive for economic freedom. Thus far, they have succeeded.

**How can Congress regain its privilege of issuing our money?**

There is no need to regain what it has not the right to surrender. It still has that right, and can, and should immediately resume the exercise of this most important constitutional command.

**Are the Federal Reserve Banks really Federal?**

They are not. The Federal Reserve Banks are private stock corporations owned entirely by other private corporations known as member banks. They are no more Federal than the Federal Bakery or Federal Laundry.

**What is a Federal Reserve Bank?**

It is a Central Bank, the bankers' bank.

## Usury

**If banks, then, are debt shops where money is manufactured for the purpose of creating debts, is money issued primarily for usurious purposes?**

Yes. Money comes into existence from the banks only as “interest-bearing-loans” which interest must be paid by every person who uses money.

**What is usury?**

Usury is a breach against the commandment “Thou shalt not steal”, and is related to three specific immoral actions listed under the following: (a) Charging an unreasonable and abnormal rate of interest. (b) Charging interest on any recognized non-productive or destructive loan. (c) Charging interest on a loan of fictitious money which the lender created, thereby demanding from the borrower an unjust return, in the latter case, the lender reaps where he did not sow.

**Is usury opposed to morality?**

Yes, and it is also opposed to Christian teaching.

## Effects of a dishonest money system

**What will happen if the present money system is continued and if the present policies endure?**

1. Private individuals will coin money for their own personal gain.

2 Corporations organized for production, such as automobiles, steel and textiles, will be under the domination of the private money creators.

3. The government itself will be dominated by the money plutocrats.

4. The press, dependent upon advertising received from banker-dominated corporations and commercial houses, will continue to deceive the people.

5. The educational system will continue to ostracize the truths of economics from our schools.

6. The citizens, weighed down by the unbearable costs of war and depression, will be inclined to blame a democratic form of government and unwittingly relinquish the liberties already won for the bare necessities of life, which the plutocrats will allow them only at the sacrifice of liberty. Dictatorship will necessarily ensue.

## Advantages of an honest money system

**What will happen after an honest money system is established? An honest money system will help us:**

1. To restore sovereignty over money to its rightful possessors, namely, the People, through Congress.

2. To rid Congress of servile politicians.

3. To eliminate from domination over the government the manipulators of money who oftentimes were the cause of war.

4. To insure lasting peace among nations whose governments will be able to legislate laws independent of the international money changers.
5. To make possible the real freedom of the press and the teaching of the truth in all schools, freed once and for all from the domination of money creators.
6. To permit Christian virtue to be practised when want is destroyed in the midst of plenty.

*Father Coughlin concludes his book with the following words:*

**Without economic freedom, both physical and political liberty are meaningless. Their existence depends almost totally upon financial freedom. It is essential that we Americans recapture our sovereign right of coining and regulating our money and of foreign coin. It is essential that we cease paying tribute to the Federal Reserve Banks who create our money out of nothing and lend it into use with an invisible tax appended to it. It is either your money or your life.**

**You must act like apostles who have learned the truth. You must spread the gospel of financial freedom even at the cost of life itself... Form your battalions, independent of the leadership of the press, the politician and the poltroon! Cast aside your lethargy!**

**In the name of Christianity, I implore you to participate in duplicating the miracle of the Master Who fed the hungry multitudes. This can be accomplished by insisting, by demanding the institution of an honest money system... The money changers must be driven from the temple of America. If we of this generation, numbed with the opiate of indifference and cowered by the appeals to selfishness, fail to dislodge the radical rule of the money changers, may we go to our graves unwept, unhonored and unsung!**

http://www.michaeljournal.org/appenD.htm

## Appendix D — Words of Thomas Edison

**It is absurd to say that our country**
**Can issue $30 million in bonds**
**And not $30 million in currency.**
**Both are promises to pay**
**But one fattens the usurers**
**And the other helps the people."**

*Why should the Government pay interest to a private banking system for the use of its own money, that it could issue itself without interest? This is exactly what the Social Crediters of the "Michael" Journal demand, when they urge the Federal Government to take back its power to issue the money for our country. Two famous Americans, industrialist Henry Ford (pioneer of the U.S. car industry) and inventor Thomas A. Edison (who, despite having attended school for only three months, managed to patent more than 1,000 inventions), also agreed with that proposal. What helped Ford and Edison, two great friends, to reach this conclusion is that they reasoned like engineers, who consider only facts and the physical laws of nature, contrary to most economists, who deal with arbitrary notions that many times do not fit with facts.*

**Thomas Alva Edison**

*Ford and Edison were inspecting in 1928 the Muscle Shoals water power plant, built on the Tennessee River. They were interviewed by The New York Times", which reported these interviews in its issues of December 4 and 6, 1921. These interviews are reproduced in abbreviated form below, and the lessons they teach are just as valid today. (The information is taken from the May-June, 1998 issue of "The Social Crediter", 16 Forth Street, Edinburgh, EH1 3LH, Scotland.)*

## Without the control of the Bankers, there would be no wars

"From the operation of this plant," Ford said, "many great things are possible, greater power production than this country has yet known... The one big thing which I see in Muscle Shoals is an opportunity to eliminate war from the world."

Mr. Ford was asked how this was possible.

"Just this way," he replied. "It is very simple when you analyze it. The cause of all wars is gold. We shall demonstrate to the world through Muscle Shoals, first the practicability, second the desirability of displacing gold as the basis of currency and substituting in its place the world's imperishable natural wealth...

"The essential evil of gold, in its relation to war, is the fact that it can be controlled. Break the control and you stop war. The only way to break the control of these international bankers, the way to end their exploitation of humanity forever, is to smash gold as a basis for the currency of the world..."

"But what have you to substitute?" he was asked.

"That's just where Muscle Shoals comes in," said Mr. Ford: "see what a spectacle we have. Army engineers say it will take $40,000,000 to complete the big dam. But Congress is economical just now and not in a mood to raise the money by taxation. The customary alternative is thirty-year bonds at 4 per cent. **The United States, the greatest Government**

**in the world, wishing $40,000,000 to complete a great public benefit is forced to go to the money sellers to buy its own money. At the end of thirty years the Government not only gas to pay back the $40,000,000 but it has to pay 120 per cent interest, literally has to pay $88,000,000 for the use of $40,000,000 for thirty years... Think of it. Could anything be more childish, more unbusinesslike!**

## Government debt-free money

“Now, I see a way by which our Government can get this great work completed without paying a nickel to the money sellers. It is as sound as granite, and there is but one thing hard about it. It is so simple and easy that, maybe, home folks can’t see it.

“The Government needs $40,000,000. That is 2,000,000 twenty-dollar bills. Let the Government issue those bills and with them pay every expense connected with the completion of the dam. The dam completed we can set the whole works running, and in a shorter time than you would suppose, the entire $40,000,000 issued can be retired out of the earnings of the plant.”

“But suppose the contractor would be unwilling to accept that kind of currency in payment?” he was asked.

“There is not that kind of suppose in the situation at all,” said Mr. Ford, smiling. “He would take Government

“If the currency is issued by the nation, $30 million for financing Muscle Shoals, it will be the proper thing to do. Once the currency method is tried in raising money for public improvements, the country will never go back to the bond method...

“Now here is (Henry) Ford proposing to finance Muscle Shoals by an issue of currency (instead of bonds). Very well, let us suppose for a moment that Congress follows his proposal. Personally, I don't think that Congress has imagination enough to do it, but let us suppose that it does. The required sum is authorized — say $30 million. The bills (money) are issued directly by the Government, as all money ought to be.

“When the workmen are paid off, they receive these United States bills. Except that perhaps the bills may have the engraving of a water dam instead of a railroad train and a ship, as some of the Federal Reserve notes have, they will be the same as any other currency put out by the Government; that is, they will be money.

“They will be based on the public wealth already in Muscle Shoals; they will be retired by the earnings and power of the dam. That is, the people of the United States will have all that they put into Muscle Shoals and all that they can take out for centuries... the endless wealth-making power of the Tennessee River... with no tax and no increase in the national debt.”

— *“But suppose Congress doesn't see it, what then?” Edison was asked.*

“Then Congress must fall back on the old way of doing business. It must authorize an issue of bonds. That is, it must go out to the money brokers and borrow enough of our own national currency to complete great national resources, and we must pay interest to the money brokers for the use of our own money.

“That is to say, under the old way, any time we wish to add to the national wealth, we are compelled to add to the national debt.

“Now, that is what Henry Ford wants to prevent. He thinks it is stupid, and so do I, that for the loan of $30 million of their own money, the people of the United States should be compelled to pay $66 million — that is what it amounts to with interest. People who will not turn a shovel full of dirt nor contribute to a pound of material, will collect more money from the United States than will the people who supply the material and do the work.

“That is the terrible thing about interest. In all our great bond issues, the interest is always greater than the principal. All of our great public works cost more than twice the actual cost on that account. But here is the point.

**“If our nation can issue a dollar bond, it can issue a dollar bill. The element that makes the bond good, makes the bill good also. The difference between the bond and the bill is that the bond lets the money brokers collect twice the amount of the bond and an additional 20 percent, whereas the currency pays nobody but those who contribute directly to Muscle Shoals in some useful way...**

**“It is absurd to say that our country can issue $30 million in bonds and not $30 million in currency. Both are promises to pay, but one fattens the usurers and the other helps the people. If the currency issued by the Government was no good, then the bonds would be no good either. It is a terrible situation when the Government, to increase the national wealth, must go into debt and submit to ruinous interest charges at the hands of men who control the fictitious value of gold.”**

***Thomas Edison***

http://www.michaeljournal.org/appenE.htm

# Appendix E – Money Is Created by Banks Evidence Given by Graham Towers

*Some of the most frank evidence on banking practices was given by Graham F. Towers, Governor of the Central Bank of Canada (from 1934 to 1955), before the Canadian Government's Committee on Banking and Commerce, in 1939. Its proceedings cover 850 pages. (Standing Committee on Banking and Commerce, Minutes of Proceedings and Evidence Respecting the Bank of Canada, Ottawa, J.O. Patenaude, I.S.O., Printer to the King's Most Excellent Majesty, 1939.) Most of the evidence quoted was the result of interrogation by Mr. “Gerry” McGeer, K.C., a former mayor of Vancouver, who clearly understood the essentials of central banking. Here are a few excerpts:*

Q. But there is no question about it that banks create the medium of exchange?

**Mr. Towers: That is right. That is what they are for... That is the Banking business, just in the same way that a steel plant makes steel.** (p. 287)

**The manufacturing process consists of making a pen-and-ink or typewriter entry on a card in a book. That is all.** (pp. 76 and 238)

**Each and every time a bank makes a loan (or purchases securities), new bank credit is created — new deposits — brand new money.** (pp. 113 and 238)

**Broadly speaking, all new money comes out of a Bank in the form of loans.**

**As loans are debts, then under the present system all money is debt.** (p. 459)

Q. When $1,000,000 worth of bonds is presented (by the government) to the bank, a million dollars of new money or the equivalent is created?

**Mr. Towers: Yes.**

Q. Is it a fact that a million dollars of new money is created?

**Mr. Towers: That is right.**

Q. Now, the same thing holds true when the municipality or the province goes to the bank?

**Mr. Towers: Or an individual borrower.**

Q. Or when a private person goes to a bank?

**Mr. Towers: Yes.**

Q. When I borrow $100 from the bank as a private citizen, the bank makes a bookkeeping entry, and there is a $100 increase in the deposits of that bank, in the total deposits of that bank?

**Mr. Towers: Yes.** (p. 238)

Q. Mr. Towers, when you allow the merchant banking system to issue bank deposits which, with the practice of using the cheques as we have it in vogue today, constitutes the medium of exchange upon which I think 95 per cent of our public and private business is transacted, you virtually allow the banks to issue an effective substitute for money, do you not?

**Mr. Towers: The bank deposits are actual money in that sense, yes.**

Q. In that sense they are actual money, but, as a matter of fact, they are not actual money but credit, bookkeeping accounts, which are used as a substitute for money?

**Mr. Towers: Yes.**

Q. Then we authorize the banks to issue a substitute for money?

**Mr. Towers: Yes, I think that is a very fair statement of banking.** (p. 285)

Q. 12 per cent of the money in use in Canada is issued by the Government through the Mint and the Bank of Canada, and 88 per cent is issued by the merchant banks of Canada on the reserves issued by the Bank of Canada?

**Mr. Towers: Yes.**

Q. But if the issue of currency and money is a high prerogative of government, then that high prerogative has been transferred to the extent of 88 per cent from the Government to the merchant banking system?

**Mr. Towers: Yes. (**p. 286**)**

Q. Will you tell me why a government with power to create money, should give that power away to a private monopoly, and then borrow that which parliament can create itself, back at interest, to the point of national bankruptcy?

**Mr. Towers: If parliament wants to change the form of operating the banking system, then certainly that is within the power of parliament.** (p. 394)

Q. So far as war is concerned, to defend the integrity of the nation, there will be no difficulty in raising the means of financing, whatever those requirements may be?

**Mr. Towers: The limit of the possibilities depends on men and materials.**

Q. And where you have an abundance of men and materials, you have no difficulty, under our present banking system, in putting forth the medium of exchange that is necessary to put the men and materials to work in defence of the realm?

**Mr. Towers: That is right.** (p. 649)

Q. Would you admit that anything physically possible and desirable, can be made financially possible?

**Mr. Towers: Certainly.** (p. 771)

http://www.michaeljournal.org/evenbioa.htm

# Louis Even — Biographical notes

Louis Even

Louis Even was born on March 23, 1885, on the "La Poulanière" farm, in Montfort-sur-Meu, a municipality 30 kilometres west of Rennes, in Brittany, France. This municipality was also the birthplace of Saint Louis-Marie Grignion de Montfort. Louis Even inherited his great devotion to Mary from this illustrious patron saint. He became a fervent propagandist of the Rosary throughout his 89 years upon earth.

Louis Even was the fourteenth child (out of sixteen) of Pierre Even and Marguerite Vitre. At home, he received a sound Christian education. His elementary studies were made at the school of the village.

On August 4, 1896, at the age of 11, he entered the juvenile school of the Brothers of Christian Instruction, in Livré. On February 2, 1901, he began his novitiate in Ploërmel. In July of the same year, an antireligious campaign began raging in France, with the enforcement of the Association Law, which restricted the activities of religious communities. Then in 1903, the Brothers of Christian Instruction were notified by the French Government that they had to dissolve their Institute. Henceforth, it was forbidden in France for the Brothers to wear the religious habit and to teach.

## In Canada

The Brothers decided to send their best students on a mission. Louis Even was part of the group. He left France for Canada in February of 1903. From there, he was sent to teach the Indians of the Rocky Mountains, in Montana, U.S.A. He stayed there until 1906. This allowed him to acquire a perfect knowledge of the English language, which was to be enormously useful to him later on when he would study Social Credit in the books of Major C. H. Douglas.

Louis Even returned to Canada for good on June 24, 1906, the feast day of St. John the Baptist, the patron saint of the French Canadians. That same year, he taught at Grand Mère, Que. From 1907 to 1911, he was a teacher at St. Francis' School, in Montreal.

Then he became deaf and could not teach to children anymore. He was sent to Laprairie, at the Brothers' printing shop, which was very primitive at the time. Being hard-working and very brilliant, he developed the printing shop and expanded it considerably. He acquired new machines, and to learn their workings, he had to study German, since the manuals for the machines were in German. He also studied Latin on his own. This apprenticeship of printing was to be very precious to him later on for the foundation of his Movement.

Providentially (because he was deaf and could no longer teach children), he quit the community of the Brothers of Christian Instruction where he had acquired a sound religious and intellectual formation, for he was a man of study and reflection, always having a book in his hand. He was well prepared to carry out in the world the mission that God had destined for him. He was released from his vows on November 20, 1920.

## Garden City Press

Immediately, he was employed in Ste. Anne de Bellevue, west of Montreal, at Garden City Press, a printing shop owned by J. J. Harpell, a Catholic of Irish descent. There too, Louis Even left an indelible mark of his genius on the firm.

On December 10, 1921, Louis Even married Laura Leblanc, and fathered four children: François, now a lawyer; Gemma, a teacher; Rose-Marie, a teacher and a secretary; and Agnès, a teacher. Being in charge of a family himself, it helped him to better understand the financial problems of the working-class families.

J. J. Harpell was more than just a businessman: he wanted to promote the intellectual development and general knowledge of his employees, by having them attend evening classes. In Louis Even, Harpell had found the priceless master who could make him realize his aspirations. Louis Even worked as a typographer, a proofreader, and a foreman. He translated into French the periodical *The Instructor* — the organ of J. J. Harpell's Gardenvale study circle. He trained new workers, and he was the teacher for the employees' evening classes.

## Social Credit

One day, in 1934, right in the middle of the Depression, Mr. Fielding, then Minister of Finance in Mackenzie King's Liberal Government in Ottawa, said to Mr. Harpell, who was a close friend of his: "If you want to know where the financial power lies in Canada, look towards the banks and the insurance companies."

Then Messrs. Harpell and Even decided that the evening classes for the next fall would revolve around the study of money and credit. They set about immediately, trying to find out a book on the subject. They received several books and manuscripts; one of them was I. A. Caldwell's book, *<M>Money, What Is It?*, which was later translated into French by Louis Even. But it was a simple 96-page booklet that brought him the light he was looking for. It was entitled: *From Debt to Prosperity*, by J. Crate Larkin, of Buffalo. It was a summary of Major Douglas's monetary doctrine — Social Credit.

"Here is a light upon my way," said Louis Even. He then got all of Douglas's books, plus books of other authors on the same topic. He recognized in Social Credit a whole series of principles which, once applied, would make a perfect monetary system and put an end to the Depression. Immediately, he said to himself: "Everybody must know this." From then on he only thought about the means of realizing this wish.

The contacts established with *The Instructor* (and its French-language version, *Le Moniteur*), had given birth to new study circles, affiliated with that of Gardenvale, all over Quebec; in Sherbrooke, Quebec City, Trois-Rivieres, and Shawinigan. At the request of these new circles, Mr. Even went to give them lectures. He naturally spoke to them about Social Credit. Then he held public meetings across the Provinces of Quebec, Ontario, and New Brunswick.

Louis Even translated into French the brochure *From Debt to Prosperity*. He also wrote articles on Social Credit in *Le Moniteur*, which was sent to some 1,200 French-speaking subscribers across Quebec, New Brunswick, Ontario, and the Prairie Provinces.

In August of 1936, Louis Even founded another periodical, the *Cahiers du Crédit Social* (literally, *Social Credit Brochures*), which he wrote up during the evenings, still working at Garden City Press during the day, and he held conferences here and there in the region on weekends. From October of 1936 to August of 1939, a total of 16 issues of the *Cahiers du Crédit Social* were published, for 2,400 subscribers.

It was during this same period that Louis Even published his great brochure, Salvation Island (now entitled *The Money Myth Exploded*), which he would sell for a nickel a piece to the audience after his conferences. As of today, this brochure (also published in the form of a 16-page leaflet) still remains the A.B.C. of Social Credit, for beginners. It now circulates throughout the world, by the millions, in seven different languages (English, French, Italian, Spanish, German, Portuguese, and Polish).

**J. Ernest-Grégoire**
**1886-1980**

## J. Ernest Grégoire

In January of 1936, J. Ernest Grégoire was the Mayor of Quebec City and a member of the Quebec Legislative Assembly for Montmagny, when he attended the unforgettable Social Credit conference of Louis Even at Quebec City's Commercial Academy. He immediately joined Louis Even's Cause after this conference, to become, along with Miss Gilberte Côté, one of Louis Even's staunchest collaborators.

Mr. Grégoire's resumé included the following: Bachelor of the Sherbrooke Seminary; Bachelor of Law from Laval University in Quebec City; a degree in economic and social sciences; a graduate in political and diplomatic sciences from the Catholic University of Louvain, Belgium; a degree in French literature from Lille University in France; a brilliant lawyer in Quebec City; a professor of political economy and of commercial law at Quebec City's Commercial Academy; a professorship in political economy at Laval University; a professor of architecture and of Art History at the Quebec City Art College.

In spite of his brilliant culture and his great knowledge, Mr. Grégoire would say in public, and to anyone who wanted to listen to him, that "he did not hold a candle to Louis Even." In a letter addressed to the latter on January 1, 1961, Mr. Grégoire wrote: "All those who got to know you and who remain loyal to you, because they are still convinced of your science, your sincerity, your devotion, your spirit of sacrifice, wish with me for Providence to keep you among us for a long time to come..."

Once Mr. Grégoire understood Social Credit, he said to his students at Laval University: "I have taught errors to you; now I will teach you the truth." Mr. Grégoire was the great defender of Louis Even's Movement, and in spite of the hideous persecutions that he was subjected to, he remained loyal to Louis Even and his Work till the day he died, September 17, 1980 (at the age of 95).

**Gilberte Côté-Mercier**
**1910-2002**

## Gilberte Côté

In December, 1936, Miss Gilberte Côté, of Montreal, came upon articles on Social Credit published by Louis Even. She was 26 years old at the time. She studied the question of J. J. Caldwell's book, *Money, What Is It?* She gave a lecture on Social Credit at the *Inter Nos* Circle, in Montreal, in December of 1936. She heard Louis Even for the first time in February of 1937, in the parish hall of the Nativity Church, in the Hochelaga district, in Montreal. She was accompanied by her mother, Mrs. Rosario Côté, and her brother, Rosaire. It is on that day — an unforgettable one — that they got to know the great Louis Even. They were delighted to hear him explain so clearly and logically the solution to the Depression which had then been raging on in the world for eight long years, causing misery for the nations.

Mrs. Rosario Côté owned a big house, with a large living room, on St. Joseph Boulevard, in Montreal. She invited Louis Even at once to come and hold two conferences during the next month (March). Each time, 75 people came to listen to him. That made a total of 150 people all together, who came from different walks of life. (There were even several priests among the audience.) They were all delighted by the talk of this great master in economics, by the genius that was Louis Even's, a remarkable teacher who was so easy to understand.

Gilberte Côté became at once the great collaborator of Louis Even. She was already quite learned at the time: she was a Bachelor of Arts, was a graduate in philosophy and literature from the University of Montreal, a graduate in social, economic, and political sciences from the same university, where she attended classes in trying to find the solution to the economic crisis of the time. Only Louis Even was able to fulfill her expectations in this field. This is the reason why she threw herself zealously into a great apostolate work to help Louis Even.

Gilberte Côté was also a Bachelor in Music from Dr. Robert Schmitz's Chicago Music School. She gave up her musical career which she was drawn towards very much, to give herself totally to the Social Credit Movement launched by Louis Even. She joined Louis Even's Movement for good as a full-time apostle on the road on January 2, 1939, in the depths of winter. *(Mrs. Côté-Mercier died on June 2, 2002.)*


**Gérard Mercier**
**1914-1997**

## Gérard Mercier

Gérard Mercier was first educated with the Brothers of Christian Schools, then with the priests of Lévis College. At the age of 25, he began working at the *Annals of St. Anne de Beaupré,* run by the Redemptorist Fathers.

In 1938, just to please a friend, he subscribed to Louis Even's *Cahiers du Crédit Social*. One night, unconsciously, before retiring, he picked up one of the brochures, and began to read it. He devoured it. The next day, he was down at the office of the *Annals*, preaching Social Credit. Louis Even nicknamed him “the fireball”. In 1996, almost sixty years later, Gérard Mercier is still in the battle, having kept all of his enthusiasm.

On September 4, 1938, at the peak of the Depression, Louis Even left his job — which was well-paying for that time — at Garden City Press. He was giving up much, as J. J. Harpell bequeathed to his employees his firm which was worth millions of dollars. Putting himself totally into the hands of Providence for his material needs and those of his family, Louis Even then decided to give himself full-time to his Work. Providence looked after him; his son, François, said a few years ago, on television, that his family never lacked the basic necessities of life.

Louis Even was well-armed. He had an extraordinary courage. He organized his meetings by going from door to door in order to invite people to attend them, and he begged for his meals and night's lodgings. This direct contact with the families was unparalleled in order to win them over to the Cause. In the door-to-door and after his conferences, Mr. Even offered his *Cahiers du Crédit Social*, for a nickel a piece, but he gave them away most of the time, since the families were so poor. Miss Côté possessed the same daring and the same courage; she wrote up the leaflets to announce Louis Even's meetings, and she went from door to door to distribute them. She often had to start over again from scratch, four to five times in one day, because the political enemies arranged it so that she would lose the halls she had booked.

## The *Vers Demain* Journal

In September 1939, World War II broke out. Louis Eve, very sad, but far from conquered, said peremptorily: "Let us found a journal." There could not be a worst time to found a journal, because of the war measures. But with a Breton head like Louis Even's, all obstacles could be overcome. And the *Vers Demain* Journal came into being. (In English, "Vers Demain" means, literally, "Towards Tomorrow", or "For a better future". The first issue in English came in 1953, as it will be explained a little further.) Mr. Even was its chief editor. He lived with his family in a very small house. His small bedroom was used also to write up his journal. Miss Côté was the administrator. She organized the administration office of *Vers Demain* in her mother's house. She looked after the registration of the subscribers, the correspondence, and she participated in the writing up of the journal, besides the meeting tours and the door-to-door. They had to purchase a mailing machine, filing cabinets, typewriters, etc., and find collaborators. The most precious one that she found was her cousin, Juliette Lavigne, who, besides doing the office work, carried out a great apostolate work at night and on weekends. Mr. Even used to call Miss Lavigne "the little Providence". Rosaire Côté (Gilberte Côté's brother) was a full-time apostle for 4 years, from 1939 to 1943.

Louis Even and Gilberte Côté, accompanied by Mrs. Rosario Côté, Juliette Lavigne, and Rosaire Côté, made conferences and did the door-to-door continuously across Canada. When they travelled by car or by train, Louis Even brought along his typewriter which he used to put onto his knees to write up articles for *Vers Demain*. After Masses, each Sunday, the founders spoke on the churches' steps. They trained speakers, and they sent them out to hold meetings here and there and to speak on the churches' steps on Sundays, to propagate the goods news of new economics, of an economy of plenty.

In 1940, to propagate the *Vers Demain* Journal, Louis Even, while hospitalized following a car accident, contemplated establishing the Institute of Political Action. He wrote later: "Upon *Vers Demain* was grafted the Institute of Political Action. And the Institute propagates *Vers Demain* precisely because all political action, to come up to the demands of the common good, to the desires of the human being, must be based on study. And the members of the Institute are working without material gain, because we need nothing less than apostles to re-establish order in a world where selfishness has sent it topsy-turvy."

In 1991, to honour Louis Even and his Work, the name of the Institute of Political Action was changed for the "Louis Even Institute for Social Justice" which, since that time, is the official publisher of the *Michael* and *Vers Demain* Journals.

Volunteer apostles were therefore called upon, through the *Vers Demain* Journal, their role being to solicit subscriptions, to find new subscribers. The first one to answer the call was Gérard Mercier. And many others joined Louis Even's Movement. For example, after two years of existence, *Vers Demain* had already 25,000 subscribers.

The *Michael* and *Vers Demain* Journals have part-time volunteer apostles in every region of Canada, and several apostles abroad, in the U.S.A., Europe, and other countries. From the very beginning up to now (1996), the local apostles, led sometimes by a full-time apostle, have grouped together to do the door-to-door. For several years, the apostles left on Saturday morning to do the door-to-door in different localities, all day Saturday, and were put up for the night with people who received them; on Sunday morning, after Mass, one of them spoke to the people on the church's steps, while the others distributed *Vers Demain* Journals and solicited subscriptions. They had lunch with the families, and did the door-to-door for the rest of the afternoon, and returned home Sunday night. It is thanks to this door-to-door Crusade if Louis Even's Movement has always been healthy, in spite of the hateful persecutions it was subjected to. The teaching given in the families is very much fruitful, and when the Pilgrim leaves, the 16-page *Michael* or *Vers Demain* Journal keeps coming into the home (5 times a year) with its teaching.

Besides the numerous regional meetings held to stimulate the zeal of the local apostles and to teach Social Credit to the population, each year, from the very beginning of the Movement, a general Congress is held (on the first weekend of September), to which all of the population is invited. This Congress gathers together the Social Crediters from all regions of Canada, the U.S.A., and often from France and Belgium.

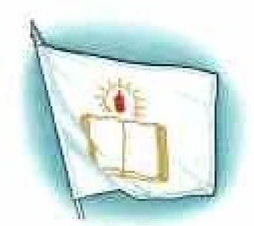
## The full-time apostles


**Mrs. Rosario Côté, Gilberte Côté-Mercier, Louis Even and J. Ernest Grégoire at our 1949 Congress in Asbestos, Que.**

The founders called upon full-time people to join their rank. Gérard Mercier was again the first one to answer the call. He joined both founders for good in June of 1941. He married Gilberte Côté on February 14, 1946.

Afterwards, several other full-time apostles joined the Movement, some for a few years, some for several years, and others for life. They are all volunteers. They go into regions to hold meetings, to do the door-to-door themselves every day while begging for their meals and night's lodgings, and they organize the local apostles in teams for the door-to-door Crusade.

## The Flag — The White Beret



An outstanding propagandist is the white, red, and golden flag which flutters in the wind on the cars and the homes of the Social Crediters. The idea for the beautiful flag was conceived by Louis Even in 1941. And it is in Christ the King Roman Catholic Church of Sherbrooke, Que., that this flag was blessed with the warm approval of the Most Rev. Philippe Desranleau, who was the Bishop of the Diocese of Sherbrooke at the time. In relating the event, Louis

Even wrote in the September 15, 1941 issue of *Vers Demain*: "We shall keep our white flag stainless." (The three colors of the flag are meaningful: white means the purity of intention of the apostles; the red flame, the fire of the apostolate; the golden book shows that it is a work of education.)

At the 1949 Congress held in Asbestos, Que., Pierre Bouchard, a zealous Social Crediter from Arvida, Que., arrived with some white berets bearing the symbol of the flag. The beret was unanimously adopted by all the Directors and all the Social Crediters present. It became the uniform of the *Michael* and *Vers Demain* apostles.

***In This Age of Plenty***

In 1946, Mr. Even published his marvellous book *Sous le Signe de l'Abondance* (*In This Age of Plenty*). The implementation of the principles expressed in this book would give peace and justice to the world, as wanted by God. With the fourth (revised) edition published in 1988, a total of 24,000 copies were published in French. The clear and simple explanations given make it easy for anyone to grasp Social Credit, even for people who have no knowledge of economics. And Major Douglas, the genius who invented Social Credit, asserted that Louis Even was the one who understood and expressed his thoughts the best.

Fifty years later, in 1996, Louis Even's book was finally translated into English, under the title, *In This Age of Plenty*. In 1993, a translation into Polish was published by the Most Rev. Zbigniew Kraszewski, auxiliary Bishop of Warsaw, Poland. Bishop Kraszewski received from Pope John Paul II a blessing for Louis Even's book.

Louis Even also published other brochures: *What Do We Mean By Real Social Credit?* and *A Sound and Effective Financial System*.

## A journal in English

In 1953, to reach the English-speaking world, Louis Even founded a journal in English, which was first called *Social Credit*, and then, *The Union of Electors*. From 1968 to 1973, it was also called *Vers Demain*, like its French counterpart. Finally, in 1974, its title was changed for *Michael*, and it is still published under this title in 1996, every two months. Since September, 1999, there is also a journal in Polish, printed in Rougemont, that is also called *Michael;* an edition in Spanish, called *San Miguel*, exists since April, 2003.

While carrying out their intense apostolate work, through meetings, the door-to-door, and the publishing of two journals in French and in English, Louis Even or Gilberte Côté-Mercier gave conferences, every week, for half an hour, on 33 radio stations and 11 television stations across Canada — from 1958 to 1964 for television, and until 1969 for the radio. These broadcasts were paid for by benefactors. But as immorality became rampant through the media, our Directors stopped the conferences, to concentrate their efforts instead on the leaflet distribution.

## The Pilgrims of Saint Michael

Louis Even always had a great devotion to Saint Michael. That is why, in 1961, he placed his Movement under the special protection of the great Archangel, by giving the title of "Pilgrims of Saint Michael" to the apostles of his Social Credit Movement.

Mrs. Rosario Côté lodged free of charge in her home, for 25 years, the office of the two journals. As the Movement developed, a more roomy place was needed. A piece of land was purchased in Rougemont, 55 kilometres southeast of Montreal, Que. (A few days after the purchase, it was found out that the patron saint of Rougemont's Roman Catholic parish was Saint Michael!) Volunteer workers were called upon to build the new headquarters. And it is Dollard Leclerc, a building contractor and a full-time apostle of Louis Even's Movement at the time, who carried out the construction, under the delightful eye of Louis Even and the competent administration of Mrs. Gilberte Côté-Mercier. In December of 1962, Louis Even entered into the new headquarters of his Movement, to continue the struggle against the financiers. He called this edifice the "House of Saint Michael". Louis Even's wife had died at the beginning of the same month. She was buried in Rougemont's cemetery.

In 1965, Louis Even became seriously ill, and it kept him bedridden for three long months. He was 80 years old. Gilberte Côté-Mercier relieved him from editing the journal, and looked after it herself, in spite of her many other jobs. Back on his feet, Louis Even continued to write up articles for *Michael* and *Vers Demain*, and to make conferences throughout the country.

In 1968, after 65 years of "exile", so to speak, Louis Even, at 83 years of age, returned to France for the first time, not as a tourist, but to hold a conference tour and to bring the light of Social Credit to his fellow countrymen. He was accompanied by Mrs. Côté-Mercier and by Gérard Mercier. A general strike in France prevented them from holding their meetings. They went back in 1969, and that time, a Social Credit circle was established in France, and it developed very well with the passing years.

In April of 1970, at 85 years of age, Louis Even and his two invaluable collaborators took a flight to Brazil to go and plant the seed of Social Credit in that country.

## A printing press

Since 1939, the *Vers Demain* Journal had been printed by commercial printers. In 1964, a small printing press was purchased to print a few thousand leaflets, 9 by 12 inches. In 1972, Louis Even and the other Directors went to New York City to purchase a printing press which could print 4-page offprints of our two journals. This allowed the pages of *Michael* and *Vers Demain* to multiply by the millions, and to be shipped free of charge throughout the world to our registered leaflet distributors. Looking at his new purchase, Louis Even said: "It is not tomorrow that we will be able to print millions of leaflets like Saint Maximilian Kolbe's printing works." But ever since, the Movement printed and shipped millions and millions of *Michael* and *Vers Demain* offprints, going to plant the brilliant Social Credit idea throughout all continents, in Africa, in Europe, in Asia, in the Philippines, in the United States, etc. (In 1995, the equivalent of 36 million 4-page offprints were printed and distributed.) This was the beginning of our printing shop. A few years later, we purchased a typesetting machine, a camera, and a big printing press capable of bringing out a 16-page tabloid (the format of our two journals). Since 1976, our *Michael* and *Vers Demain* Journals, as well as our millions of offprints, are written up and printed by volunteer apostles, at the House of Saint Michael.

## Religious life

On July 14, 1972, at Louis Even's request, the "Pilgrims of Saint Michael" had the joy of being granted by their Bishop, the Most. Rev. Albert Sanschagrin, then Bishop of St. Hyacinthe, Que., the permission to have the Blessed Sacrament in their chapel at the House of Saint Michael, and to have the Holy Mass celebrated there. The good Oblate Fathers are now in charge of these religious services. Besides attending Holy Mass every day, following in the footsteps of Louis Even, the Pilgrims also recite the Rosary daily (15 decades), the Angelus, and the Saint Michael Chaplet.

In 1975, the House of the Immaculate was built, again with volunteer workers, under the competent direction of Fernand Morin. Bishop Sanschagrin deigned to come himself to bless the chapel of the House of the Immaculate. Since 1975, our monthly meetings and annual Congress in Rougemont have been held in the House of the Immaculate.

After a life of complete devotion to the service of God and neighbour, Louis Even passed away at the age of 89 years and six months, on September 27, 1974, to go and celebrate in heaven, two days later, September 29, the great Archangel Saint Michael, the patron of his Movement.

Louis Even was the man who changed the course of our lives. We pay him a tender homage, and we carry on with his Work, under the competent management of his two greatest collaborators: Gilberte Côté-Mercier and Gérard Mercier.

Social Credit is a light for us all. But the life of the great Louis Even should also be a light for us all as well.

***Thérèse Tardif***

http://www.michaeljournal.org/douglas.htm6

# About Clifford Hugh Douglas

## The genius who discovered Social Credit

**Clifford Hugh Douglas**
**1879-1952**

At the origin of Social Credit, there is one name, the name of a man of genius, a Scot: Clifford Hugh Douglas, born in 1879, son of Hugh Douglas and Louisa Horfdern. Graduated from Cambridge University, with an honour degree in mathematics, Douglas chose to be an engineer by profession.

He was a brilliant engineer, who was entrusted with important projects. He was, in India, Chief Engineer and Manager for the British Westinghouse Company; in South America, Deputy Chief Electrical Engineer for the Buenos Aires and Pacific Railway; back in England, he was employed on the construction of the London Post Office Tube Railway; then, during World War I, he was Assistant Superintendent at the Royal Aircraft Factory in Farnborough, England. After the war, he ran a small yacht-building yard, in which he was helped by Mrs. Douglas, who was herself an engineer.

Douglas was also an expert in cost price accounting. It is for this expertise that the British Government asked him to go to Farnborough in 1916 to sort out "a certain amount of muddle" in the Aircraft Factory's accounts.

Douglas never bore the title of economist; he would have considered this as an insult anyway because of the monument of errors, based on false premises, in economic teaching in universities. Yet, Douglas was actually the greatest economist of all times, with his diagnosis of the major flaw in today's economics, and with the proposals he formulated to solve it.

Throughout his career as an engineer, Douglas had to tackle problems of physical nature and solve them. But he gradually noticed that, if the solving of physical problems was always possible, many entreprises were stopped because of purely financial problems. That led him to study the financial question with the spirit of an engineer.

He briefly related himself, in an address to members of the Canadian Club in Ottawa, in 1923, how he came to take interest in the question of finance and credit. The report of this address was published in the April 15, 1923 issue of the *Ottawa Citizen.*

Douglas said that his first experience with financial hindrances stopping physical possibilities, dated back about fifteen years earlier, around 1908. At that time, he was in India, in charge of the Westinghouse interests. He had to conduct a survey, at the insistence of the Government of India, of a large district with considerable water power. He found a large amount of exploitable water power, went back to Calcutta and Simla to report it, and asked what was going to be done about it. The answer was: "Well, we have got no money."

Douglas found that decision deplorable. For this was at a time when the manufacturers in Great Britain were finding it hard to obtain orders, and the prices for machinery were very low. As for India, it badly needed electric power. But "they had got no money", and Douglas could only accept it, while pigeonholing in his mind this case of a beautiful physical possibility that was paralyzed by a financial impossibility.

Round about that time, he said, he dined frequently with J. C. E. Branson, the Controller General in India. This Branson used to bore him considerably by discussing something he called "credit". Treasury officials in India and Britain persisted in melting down and recoining rupees (India's coins), having regard to what they called the "quantity theory of money". Yet, insisted Branson, silver and gold had nothing to do with the situation; it nearly entirely depended upon credit. Douglas subsequently remarked that had he be given a short lecture on Mesopotamia, it would have been, at that time, just as unintelligible. But, nevertheless, Branson's repeated words had also been pigeonholed in Douglas's mind.

Just before World War I, Douglas was employed by the British Government to build a railway for the Post Office from Paddington to White Chapel. There was no physical difficulty at all with the entreprise. He was ordered to get on with the job. Suddenly, he got the order to suspend work and pay off the men. Always for the same reason: no money.

Some time after that, during the war, he was sent to the Farnborough Royal Aircraft Works, to sort out a muddle which the books of that institution had gotten into. It was not long before that he had remarked that, each week, the cost prices of the goods produced were greater than the income distributed in the form of wages and salaries. Prices were not in accordance with purchasing power.

All that drew his attention, and a study of the cases of many companies showed him that it was so in every factory. How could, in those conditions, the money distributed to consumers buy the products? Douglas also remarked that once the war came, there was no more a question of a lack of money. So there was nothing sacred with money. Money could appear all of a sudden, and all that was physically possible could be made financially possible, as it was the case during the war.

Douglas also faced other experiences. He decided to locate and bring up-to-date the defects of the financial system; then, as an engineer, to seek, discover, and formulate principles to put finance in keeping with realities at all times. This is what has been called since Social Credit.

Douglas first published his conclusion in an article in the English Review for December of 1918 under the heading “The Delusion of Super-Production”, and then a series of articles of A. R. Orage's weekly review, the *New Ag*e. Those articles were reprinted in 1920 as *Economic Democracy*, Douglas's first book. The same year appeared Douglas's *Credit-Power and Democracy*, then *Social Credit* in 1923, *Control and Distribution of Production* and *The Monopoly of Credit*, both in 1931, and *Warning Democracy* and *The Alberta Experiment,* both in 1937.

Apart from these books, Douglas also travelled the world to give lectures on Social Credit — to Canada, Australia, New Zealand, Japan, and Norway. In 1923, he gave evidence before the Canadian Banking Inquiry, and in 1930 before the MacMillan Committee on Finance and Industry, in England.

Douglas died in his home in Fearnan, Scotland, on September 29, 1952 — the feast of Saint Michael the Archangel. He was 73.

***Louis Even***