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THE PROPHET'S LOT

Abraham Lincoln was once asked how he could make tough political decisions in a fallen world. He said:

"I do the very best I know how, the very best I can, and I mean to keep doing so until the end. If the end brings me out all right, what is said against me won't amount to anything. If the end brings me out wrong, ten angels swearing I was right would make no difference".

Such is the humility of the prophet - a line that must from age to age endure. Remember how in the year that King Uzziah died - about 740BC - there arose a prophet called Isaiah. He arrived on the scene just as prosperity was crashing about the nation's feet. He was ordained of The Lord, we are told, to go out and warn the people of the wrath to come. He was to tell them in no uncertain terms where they had gone wrong and how to put things right. Not that they would heed, of course. But the message was to be relayed just the same. Though the authorities would show scorn and the masses ignore, Isaiah was to persist, even unto the risk of his own life.

Quite naturally, Isaiah wondered if it was worth the candle. If there was to be no "success", no "result" - then why bother? But the word of The Lord was adamant. Out there were a number of nonentities - powerless, nameless, voiceless; poor and untutored. Yet they were to be the survivors, the origin of a new society. He was to exhort, encourage and ready The Remnant. They were to come out from among the mass and be separate unto The Lord.

So today. The mass has not changed. As writer Albert J. Nock (1870-1945) put it:

"The mass-man is one who has neither the force of intellect to apprehend the principles issuing in what we know as the humane life, nor the force of character to adhere to those principles steadily and strictly as laws of conduct. The line of differentiation between the masses and the Remnant is set invariably by quality, not by circumstance. The Remnant are those who by force of intellect are able to apprehend those principles, and by force of character are able, at least measurably, to cleave to them. The masses are those who are unable to do either."

So the false prophet seeks for mass appeal, mass approval to verify his message; the true prophet seeks only to reveal the truth in its own right, whether accepted or rejected. Truth cannot be put in a mould nor turned out of one. False method makes false doctrine. The perpetual temptation for all communicators is to fashion one's words to elicit result - whether mockery or acclaim. The bottom line on this count is appraisal. Neglect is the unkindest cut of all.

How many communicators will stand all day preaching to the hedgerows and the gutter? How many writers will produce volumes no one will read? Yet Isaiah communicated in faith to a Remnant he knew not of - only The Lord did.

The story is told of a raw recruit to the London City Mission who dared not offer himself on the streets, so he fled to the country and, finding a friendly haystack, held forth the Gospel to that. Exhausted at last, he paused to mourn his ineffectuality - only to be disturbed by the agitated face of a tramp, awakened from his sleep on the far side of the haystack. In the peculiar parlance of the time, the tramp was "gloriously saved."

So it is with the Remnant, down through the ages. They are there and, somehow or other, you will meet them - if your message is for them. That is what sustains the true prophet: the certainty of the unknown, ignoring the uncertainty of the known. His reward is not of this world; it is only found in doing the will of Him that sent him. The apostle Paul knew what it was all about - faith being the substance of things hoped for, the evidence of things unseen.

The true prophet finds his satisfaction in the intangibles; the bread cast upon the waters returning after many days, but only as hearsay. The true prophet cannot expect fan mail or awareness of his function. The efficacy of his function is like a road-sign for a motorist. In taking the right turn, the driver does not for a minute ponder the style or standing of the sign. It has done its job - he has obeyed in his own interests, without thinking. Indeed, many a driver will go on to give directions for those following the same route as if he had devised them all by himself.

Yet, at this level, - the personal - the true prophet is operating also in pursuit of a wider application. Isaiah, like all of his kind, could not seek personal salvation without the national. The poet John Donne reflected this in his observation that no man is an island. The apostle Paul pictured the various parts of the body requiring to co-operate for life.

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THE PROPHET'S LOT (cont.)

In this century, as the noose tightens, we reiterate a warning given in an address in London by C. H. Douglas under the title 'The international Idea'. It was first printed in *The New Age* of January 14, 1932 and reprinted in *The Social Crediter* in August 1973:

"... if you only make a subject large enough and involve a sufficiently large number of people in the solution of it, you can rest assured that you will never get a solution. A democracy of a thousand voters can be personally approached and convinced on any subject within a reasonable period of time, but if you enlarge the franchise to include everyone in a population of 45,000,000 you can be reasonably sure that any general conclusion at which it will arrive, it will arrive at twentyfive years after that conclusion ceases to be true. If you can superimpose upon that by means of a controlled Press, Broadcasting and other devices of a similar nature, something that you call 'public opinion' (because it is the only opinion which is articulate) you have a perfect mechanism for a continuous dictatorship, and moreover, it is the form of dictatorship which is fundamentally desired by the collective mentality - a dictatorship which has power without responsibility."

A prophet, raised up by The Lord for His purpose among His people, inevitably speaks from principle and foretells the fruit of his evil generation. Thus, it can be seen that Douglas discerned and alerted the Remnant to the curse we can readily identify as the European Community.

With such a tradition, lineage and example, we dare not run with the Gadarene swine into the abyss. As we stand within an inch of Hell, let our cry be heard to the far corners of the earth - relentless, insistent and uncompromised. It is for God to give the increase.

Iain McGregor

RECOMMENDED READING

Benson, Ivor	This Age of Conflict.
Burkitt, B. & Baimbridge, M.	What 1992 Really Means: Single Market or Double Cross?
Douglas, C. H.	The Brief for the Prosecution. The Development of World Dominion. Economic Democracy. The Monopoly of Credit. The Policy of a Philosophy. Social Credit.
Maré, Eric de	A Matter of Life or Debt.
Monahan, Bryan W.	The Moving Storm. The Survival of Britain. Why I am a Social Crediter.
Robertson, Thomas	Human Ecology.
Social Credit Secretariat	Elements of Social Credit.
Tether, C. Gordon	The Great Common Market Fraud.

Full booklist and prices upon request.

FUNDS

There has been an encouraging response to our recent appeal for additional funds, and all those subscribers who have contributed so far are warmly thanked for their donations. The need remains urgent and subscribers are invited to send their donations as soon as possible to Mr John P C Dunlop, CA, Treasurer, The Social Credit Secretariat, 17 Randolph Crescent, Edinburgh EH3 7TT.

SO WHAT A

He was only a humble reader of a magazine but he felt impelled to write against its underlying assumption. "Current English usage" said Benjamin J. Egli of Muttentz, Switzerland, "refers to a person who owns a certain amount of money as one who is worth that amount. A culture that no longer distinguishes between what a man has and what he is, is perhaps intrinsically materialistic in its outlook."

That is putting it mildly. But how do we set about getting things right? Geoffrey Dobbs has stated it succinctly, calling for personal responsibility, mutual love, co-operation and help as essential for any human society. That ideal is within the potential of any citizen.

In a feature "On Christian Political Moralism" in the July 1988 *Home* magazine, he condemned 'privatisation' that merely transfers assets from State bureaucracies to multi-national financial bureaucracies, and policies that stimulate consumer debt alarmingly. He wondered at the silence of the churches. He asked:

"If Christians are going to pronounce moral judgments on money-wealth and money-taxes, why do they flinch in such cowardly fashion from considering the moral nature of debt-money itself, and of the monstrous manipulation of our lives, of governments and of politics, by those who control the creation and flow of credit as irredeemable debt?"

"Is money, then, the Ultimate Reality which they worship in deed if not in words, existing before all worlds; whom to question is to blaspheme and become excommunicate? Are the high priests of debt-money, the financiers and economists, the only authorities to consult on human affairs?"

Noting that world production is ample for all, distribution being the problem, Dobbs pointed out that what actually was in being was defined in monetary terms. Also:

"The nature and direction of real production and the employment on which people spend their working lives is determined by those who create and control the flow of credit."

"Money" he went on "is now a wholly artificial system of numerical symbols and tokens, created and controlled by men, and quite openly used to manipulate the economy and our lives and purposes with it."

The answer has been enunciated by Edward Rock in a paper presented before a seminar in Victoria, Australia in July 1985:

"The essential principles by which economic sovereignty is attained are the maximum decentralisation of political, economic and financial power, and the clearest exposition of those principles are contained within what is termed Social Credit. The objective of Social Credit in making a reality of those principles is to take Jesus Christ out of the sanctuary and the pulpit, and restore Him to that place where His Ministry was conducted, in the market place, the streets, the fields and the homes of those He came to save from those who had led them astray, the incumbents of the pulpit and the Tabernacle.

"Christ's objective was to set the individual free. His hope was that the free individual would choose that service which is perfect freedom. 'If the Son shall set you free, you shall be free indeed.'"

Rock went on to describe how C. H. Douglas in his capacity as engineering adviser in the aircraft industry at Farnborough pinpointed the basic flaw in the accounting system. It

WORTH?

consisted of two parts: money covering manufacture, building, installations and maintenance, raw materials, energy and allowance for depreciation - then, money to cover wages and shareholders' dividends. All of this set the price of the product. But Douglas recognised that the latter part could never equate the former; and the latter part, of course, was the bit recycled to make the former. Every worker is a customer under another hat. However, the wages and dividends were not enough to buy the output. As in this industry, so in all.

The only answer hitherto was an increase in spending by the creation of money - a fiction. This kind of money was on paper only, it could not be equated either with values inherent in output or with amounts of gold formerly held while its surrogates, banknotes, did the rounds.

The creation of money was left to the existing institutions - the banks. It thus fell to the banks' management to work out how much "paper" could be brought into circulation at any one time not to make the discrepancy too obvious. As more and more paper was required, so the actuality of any real value diminished. Eventually, the crisis has arrived at today when the only solution seems to be to give fewer banks greater authority to adjust up and down notional values. Thus we see the emergence of the European Central Bank.

However, back in the days of World War I when Douglas was making his deductions, he offered what seemed to him a simple resolution of the problem.

Let the deficiency of purchasing power be made up in the form of a consumer price discount applied at the point of sale, plus a national dividend issued (say) monthly to each member of the community in Britain, thus increasing the flow of consumer credit without swelling the volume of charges being costed into ultimate retail prices. As with the national dividend, retailers' re-imbursments for having applied the retail price discount would be by drafts upon the National Credit (i.e. society's ability to produce goods and services as, when and where required) presently monopolised by financial institutions. Both measures are, of course, anti-inflationary.

But the efficacy depends upon something that the UK has now ceded to the European Community - domestic sovereignty. Entering the Exchange Rate Mechanism has meant that the existing false accounting cannot be rectified unless continent-wide.

Social debt is now on course for our ultimate destruction. The Douglas alternative - social credit - may now be deemed an ideal and a vision from the past. But as surely as its Christian basis, it must rise again.

As Edward Rock put it:

"In the battle against evil, Christians can only pursue one basic tactic; they must replace evil with good. Good laws must replace bad laws, justice must eliminate injustice. Good money drives out bad money. Debt free money replaces debt money. Social Credit replaces Social Debt."

It is in the sure and certain hope that the truth of C.H. Douglas cannot be killed off that we repeat the blunt question posed by him in his book *Social Credit*: is our economic system a moral system - or is it not? Is man entitled to use this existing system as a means of rewarding or penalising the individual? The rights and wrongs of any one case is not the

issue. We repeat: **is our economic system moral?**

We contend that it fails the test of I Corinthians 13. And for Christians, that should be enough. As Rock put it:

"The implications of what Douglas is saying are tremendous. If the Christian Church was to adopt them and accept the challenge, it would mean the beginning of the end for the powers of darkness as they operate through the financial system. There would be no alternative but to accept the principle of the national dividend proposed by Douglas to make up the deficiency in purchasing power."

Rock reminded his audience how biblical Douglas was in relation to tax and the creation of money and read from Matthew's gospel, chapter 17, verses 24-27.

Among the comments he made:

"Jesus chose not to pay tax out of that source of money which ensured the continuance of the power of those with a vested interest in power. He created His own. He asks no more and no less for you and me. That is the significance of the national dividend proposed by C. H. Douglas. It is your own individual source of purchasing power, and it does not come from man, it comes from God."

Rock concluded his remarks by calling for money to be seen as only a symbol and a servant -

"There must be widespread demesmerisation concerning the belief that money is a commodity like any other commodity and can be traded and made the subject of speculation, both nationally and internationally."

It will be hard work - witness the reason given by Michael Heseltine MP for pursuing greater political and economic integration in the European Community: "We must protect the City of London"

In face of this, are Christians supposed to accede to such a scheme that cuts across their creed and controls their lives? Why should a naked emperor parade before us crowding round lest a small child notice his state?

I. McG

Notes:

Home magazine, 26 Meadow Lane, Sudbury, Suffolk, England CO10 6TD.

Edward Rock's paper presented at Canaan College, Thoona, Victoria, July 13, 1985 - published in *New Times*, August 1985.

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BEATRICE MABEL PALMER

1892 - 1991

Mrs Palmer, who died peacefully on February 2, was one of the earliest promoters of Social Credit following the publicity given to C. H. Douglas's new economics in A. R. Orage's *New Age*. Her writings appeared in *Social Credit*, then a weekly journal, and later in *The Social Crediter* and the quarterly *The Fig Tree*.

Together with her colleagues in the British Housewives League, she projected the idea of generating pressure on politicians independently of party politics. Major issues of particular interest to housewives on which the League campaigned included the abolition of food rationing after the Second World War, the abandonment of additives and of the agene process in bread-making, and opposition to compulsory medication through the fluoridation of water supplies. The League was also one of the earliest opponents of entry to the EEC.

In 1947, Mrs Palmer founded *Housewives Today* and edited it for 35 years. Thereafter it was renamed *Home*, now published as a quarterly (available from Bloomfield Books).

Her name will remain a particularly honoured one amongst the ranks of the pioneers of Social Credit.

THE PERILS OF UNION

Advocates of European Union might well consider the dilemmas facing Yugoslavia today. Its varied ethnic make-up presents a working model of European Unity in miniature.

Yugoslavia is poised on the brink of chaos with rampant inflation, ethnic strife, and the threat of civil war. An artificially-imposed unity did not bring peace and prosperity but reinforced old prejudices, confirmed anew ancient rivalries and awakened slumbering suspicions.

This experience shows how dissolving a political and economic union is immensely difficult and also very dangerous. Indeed, an even scarier scenario is being played out on a much vaster scale in the Soviet Empire. In view of this, proponents of European Union should ponder; if, in spite of all the optimistic forecasts, the European Union does not bring peace and prosperity to its members, will there then be any legal mechanism in place to allow member states to dissolve the Union peacefully?

This issue cannot be taken on trust. The United States fought a great and bloody war to determine that the Union was inviolable and that no State would be permitted to secede. Is insurrection in Europe unthinkable?

P. L.

FIGHTING LEVIATHAN

By way of resistance to present trends, the Claridge Press (6 Linden Gardens, London W2 4ES) has just published one of its countervailing Blasts entitled "Resisting Leviathan - The case against a European State" by Philip Vander Elst, priced £3.99 + 50p postage & packing.

In this pamphlet Mr Vander Elst puts forward the case that the paltriness of the arguments offered by the Europeanists is of a piece with the mediocrity of the institutions that they seek to impose on us, and both are a danger to our country.

EURO-CONSTITUTION

At the next General Election we shall be choosing our representatives in Parliament at a very important juncture in our history. No election since 1970 will have been more crucial, for we will be selecting those on whom will fall the responsibility of endorsing or rejecting an international constitution, one which would lead to the demise of national governments within the European Union. Parliament is being used like a Trojan Horse to gather us up into a Union not of our own choosing, and because of the whipping system in Parliament and because of consensus politics between the political parties the electorate is powerless to resist.

As Professor Hayek, in his book "The Road to Serfdom", pointed out: "Nothing makes conditions more unbearable than the knowledge that no effort of ours can change them."

Two documents sketch out the plan for the new constitution; the Delors Report on economic and monetary union and the Colombo Report on political union. The Delors Report has been publicised but the Colombo Report which is the sequel to the Spinelli Draft Treaty has not. The 1984 Draft Treaty inspired the Single European Act and lives on in the Colombo Report which is dated July, 1990. In this report political union is defined as cooperation in the area of external policy and security, both internal and external.

The new constitution, we are told, "would certainly not seek, at least in principle, to reduce the level of integration already achieved." In fact "the international political situation, which in all the Community's history has never witnessed such rapid and widespread evolution and revolution" should be used "to accelerate the process of integration. This requires appropriate thought to be given to ways of assisting this acceleration and of enabling the Union in future to develop its power of initiative." The principle of subsidiarity is then extolled but tempered by reference to cooperation being turned into common action, although the reverse would not be countenanced (see Article 11 of the 1984 Draft Treaty). Significant power would be taken from and little left with the nation states which are being gathered into this Union.

British Housewives' League Newsletter - April 91

WHAT IS EUROPE?

Dictionaries and Encyclopaedias are vague on the origin and application of the name.

The eastern boundary is arbitrary: it seems the Greeks used the term for the uncharted territory beyond the Danube. Until the 18th century it was unknown to us - we referred to 'Christendom'. The men of the 'Enlightenment' began to use an alternative to that hated term. They chose "Europa" - after a legendary woman abducted and raped by Zeus in the form of a bull, subsequently bearing Minos, a bull-headed cannibal.

The parody of the Incarnation was both offensive and intended to be. The flag of 'Europe' depicts FIVE POINTED stars - the emblem of the Grand Orient, the inveterate and unappeasable enemy of Christendom. The emblem of Christendom is the Cross, found on all our flags prior to the Revolution. The Christian star - the Star of Bethlehem - is EIGHT POINTED: two crosses. The 'Euroflag' proclaims the triumph of anti-Christ.

A. C.

May - June 1991

Text

GREEN – Where Money is Concerned

The finance-controlled media are billing the 1990s as the decade of environmental concern. We already know that the watchwords of the ten years that lie ahead will be “sustainable development”, a phrase that, in a process resembling water torture, will be dripped relentlessly into our consciousness, eroding our power to think independently about ecological matters.

To what end will this campaign for our minds be waged? The implications of the term “sustainable development” provide a complete answer. Humans are such linguistic creatures that they think of concepts through the words used to describe them. So they think that the new slogan for environmentalism comprehends a genuine ideological revolution. It should be obvious that “sustainable development” is a highly complex criterion that subjects the entire economy to a test that only an elite can possibly impose. The old environmentalist word, “conservation”, was a sturdily democratic term, conservation being an activity to which everyone can contribute; but how can ordinary people participate in “sustainable development” other than as passive slaves of a panel of purported experts on the subject?

If this concept of sustainability (naive as it may be in a world such as our own, with its innumerable variables) acquires the acceptance planned for it, then the shape of things to come will be plain: **dictation of economic initiative will be centralized to a degree never known in the Western World outside wartime.**

Although the benefits to the environment of such a situation are uncertain, there is no doubting that it will afford the new environmental police and their friends limitless opportunities for self-aggrandisement.

GOOD GUYS vs. BAD GUYS

This objection to the notion of “sustainable development” points up a basic weakness in the position of many so-called environmentalists. They contend that the environment is being excessively exploited and polluted because of human greed, but in so doing they propound a quite unbelievable ‘good guys, us,—bad guys, them’ dichotomy. “Give us power,” they say, “and—unlike the profiteering rotters who wield it now—we will use it unselfishly for the common weal.”

Even if such pleading is sincere, anyone of elementary political experience knows that accession to power often catalyses today’s starry-eyed utopian into tomorrow’s cynical despot. This is why, as a general principle, one is wise to distrust those who advocate combating evils flowing from existing concentrations of power by means of even greater concentrations of power. Environmental pollution is unquestionably undesirable, but that fact does not mean that the solutions to it proposed by those who make this point most clamorously are sage in proportion to their noise level.

Does, then, the corruptibility in human nature render all attempts at benign reform futile? If the reform is to consist of more central planning and control, it would seem so. However, despite the propaganda emanating from power-seekers of all sorts, from the idealistic to the crassly self-serving, who want power concentrated on principle so that it is more easily captured; other directions for change are possible.

On closer consideration, the practice of blaming a few relatively influential individuals for environmental deterioration also seems inappropriate. For example, it is difficult to perceive a fundamental difference between, say, the mine-owner who sells a “dirty” fuel as a way of making a living and his employees who help to produce the coal in order to obtain income. It would be nonsensical to assume that culpability is in proportion to the revenues derived. Double the salaries of the employees: will that make them want to produce less coal? Cause the mine-owner to operate at a loss for a few years: will that make him want to produce less coal? The answer in both situations is no. Indeed, the probable effect will be to stimulate both parties to mine more coal and promote its consumption wherever possible.

The point is that both the employer and the employees are involved in a morally questionable activity for precisely the same reason—to get money. In these circumstances, it is hypocritical to criticise only the employer for his part in aggravating the problem of acid rain. In so far as environmental degradation is concerned, the web of culpability covers essentially the whole of society, including the environmentalist jetting off to the next conference on atmospheric pollution.

This diffuse responsibility is awkward for environmentalists, since it becomes difficult to target a clear-cut enemy. Also, when virtually the entire community is collaborating in the practices supposedly needing change, the critic of the practices tends to appear like a holier-than-thou snob.

If the person who is willing to foul the earth in order to balance the family budget is not really different from the one who is willing to foul the earth to balance the company budget, how are we to deal with the environmental problem? Certainly we will not get far by telling them to stop balancing their budgets. On the other hand, if the imperative to balance budgets is vastly greater than it need be, if the preoccupation with money arises largely from artificial pressures in the economy, as it does, then there is hope for significant beneficial change.

SUPREMACY OF MONEY

At some unknown, but fateful, point in medieval history, a money lender realised that the essence of a viable money system is confidence and that, once this confidence was established, a magical and very remunerative trick could be played.

Typically, the money lenders were possessors of a stock of precious metals, which they would loan out. They found that, once they gained a reputation for reliability, in lieu of transferring actual gold or silver they could issue a *promise to pay* backed by the real wealth known to be in their vaults. Their next discovery was that, as long as people believed in the *convertibility of the promises to pay*, such promises could be issued to a value considerably beyond that of their holdings of precious metals. If, for example, experience taught the moneylender that only 1/10 of his clients would at any particular time insist on payment in actual coin or bullion, he could safely make loans totalling about 10 times the value of his reserves of bullion. Thus was born financial credit and the principle of what we now know as *fractional reserve banking*, which has both allowed the community to expand the economy with unprecedented rapidity and delivered control over the expansion to the money power.

The important points to grasp are (1) the promises to pay functioned perfectly well even though they were issued on a fraudulent representation of convertibility; (2) the money lender retained discretion to vary the availability of the promises to pay and there was never an exact correspondence between the total value of the promises to pay and the overall monetary needs of the community; (3) the promises to pay purportedly derived their value from the bullion in the money lender's vault *but in fact this value came from the actual and potential productivity of the community itself*. While the pretence that financial credit is based on precious metals has been abandoned, all these features have survived in modern financial systems, whose function is to create the financial credit of the community.

It should be noted that the money lender's promises to pay circulated from hand to hand in trade as a commodity. Acceptance of the principle that money is a commodity has ever since made it impossible to establish a scientific relationship between the true monetary requirements of the economy and the availability of money.

Because money is regarded as a commodity, its proprietors undertake constantly to enhance its value. This is achieved by causing demand for it to be high, which in turn is achieved by keeping it in short supply. Indeed, throughout the entire evolution of the money system, which financiers have essentially been able to guide to suit their own ends, maintaining a chronic shortage of financial credit has been the key to ensuring the money-dealers' dominant position in the economy.

THE FACT OF DEFICIENCY

At first glance it might seem far-fetched to suggest that there is a chronic shortage of money in the economy. After all, are we not told constantly that inflation, which is now accepted as a normal condition and which we have ever with us, is caused by excessive availability of credit?

In order for the point about deficiency to make sense, we must have a reference point for normality, and to develop this we must be clear on the proper role of the money system. Money occupies such a dominant position in our society that we are accustomed to thinking of it as being primordial. However, this is surely a mistaken view, for, without the spiritual and physical capacities in the world, money is nothing. It has no independent existence and, while useful as a tool for releasing spiritual and physical capacities, by its nature it is completely subordinate to them.

From this perspective it follows that the proper role of money is simply to assist people to produce and consume in accordance with their physical and spiritual desires. To the

extent that these are not being satisfied for want of money, the money system is failing.

However, the deficiency that should be of central interest to environmentalists, because of its economy-distorting influence, is of a different sort. Another undeniable principle (except perhaps in the bizarre world of economists) is that the only sane motive for production is the desire to consume; i.e., to put goods to their end-uses. Consumption is the natural consummation of production. Since in our economy money licenses both production and consumption, it follows that the monetary system ought to function so as to permit consumption of what we produce. Unfortunately, however, it does not work that way.

THE MECHANISM OF DEFICIENCY

There are two accountancy cycles in the economy. One is the cycle of bank loans and reimbursements of loans. The other is the cycle of price build-up and liquidation of prices. The two cycles are related because the loans, constituting the money supply, are the only possible source of the means to liquidate the prices.

The price build-up occurs as costs accumulate in the processes of production which are liquidated when consumers buy the products. Hence, price accumulation is a function of production, while price liquidation is a function of consumption.

The loans are of several sorts – loans to business, to government, and to consumers. Loans to consumers and governments obviously tend to cause a deficiency of buying power because they involve mortgaging the future revenue of the community in order to permit present consumption, i.e., they do not liquidate costs but merely shift the obligation to pay them to a future time.

To understand the deficiency problem that arises through the granting of business loans one must comprehend that bank loans constitute additions to the money supply. In other words, the issuing of a bank loan creates credit and the repayment of the loan cancels the credit. This accounts for the variability of the money supply.

Let us say that a company obtains a bank loan in order to expand its plant. The loan will be expended as the plant is assembled, flowing to employees as income and to suppliers of materials as business revenue. Most of the personal income will be spent on current consumption needs and flow from the retailers, through manufacturers with lines of bank credit, to the banking system, while most of the business income will return to the same point even more directly. This reimbursed loan money is then cancelled out of existence, but the costs it generated during the building of the plant remain. When these costs are finally registered in the prices of consumer goods, the money needed to liquidate them is no longer available.

If the foregoing explanation elicits scepticism, it is only because people do not know how money comes into being and are accustomed to think of it as pooled rather than particulate. However, every dollar in the community is linked in a chain of debt relationships that leads ultimately to the manufacturers of credit, the banks. Regardless of popular notions on the matter, there is no self-generated "free" money floating around to fill the gap left by the premature cancellation of the credit disbursed during the development of the plant.

So where will the money come from to fill the growing disparity between the cumulative flow of retail prices and the cumulative flow of consumer buying power? If not from debt assumed by consumers or government, which as we have seen

does not liquidate costs, it will be derived from debt assumed for further plant expansion, which again will distribute purchasing power in advance of expanding the effective cost burden on consumers. But of course this distribution leads directly to a deficiency of consumer buying power in relation to the latest generation of capital costs. As long as capital development is expanding, we can muddle through in dealing with the problem. But making the purchase of today's bread dependent upon the production of tomorrow's jet fighter or office complex is a hare-brained way to run an economy – absolutely a mug's game where environmental considerations come into play.

As long as current methods of financing are practised, there is simply no way the flow of buying power can keep up with the flows of costs and prices; they are perpetually out of sync.

Indeed, the situation is a real catch-22 in that, while the purchasing-power deficiency is aggravated in a capital-intensive economy, the deficiency itself tends to promote an artificially intense concentration on expanding capital.

A final question remains: what if the capital development is financed not directly by means of bank credit but through reinvestment of savings? In this case, money needed for consumption is diverted into capital production, from which it issues again as consumer income. However, while the aggregate volume of consumer purchasing power is not changed in this process, a new set of capital costs is added to the flow of costs pushing up retail prices. Hence, this method of financing also results in a shortage of consumer buying power.

ENVIRONMENTAL IMPLICATIONS

Historically, many communities have continued to exist, often in what their inhabitants considered relative prosperity, in conditions of economic stability over long periods. However, since the development of money economies based on financial credit, the option of stability no longer exists. Nowadays the economic options are, categorically, two: either growth or collapse.

The position is hard to rationalise as being inherently necessary. A community ought to be able to increase, stabilise, or decrease its productivity, as it deems appropriate. Nor should it be particularly surprising that it might want to choose the latter option: after all, it would make no sense for a community that has been able in a two-year production run to provide every household with a washing-machine with a life expectancy of 20 years to keep producing more and more washing-machines. Moreover, people have been known to discover that there are worthwhile activities in life other than the constant acquisition of material goods, and a widespread conversion to this belief could conceivably divert enough interest from economic production to cause it to diminish.

Why, then, have we lost the option of stepping off the treadmill of economic production? The answer is simple: because if we do not outrun the vast wave of unextinguishable debt and unpayable financial costs constantly arching over us we will be swamped, and, in the short term, superfluous resource conversion is one of the principal means we presently have of racing against the flood of debt.

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 strictures 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 a consumer need. 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. It is the complementary principle to centralised control over economic policy by finance, because it implies that people should not be independent, but rather coerced into compulsory economic activity.

The purpose of economic activity is to make life more, not less, congenial. A lot of, if not most, employment – especially the make-work variety – is fundamentally pointless and degrading. It is psychologically harmful because the employee sees no worth in his work apart from the income it brings in. A society that professes love of the individual should be striving in every way possible to free its members from doing things they do not choose to do.

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. Indeed, the policy has brought us far along this track, to the point where it can be said that, from the standpoint

of contributing to the real betterment of society, much, and perhaps most, human effort is pure waste, and another substantial part is purely negative. In the latter category is the plethora of boards and market specialists who contrive to limit the supply of consumer goods. *But never, mark well, of capital goods, because of the utility of their income distribution function.*

Of course, the greatest waste is of human life. Four hundred years ago Shakespeare could write, without attracting ridicule, of men resembling gods; but it is impossible to think of contemporary people in such sublime terms. There is surely nothing godlike about the grim commuters generated by the current economic system. Locked into the struggle to keep ahead of the financial demands on them, their highest aspirations all carry dollar signs. Full employment suits dull functionaries, not creatures bearing the stamp of divinity.

COMMUNITY REACTION

In urging revival of a more natural environment, environmentalists have tended to promote two lines of policy, neither of which, because of the pressure-cooker principles on which the economy is run, holds much promise of enduring success.

One involves curtailing activities known to cause environmental deterioration. Quite understandably, the people who derive their incomes from these activities balk at such measures. When humans are forced to weigh a possibility of long-term ecological catastrophe against a certainty of immediate economic disaster, the ecological question inevitably gets short shrift. For instance, by now coal-miners are aware that the burning of what they work to bring out of the earth is unhealthy and threatens the well-being of life on earth; but they still want to mine coal. Because of the financial pressures on them as individuals, they feel they have no choice, and they are predictably hostile to environmentalist arguments that they see as tantamount to martyring everybody earning his living from the coal industry.

The other policy line pleads for increased efficiency in the use of resources: conservation. But conservation means economic restraint and that means fewer jobs and that means less money in the hands of consumers and that means poor sales and that means business failures and that means even fewer jobs and that means human desperation and that means more willingness to do anything for a buck . . . and there goes the environment again!

For some environmentalists it is axiomatic that going back to a simpler way of life would ease environmental problems, but in fact there is much evidence that intermediate technology is much harder on resources than advanced technology. Also, the inquiring spirit of humans quite naturally looks ahead, and to thwart it would be to offend the very nature of mankind. Besides, if the financial problem is not fixed beforehand, a policy calculated to produce moderate reductions in living standards could catapult society back into very primitive conditions indeed.

Really, the only way to deal with the problems of pollution and spoilation 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.

INVISIBLE PROSPERITY

In early creeds, people were admonished to believe not only in visible reality but in the invisible aspects of reality as well. Ironically, the danger today is the exact opposite: people believe in what is insubstantial while being unable to perceive the physical reality surrounding them.

To clarify the point, let us suppose that the flow of financial credit dried up. There is no question that the direct consequence would be that we would all go begging, and large numbers of us would probably end up starving to death. Yet we would travel to this pathetic end through the valley of abundance. Nothing would have changed in our productive capacity: the fields would still be fertile; the forests would still be growing; the factories and the communications systems and the heritage of millions of inspired men and women would still be in place, along with the knowledge of how to put them to productive ends. Yet without money all of it might as well not exist. We would suffer total deprivation in the midst of the greatest productive potential ever known to man – probably, because of our belief that money (which nowadays could be nothing more than a minute flow of electrons in a computer) is more real than what it represents, without noticing the absurdity of the situation.

While industrialists warn us that we must win the race for the most advanced technology or fall back into "Third World" conditions, while you fret over keeping your job, while you worry about your business crashing before it has a chance to get properly off the ground, while you pray that inflation will not erode your meagre pension, while you worry about your children's ability to make a go of it in a callously competitive world, the productive potential to give everyone a materially comfortable life almost effortlessly is everywhere around us. But we do not see it as it is because our attention is fixed on a wretched money system that drives people mad with cares.

Against the wishes of virtually every conscious person, our beautiful earth is being insensitively 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.

*Adapted from *The New Times*, published by The Australian League of Rights.