NO CHANGE AT THE BANK

In the early 1920s, in the time of the Great Depression and three million unemployed, a new movement made a new and astounding charge against the banking system, dominated by the Bank of England and associated private banks. They were accused of creating some 85 per cent of the total money supply, out of nothing, on which they charged interest, thus creating vast profits and incurring the nation in artificial debt, signified by the rapidly-growing National Debt.

While the government and economists defended the system, people with an engineering turn of mind felt there was something basically unsound when the practical effect on society of technical advances increasing productivity many times was not the distribution of new wealth but the discharge of labour. Orthodox economics offered no help in this matter. We were assured "there is no alternative".

The reformist ideas became known as the New Economics. These had been advanced first by the head of an electrical engineering firm, Arthur Kitson. The New Economic outlook became widely known and discussed in the media, and rapidly gained ground until 1925 when a curtain of silence was lowered.

Professor Frederick Soddy, Nobel Laureate in chemistry in 1921, was concerned about the failure of modern knowledge to improve the lot of society in general, and was influenced by the work of Kitson to make a personal study of the monetary system for himself. Two years of study convinced him that it was, in his own words, a "confidence trick". He then felt it his duty as a man of honour to publish his findings and advocate what he regarded as a scientifically sound and honest money system which would ensure a fair distribution and consumption of the new wealth made available in this age of potential plenty. His alternative was sent as a brochure in 1944 to all local authorities in Great Britain. It began:

"The following considerations represent the views of the Signatories below, which have been arrived at solely from a scientific study of the actual facts, which are completely beyond disinterested dispute, and from the inferences to be deduced scientifically from the facts.

"The Signatories have no sectional, factional or political interests in the matter, which for them do not enter at all into the problem that has to be solved. As loyal members and in the interests of the British race and of civilisation we have signed this brochure".

NORMAN A. THOMPSON, BA, AMIEE
FREDERICK SODDY, MA, LL.D, FRS

BUCHAN (The Rt. Hon. the Earl of)
R. C. BULLOCK, BSc
ALLIOT VERDON-ROE, Kt, OBE
CHARLES TURNER
E. GODFREY (English Legion)
J. S. BEVAN, BA (Rev.)
F. C. CHESTER-NASH (League of Ex-Service Men 1914-18)

The statement read, in part: The nation has lost control over its own money and therefore over its whole future and destiny. From the first false step of granting a monopoly of note-issue to the Bank of England, soon after its foundation in 1694, it has been stealthily, but now completely, subjected to the soul-less disposition of MONEY POWER, wielded by institutions still calling themselves 'banks' but operating, for their own power and profit, what is now nothing but a gigantic private minting swindle.

The nation is now forced to pay perpetual interest to the banks for money with which to carry on its economic life and to prevent it, by disappearing, from paralysing its economic life. This bank-substitute for national money now totals some £5,000 million* which has no existence in reality but only in imagination. As regards some 20 per cent of it, all that exists is an apparently impossible 'Promise to Pay' it on demand issued by the Bank of England.

The remaining 80 per cent has no existence whatever. The figures, called 'bank-deposits', merely total how much the banks owe the lawful owners, who have deposited those sums of money with them, and at the same time how much the banks are owed by those to whom the have 'lent' money – that is, empowered to levy on the nation's wealth-on-sale.

* figure of the time

(Continued on page 4)

CREDO

In a world of PLENTY, there is no need for POVERTY and DEBT. We have the technology to feed, house and clothe all people on EARTH without destroying our environment. Whatever is physically possible and socially desirable can be made financially possible. This is EVERYONE'S CONCERN and it is URGENT.
**The Professor:** Let me start from the only position I can, namely my own studies. Would you agree that if an economic action was not physically possible, it cannot be economically (or socially, financially) possible? If we can agree this point, the discussion can proceed. If NOT, then it cannot, for it is a primary statement of fact for me and my like. Assuming you concur:

Then, in order for an economy to grow, out of physical output one must put sufficient aside to renew (maintain) existing physical capital stock, while also creating new capital. This new capital would be used for the following purposes:

1. To create the capital stock required to meet the life support (food, energy, transport, water) needs of a growing population;
2. To render enterprises more labour efficient;
3. To create new enterprises to absorb the labour shed by action 2;
4. To produce non-life support goods and services for material consumption.

Now if the economy consumes more of the output than the required investment (the sum of 1 + 2 + 3), then the system declines inevitably (e.g., Thatcher’s UK).

This has NOTHING to do with finance.

While the issue of debt is important, and central to the development of a financial system which can help Governments and the market develop towards sustainable development, the point of origin must be the "physical sustainability" of the system.

**The Editor:** I of course agree that anything not physically possible is not possible in any other sense. You then predicate the necessity for the economy to grow and, while maintaining and renewing physical capital stock, also saving to invest in new capital for the following purposes:

1. Capital stock required to meet needs of growing population. AGREED.
2. To render enterprise more labour efficient. AGREED.
3. To create new enterprises to absorb the labour shed by action 2 above. I strongly DISAGREE, for the following reasons.

Implicit in what you say in 3 is that jobs are necessary to provide incomes for consumption and saving. Thanks to the continuous application of science and technology to productive processes, THAT IS NO LONGER SO. The advanced economies already produce sufficient in both consumables and capital to support (food, energy, transport, water) needs of a growing population. AGREED.

**The Professor:** The advanced economies already produce sufficient in both consumables and capital to sustain a reasonable standard of living for everyone whether they all work or not. Consider for example: agricultural surpluses, beef and butter mountains, wine lakes etc.; “setting aside” subsidies to take land out of production; quota systems to restrict production, e.g. fishing; retail outlets jammed with stock of all kinds; continuous "sales" of food, clothing, furniture, cars, etc.etc. Factories working at only a fraction of their production potential.

**The Editor:** So it is not necessary to maintain so-called "full employment". The average of "unemployment" in EC countries is 10.6% but there is still a "sufficiency" for everyone, if it could only be distributed. Distribution requires incomes; so incomes must no longer be solely dependent on employment.

Consider also SURPLUSES and WASTE. SURPLUSES in entertainment, in the media, in advertising. WASTE in oversupply of e.g. banks, building societies, retail outlets, fashion. CONCEALED WASTE - built-in obsolescence to limit useful life of consumer durables such as cars "to maintain turnover". The SOCIAL WASTE of defence forces and armaments. MAD (Mutually Assured Destruction) ensured vast consumption of physical and human resources during the 1970s and early 1980s on production which never came on to "the market", while distributing much-needed purchasing power to distribute other production.

WAR uses up pent-up stocks of armaments, necessitating replacements. "Export drives" of shells, bombs, missiles, all free! Also of course of manpower as cannon-fodder. "Unemployment" disappears in a long war.

So please consider the ecological consequences of WASTE and forget about "job creation". A basic income as of right is what is needed. See below.

Your point 4 is agreed subject to what I have said above.

Now, "NOTHING TO DO WITH FINANCE"? Let us discriminate between the physical biosphere and the financial "money-sphere" in which everyone has perforce to live. The financial system, as presently operated, depends on perpetual economic growth; high or full employment; optimum exploitation of natural resources; optimum consumption to maintain profits at full employment. It results in irredeemable debt, only partially and temporarily alleviated by bankruptcies, "writing-off" and "re-scheduling". Third World countries send "us" twice as much in debt servicing as "we" send them in "Aid".

So what is the alternative? A sufficiency of essential needs for everyone ensured by a sufficient income to ensure sufficient personal freedom, and enhance freedom from economic exploitation. Not "full employment" but "an aristocracy of producers serving a democracy of consumers". Turning "unemployment" into leisure. How achieved? Partly by a basic income as of right, over and above earnings. Partly by statistical price discounts to reduce retail prices below cost prices*.

The economic justification: standard cost-accounting ensures that the rate of flow of incomes is always less than the rate of flow of prices over the same period of time. Several reasons for this, including savings and their re-investment, but all summed up in the A+B Theorem*. The GAP gets worse as investment in capital-intensive production increases, i.e., labour-saving.

The philosophical justification: The major factor in wealth production is no longer Labour or Capital as normally defined, but that particular form of social capital consisting of our inheritance of "know-how", from the wheel to the micro-chip. Disregarding short-term restraints on its dissemination such as copyrights, patents, licences, etc., this CULTURAL HERITAGE is freely handed down from generation to generation, always increasing in volume, complexity and applicability. Every individual is thus a tenant-for-life of this inheritance, which can be translated monetarily into a basic income.

**THE PHYSICAL CAPITAL**

An Exchange Discussion...
Inflationary? NO. Because before any system of national dividend would be implemented, the Scientific Price Discount would be applied first, thereby reducing retail prices below cost prices. Imagine a negative VAT of 25%. Production in toto always exceeds Consumption in toto, so the TRUE COST of Production is Consumption, i.e., a fraction, hence the JUST PRICE.*

* You should consult the literature for the precise mathematical proofs of the A + B Theorem and the formula for the Price Discount.

I agree with you that physical sustainability is the point of origin. First we must put the brakes on the over-exploitation of physical resources, of which the driving force is DEBT arising from a fraudulent financial system. That system is not sustainable. But it is on the point of becoming totally unchallengeable if the European Central Bank is established as now envisaged, possibly as early as 1997. Its proposed statutes ensure its Board members (the Presidents of the existing central banks in Europe) of long tenure, and of independence from their national governments, while the Bank will have "sweeping powers over the monetary and economic policies of member States".

**MONEY POWER**

Money is not metaphysical, its power is. That is the argument advanced by French Christian philosopher Jacques Ellul in his 1954 book on the subject — enlarged in 1979, first published in the UK in 1986 and now, fortunately, remaindered as Money Power.* This means that an ordinary impecunious seeker after truth is granted access to some Social Credit thought from a mind apparently unaware of Major C. H. Douglas and his works. Ellul, like other commentators, can identify the malaise, but Douglas remains alone in presenting the complete answer. Nonetheless we can be thankful for sundry voices focusing attention upon corruption and inconsistency in the world's accounting system and affording us the chance to offer our case anew. While we have emphasised the mechanics of late in these pages, we have not ceased to recognise the spiritual underpinning required and so gladly quote the 'amen' Ellul can utter.

For example, he attacks people's reliance upon an economic system — any system — for dodging personal responsibility. He proceeds to show that it is the easy way out for us to invest money with deity since that leads us to invest the means of making money with the attributes of worship. The logical conclusion is the work ethic (that work is virtuous because it produces money). This, says Ellul, 'leads to the subordination of being to having'. Since 'being' reflects the Kingdom of God within, in his eyes, anything that detracts from being is blasphemy. But that 'being' is individual, not collective — anything that places one human in possession of the freewill of another is an abuse. As he puts it:

"In socialist society individuals are doubtless freed from subordination to others, such as capitalists, but they remain entirely submitted to production: the economy is the basis of their lives. This is precisely the source of real alienation — not the subservience of being to personal having, but the subservience of being to doing and to collective having."

Ellul charges that this world is so rich in money that even the poor no longer bemoan their poverty, but cry out for money and so join "the haves" in a false value.

He says: "When we think about the problems money causes in our society, we think in economic terms, and when we understand the problems it causes in our personal lives, we ask questions in moral terms. This attitude, which is popular in our day, presupposes that money is an object."

Not so, says the Bible. Here money is spiritual: "Power is never neutral, it is orientated; it also orients people" according to Ellul. He cites the words of Jesus in relation to Mammon (Matt 6. 24, Luke 16. 13), observing: "...when we claim to use money, we make a gross error... it is really money that uses us and makes us servants by bringing us under its law and subordinating us to its aims."

"Possession by this power is broadly characterized by the general consensus which gives money effective social and political power in every human society. Money has not material force except as people attribute force to it. Money as an object is not the master of states, of armies, of the masses or of the mind except by humanity's consent to its authority."

"The collective attitude of all humankind, this consensus, this submission is incomprehensible if they are not traced back to the spiritual power of money. If money is not a spiritual power which invades us, enslaving our hearts and minds, replacing God's spirit in us, then our behaviour is simply absurd."

To quote only the above is to do less than justice to a closely-reasoned, faith-driven analysis and a highly-personalised answer and explanation for the world's ills. The argument can scarcely be refuted but can only be made practical in Social Credit.

* Money & Power has become available through Onesimus Books, PO Box 463, Bristol BS99 1DH, UK, at £2.50
NO CHANGE AT THE BANK (Cont)

The nation’s economic life for a century past has been alternatively over-stimulated and paralysed by the magical appearance of money from nowhere, followed by its equally mysterious disappearance; the first by the banks increasing their ‘advances’ or buying ‘investments’, in neither case themselves giving up a half-penny piece, and the second by calling in their ‘loans’ and selling their ‘investments’, so reducing the amount of money they are owed and owe.

The day is now passed since the banking system used to take to itself credit for the economic progress of the past century. But it is still acquiesced in by the wealthy classes on account of two bribes. On the one hand, the bigger industrialists can have their capital multiplied at the nation’s expense by paying the banks less than the additional profit they can make by the use of such extra capital. On the other, the monied public till quite recently used to be provided, as ‘depositors’, with virtually free banking services. Politically, the effect has been to make of popular democratic government the farcical pretence the public now thoroughly distrusts and to impose on the nation a kakistocracy, under which all the useful and creative elements in society are made to slave for the leeches of all nations and of none. These grow fat and have seized supreme power over the world without contributing either to the creative results of discovery and invention, or the solution of the difficulties in their application, or the honest toil of production. In all the fighting, they remain comfortably behind the front-line, though the direct economic cause of it is their perversion of the institution of money from its true function as the distribution mechanism of an individualistic society, to make it yield them toll.

The money system is rotten to the core and until it is replaced by a national scientific system which is both fool-proof and knave-proof, the corruption will permeate ever more deeply into the roots of our national life. We shall continue with the rest of the world to be governed, as Disraeli said, by persons very different from what is imagined. Crushing taxation and mounting loads of national and municipal debt will hamstring our production, beggar the masses and ruin their hopes of social amelioration.

These thousands of millions of pounds of debt created by the banks out of the blue cannot by their very nature be repaid – the debts of industry and agriculture to the banks no more than the debts of the banks to their depositors, the lawful owners of the bank-created money. The banks periodically attempt to enforce a repayment on their debtors and so periodically bring about economic paralysis, as they did after the last war, first in this country and then in the U.S.A., by a cunning synchronisation out of which they could extort the maximum of real wealth to themselves and their network of international agents.

Those who control international finance can, and frequently do, bring the proudest and wealthiest nations of the earth to heel. They start these purely artificial economic blizzards by suddenly destroying their money-substitute. So that with the connivance of the political governments which they now absolutely control, the nations are caught in the trap of irrepayable debts in imaginary money, and so held in artificial poverty. All that is needed is for this money to disappear as mysteriously and incalculably as it made its appearance, and by quietly vanishing away to bring about wholesale bankruptcies and unemployment.

"ECONOMIC SANITY OR COLLAPSE?"
by Gerald H. Zoffer
(McGraw-Hill, Shoppen Hangers Road, Maidenhead, Berks, SL6 2QL  £9.95)

This book sweeps away many of the beliefs and practices in the financial area of British politics. Where finance is needed to carry out big engineering contracts, many of which would be new homes for the homeless; when the supply of materials is available, and thousands of unemployed are eager for work, we now see unemployment increasing because of "lack of funds", or excessive costs in interest if undertaken. The author’s argument is that Government credit could meet the bill and it would not cause inflation.

A. M. Wade

OBITUARY

BASIL L. STEELE, MRCS, LRCP

We much regret to record that Basil Steele, Deputy General Chairman of the Social Credit Secretariat, died on Easter Monday, 1992. First alerted to Social Credit principles through the work of the Medical Policy Association, Dr Steele devoted more than half of his 91 years to the promotion of the Social Credit cause. As Chairman of the Christian Campaign for Freedom from its inception in 1954 until 1990, he supervised many promotional initiatives.

Dr Steele was dedicated to maintaining the integrity of the Social Credit doctrines as defined by Major C. H. Douglas and, as deputy to successive Chairmen of the Secretariat for many years, gave them whole-hearted support and encouragement. His service is an example to us all.

THE SOCIAL CREDITER

This journal expresses and supports the policy of the Social Credit Secretariat, founded in 1933 by Clifford Hugh Douglas. The Social Credit Secretariat is non-party and non-class, neither connected with nor supporting any political party.

Subscription rates (one year): U.K. inland £10.00; overseas surface mail £12.00; overseas airmail £15.00; Australia $10.00; New Zealand $11.00; New Zealand airmail $12.00.

Offices – Business: K.R.P. Publications Ltd., 26 Meadow Lane, Sudbury, Suffolk CO10 6TD, Tel. 0787 765374.

Editorial: 21 Hawkhead Crescent, Edinburgh EH16 6LR.

In Australia (Subscriptions, Business and Books): 3 Beresford Drive, Samford, Queensland 4520.

BOOKS and booklets on the subject of Social Credit and allied subjects are available from Bloomfield Books, 26 Meadow Lane, SUDBURY, Suffolk, England, CO10 6TD; and in Australia from The Social Credit School of Studies, 3 Beresford Drive, Samford, Queensland 4520.

ADDITIONAL COPIES of THE SOCIAL CREDITER and back numbers are available from the above address.

U.K. enquiries for editorial and publicity phone 031 657 4740.

RECOMMENDED READING

Benson, Ivor
Burkitt, B.
Baimbridge, M.
Douglas, C. H.
Eringer, R.
Maré, Eric de
Monahan, Bryan W.
Robertson, Thomas

This Age of Conflict.
What 1992 Really Means: Single Market or Double Cross?
The Brief for the Prosecution.
The Development of World Dominion.
Economic Democracy.
The Monopoly of Credit.
The Policy of a Philosophy.
Social Credit.
The Global Manipulators.
A Matter of Life or Debt.
The Moving Storm.
The Survival of Britain.
Why I am a Social Crediter.
Human Ecology.
Elements of Social Credit.