1694 - 1994
CENTURIES OF BONDAGE

The Bank of England, so-called, was founded in 1694 to lend £1,200,000 to William III. Its chief founder, William Paterson, is reported to have said "The bank hath benefit of interest on all monies it creates out of nothing". Thus began the UK National Debt, today represented by the total of government stocks and bonds ("Gilts") listed in the daily Press. "Bonds" of course means bondage not only to pay interest on them for their duration but also to redeem them by repaying the loans.

From such seemingly small beginnings, UK National Debt, (or more strictly total Public Sector Debt), reached a total of £204,174 million (1991/92) costing taxpayers £16,691 million in debt charges. That is bad enough but there is worse to follow.

"Economic Briefing", a Treasury briefing paper of August 1993, listed forecasts for debt interest rising to £19,400 million in 1993/94, to £23,500 million in 1994/95, and to £26 billion by 1995/96. Putting these figures into perspective, they show that the equivalent of roughly three-quarters of the cost of the Health Service, or of Education, or of Defence disappears in debt charges while they are all kept on short commons. Meanwhile, the capital debt outstanding remains virtually unchanged. This is claimed to be "sound finance"!

Translated into taxes, the new taxes already levied to meet these huge demands are estimated as £10 per week for the average family from April this year and a further £12 per week from April 1995. Alternatively, about 8p out of the 25p in the £ of Income Tax, rising to 10p or 11p next year. Their effects on debt charges while they are all kept on short commons. Meanwhile, the capital debt outstanding remains virtually unchanged. This is claimed to be "sound finance"!

Most taxpayers understand very well that part of their taxes go to pay for the Health Service, for Education or for Defence. But probably not one in a thousand realises how much he or she is paying just on debt charges. And such is the misinformation about money that hardly anyone will accept at first hearing that a sovereign government need be under no compulsion whatever to borrow money when they can bank on the nation's productivity alone. Incompetence.

The practice of governments borrowing money, incurring debt, and levying taxes to pay for it is so universal as to be regarded as the norm. Where on earth is there a debt-free, tax-free community? To claim the practice is unnecessary and antisocial is to be branded an eccentric. It is none-the-less the truth.

Among a number of examples of government itself creating money to finance public works without incurring debt, that of Guernsey in rebuilding its sea defences and harbour has been well described in "The Guernsey Experiment". Less well known may be the roles of certain central banks under enlightened direction, as recently recalled in "Economic Reform".

"... In 1912 Australia set up the government owned Commonwealth Bank with a capital of only $2 million. Starting with this tiny equity base, the bank loaned the government $700 million to fight the war - and stood ready to create as much more had it been needed. When the war ended, the bank went on to finance the completion of the trans-Australia railroad. Unfortunately the death of the first head of the Commonwealth Bank, Sir Denison Miller, in 1923 led to it becoming a clone of the private banks, and it is now regarded as more of an enemy than a friend by many Australians.

"The more recently formed Reserve Bank of Australia served a creative role in financing the Second World War under the leadership of its first governor, H. C. Coombs... Sadly, the Reserve Bank has since undergone the same corruption of purpose as has the Bank of Canada - becoming one of Australia's major problems instead of a source of solutions".)

"By making full use of the powers of the Bank of Canada, Mackenzie King financed our part in the war and financed - wholly domestically and at near zero rates - budget deficits upwards of 25 per cent of the GNP. Because recent governments have misused the powers of our central bank, Canada has become mired in deep depression and large foreign debt".

On the same issue of government financing of wartime expenditure, C. H. Douglas commented "Just as the banks created money out of nothing, so they bought the War Debt for nothing, and our income tax, sur-tax and death duties are what we pay them for having created and appropriated for their own use the National Debt... Taxation is legalised robbery". The famous historian A. J. P. Taylor concurred in saying "The 1914-18 War had been paid for as it was waged; the War Debt was a book-keeping transaction, its only real cost to the Community being the salaries of the clerks who handled it... the National Debt had the effect of a snake on a rabbit: it deprived even the most educated of sense".

Social Crediters are by no means alone in exposing and denouncing the manifold evils of the existing debt-money system. If only as a first step on the road to deeper appreciation of the underlying economic realities, maximum exposure from any quarter is to be welcomed. With this limited objective in mind, we conclude with the following extract from the Economic Research Council's 1981 report:

"...it is apparent that no new (credit) money can be created except through the banking system, which issues it as an interest-bearing debt owed to them by the Nation. The result of this has been the piling up of an enormous burden of debt...

(continued on page 4)
Big Business is finding its heart. Not only is this welcome, it is necessary. The message that shoots through the New Testament is finally hitting the mark in Mammon. The message is "love thy neighbour as thyself so that you may live long in the land". It is not so much a religious injunction as a psychological insight for commerce, and California's World Business Academy is heralding its arrival. As the blurb to their book *The New Paradigm in Business* puts it:

"Throughout the world, men and women in business are dramatically reshaping the way they think about the character of work, leadership and success."

A collection of essays published by Putnam's through Jeremy P. Tarcher/Perigree Books and available in the U.K. through Strathayr Bookshop, Aberfeldy, Scotland at £9.95, this hefty volume is a pre-Social Credit teaser. It asks a lot of right questions about morality and team spirit, gives testimonies on corporate success where "people matter more than things", and proves how a company that prays together stays together.

The prayer, though, is pretty secular. Much of the book deals with mutual appreciation at ground level. The spiritual is strictly confined to the marvel of the human psyche. The authors are almost breathless with their discoveries, though an earlier generation might catch an old tune humming along there: "How to Win Friends and Influence People". There is also a touch of the Harry Emerson Fosdicks about the recipes, not to mention the Norman Vincent Peales - devoid of holy trimmings.

The vision presented depends upon civilised society acting out its highest impulses and in this, there is an implicit sense of America being the norm for the world. Bosnia and The Gulf could never happen here - Americans are not like that. Indeed, most of the contributors blithely ignore the trouble spots of the world as they view their own golden horizon. The new world tomorrow seems simply an extension of *The New World of Today*.

The first essay sets the scene:

"Modern society is characterized by the predominance of economic institutions and economic rationality... No other society has taken as its highest value acquisitive materialism."

"The predominance of a materialistic worldview and the accompanying weakness of value and meaning commitments has led to what is probably the deepest-level problem of all - alienation. We are alienated from nature... from our work... from each other... from ourselves."

The next essay gets more pointed:

"Labor and management savage each other periodically, like crazy Siamese twins who don't know that their lifeblood is the same."

It mentions "Technological ingenuity that doubles the productivity of worker A so that B can be laid off so that A can grumble about paying taxes to help support a demoralized B."

And goes on to say:

"...The Gross National Product figures include the expenditures for treating disease, repairing wrecked automobiles, and eliminating factory pollution; that is, we are measuring activity, not true production. It is increasingly evident that our efforts to control, explain, and understand the economy are wholly inadequate."

Here, then, is the cue for a Social Credit analysis. Alas, the writer retreats into the safe world of mental attitude:

"The failures of our economic philosophies, like the failures of our political reforms, can be attributed to their emphasis on the external... when people become autonomous, their values become internal. Their purchases and their choice of work begin to reflect their own authentic needs and desires rather than the values imposed by advertisers, family, peers, media."

This enhancement of the power of positive thinking is carried into the next offering where "business is rather seen today as a vehicle through which individuals can realize their own personal vision, serve others and the planet, and make a difference in the world."

But yet again, cue for a Social Credit angle:

"... new forms of monitoring business activity seek to calculate into the performance of business the social costs to society of various economic activities. A whole series of intangibles are factored in, such as the costs of environmental protection and clean-up, costs for R & D, costs of urbanization (travel accidents, rent, security, transport of goods), costs of industrialization (crime, defence spending), costs of unhealthy lifestyles spawned by industrialism (smoking, substance abuse, industrial diseases and accidents)."

The writers comment:

"The more prescient business leaders thus see the need to redefine the corporation's wealth base not in its physical assets, such as plants and equipment, but in its only source for long-term health and competitiveness: its workers... their knowledge, resourcefulness, and creativity."

Then to the wonderful world tomorrow:

"Fourth wave corporate wealth will be seen as peace, service, personal fulfillment, planetary and personal health, justice, and sharing, in addition to financial rewards for stakeholders... security will no longer be seen as lodged solely in the accumulation of money but rather in personal inner trust and the certainty of the co-operation and mutual aid of one's fellows. At this point, extreme personal wealth will be seen as an anachronism, leading to a more equitable distribution of wealth."

"The democratizing of wealth will be matched by democratizing tendencies in the political and corporate realms... political power will devolve to lower levels, to human-scale local democratic entities, just as corporate governance comes to be rooted in the clusters that carry out the business of the corporation, choosing their managers by democratic process. Throughout both society and the corporation, there will be a concern for minimal regulation and maximum freedom."

Here again, we are poised to find a Social Credit solution. But once more, the text sheers off, back to the mental state of the individual:

"Americans define themselves in terms of their careers - what they do, how long they have done it, what level of career advancement they have achieved... The career culture not only controls people's decisions about how and where to work, but also where and how to live, spend money and leisure time, when to marry and bear children and how to raise and educate them. It identifies people, classifies them, and differentiates them from one another, in both obvious and subtle ways."

By now, at the fourth essay, we are not only getting the message but getting tired of it. Yet, there is a point:

"... in the place of an intimate relationship to a person, careerists substitute an intimate relationship to an institution. Careerists no longer have careers, they are their careers. Their personal identities become institutional identities. Their sense of power, self-worth and personal authority is entirely derived from the institution with which they are affiliated. In that sense, the careerists only appear to be independent and autonomous:
BE GOOD

in fact, they are entirely dependent for their continued self-definition and their personal power upon the institutions from which they derive their careers. In the career culture, there is neither true personal autonomy nor true personal independence."

Here is the starting-point for a discourse on the sovereignty of the individual as it is affected by the economy and politics. But we have to jump to essay number seven for a hint of that:

"The present economy is based on fear and the backside of fear, the struggle for power... I anticipate - and there are today many signs to support the anticipation - that the present economic system will collapse, and that on its ruins an entirely new economic system will be built."

Again, however, the theme is not developed. The whole book could be summed up in the report on work-in-progress at a Du Pont chemical plant where they are "attempting to integrate into every aspect of work, processes that enable people to learn how to reflect on the mental patterns that dominate their thinking and doing, to see the sources of these patterns, and to choose and put in place the patterns that will best achieve the destiny they desire."

Essay 25, by Gary Zukav, does not really depart from that, though the concepts are rather more metaphysical. He perceives goodness evolving through exploration and finally going beyond the reaches of the five senses as a matter of course.

"In place of the pursuit of external power - the ability to manipulate and control - humanity is now evolving through the pursuit of authentic power - the alignment of the personality with the soul."

He explains: "The personality is that part of an individual that is born into time, develops in time, and dies in time. The soul of an individual is that part of the individual that is immortal."

He sees intuition in the ascendant, demoting "intellect arid its offspring". Coming up: the streamings of the soul for harmony, co-operation, sharing and reverence for life.

"As entrepreneurs, employees, and investors move toward their own authentic empowerment, they will create commercial structures which reflect an economic empowerment, they will create commercial structures which reflect an economic reality that is strikingly different from our present experience.

"The current economy is based upon scarcity and orientated toward exploitation... Success in an economy that is based upon the assumption of scarcity is the accumulation of surplus... The individual, or enterprise, that acquires the most surplus is most able to influence and control the market - the environment and others - through domination via economy of scale, threat of dismissal, threat of re-location, threat of hostile takeover, manipulation of resources, manipulation of product availability, and so on...

"The economy that is emerging will be based on abundance and orientated toward contribution."

Ownership is on the way out, he says. It is a means of control over others, and is a manifestation of mere five-sensory life. It is the instrument of external power - to bludgeon us with fear. If we don't have ownership, we fear those who have; if we do have it, we fear we'll lose it.

Productivity is also due for a reappraisal, he goes on:

"Productivity until now has been measured in terms of ability to fill physical needs. In the emerging economy, 'productivity' will encompass also the ability of enterprises to fill spiritual needs."

But this will still have to depend on each individual aligning his personality with his soul, experiencing all the pain of free will on the way. There is no quick-fix in his book and there is a touch of the Hindu mystic about his theology, ending up with the soul in consort with the timeless Universe.

Social Credit is vastly more satisfying in its pragmatism. The A + B theorem as C. H. Douglas's solution to commercial accounting problems is but one aspect of its practical Christianity. For example, there is a fundamental difference between work and service; between unemployment and leisure. This book goes a long way to sharing such awareness, but it has no response to the question: how best to fill undemandd time. It still accepts work as a norm, its only worry is that we should get the best out of work.

Yet, increasingly, leisure is being forced to be the norm.

As an outworking of the New Testament principles and practice, Social Credit has accepted that all things should be done as to 'The Lord, and as this implies that all should be service to God through service to one's fellows, known and unknown, there is no wasted time and no wasted effort. Leisure is filled by rest and respite; work is a pleasure in requiting the needs of the community wherein we find ourselves. It follows that if all we do is as to the Lord and the first end of man is to please Him and enjoy Him for ever, as the Westminster Catechism puts it, then we can ensure this by recognising that in Him we live and move and have our being.

We are all both producers and consumers and a producer cannot live without the consumer first having sufficient means to make him a producer. The provision of a basic living endowment for all is a reflection of God's initial provision of a Garden of Eden.

None of us would be in a position to live, to consume or produce, had we not first been freely given of God's goodwill. We take nothing into the world and we take nothing out - all that we find here is literally by grace of God. This includes the latest technology, that liberates us from the old sweat of our brow.

Today 'work' is a human obsession, much of it aimed at aimless time-filling. Rather should leisure be given an exalted position: it is a chance to stop and think; to exercise; to appreciate nature and other people. Out of the value we put on leisure, we come to put value on what we encounter in leisure - the glories of nature; the qualities of people at peace; the very closeness of prayer.

In this new leisure, prayer is - as the apostle Paul puts it - "without ceasing." It is a second breath. Out of that leisure activity comes - work. The conscience is enlivened, the spirit of enterprise and adventure is aroused, abilities are assessed and focused. But this work is not a grind, it is a service.

Iain McGregor

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March – April 1994 THE SOCIAL CREDITER

Roberts asserts that, America in Crisis Survival Portfolio reveals successful procedures the individual can use to harness powers of county and state governments to his survival in a hostile economic and political environment.

Extensively documented and incorporating many model legal forms for use by individuals in their struggle to defend their family, their money and their property, the collection presents step-by-step actions to restore interest-free money, repudiate unpaid national debt, eliminate federal deficits and reestablish freedoms of person and property guaranteed to the people by the Constitution of the United States.

"The State, a principal under the constitutional contract", said the author "has the power and responsibility to correct violations of the Constitution by Executive, Legislative and Judicial branches of government. Actions by any agent found to be in violation of the Constitution, therefore void, may subject the agent to appropriate legislative and judicial action by the State".

Roberts noted that the following States, in consonance with the concept of 'Principal vs. Agent', have introduced and/or adopted legislation calling upon the President and Congress to repeal the Federal Reserve Act:


The following States, he said, have held hearings to consider adoption of legislation calling for repeal of the Federal Reserve Act:


Finding through legislative investigation that the Federal Reserve Act is in violation of constitutional prohibitions (therefore void) Roberts suggested that the State may:

1. Recall members of the State delegation to Congress to give an accounting of their stewardship;
2. Enact State statutes providing for enforcement of the Constitution of the United States with regard to the Federal Reserve System operating within the borders of the State;
3. Direct the State Attorney General to initiate charges of criminal syndicalism against officers and agents of the Federal Reserve System operating within the borders of the State;
4. Establish a State bank to increase the economic and fiscal autonomy of the State, and whatever other options the State may deem appropriate.

When the State, through legislative investigation, finds that the Federal Reserve and its hegemony of corporations constitute a criminal network operating against the interests of the people, Roberts said that "such profits, resources and property garnered by criminal activities of the Federal Reserve and its agents are forfeit and accrue to the State and her people".

on which succeeding generations of our people will have to pay huge sums each year in the form of interest and Sinking Fund.

"As the banking system in creating this money is merely using the Nation’s credit by liquifying it, the right of the banks to treat such created credits as a loan and to receive payment of interest thereon is unjustifiable, and it is therefore submitted most strongly that they are not entitled to anything more than an agreed fee based on the extra work devolving upon them by the handling of these funds... ." (7)

The message could not be clearer.

REFERENCES
4. Ibid.

Technical Note. Government may claim that their stocks and bonds are not sold to banks and building societies direct to avoid increasing the money supply and thereby adding to pressures on inflation. They apply the "Full Funding Rule" which limits sales to the non-bank sector, e.g. insurance companies and pension funds, i.e. savings. The "rule" may be temporarily suspended from time to time. The underlying reality is that savers would not have money to save unless it had first been created by the banking system. Government is therefore merely getting the use of it at one remove. Ed. TSC.