

"All that is necessary  
for the triumph of  
evil is that good  
men do nothing . . ."  
— EDMUND BURKE



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## A BLESSED EASTER SEASON TO ALL OUR READERS

*Blessed are the peacemakers, for they will be called children of God.*

*Blessed are those who are persecuted for righteousness' sake, for theirs is the kingdom of heaven.*

*Blessed are you when people revile you and persecute you  
and utter all kinds of evil against you falsely on my account.*

*Rejoice and be glad, for your reward is great in heaven,*

*for in the same way they persecuted the prophets who were before you. – Matthew 5.9-11*

Few people seem to realise the significance of the general ignorance of history and the insistence on "education on modern lines" for the young, as though this unhappy period through which we are living was the dawn of humanity and the birth of intelligence. The objective involved in this policy (because it is the outcome of conscious intention) is to obliterate standards of comparison. Many of the unrehearsed effects of the late War to make the World Safe for Democracy (sorry, that was the last one, but you see the idea) are due to the fact that it was too close to the one waged to hang the Kaiser.

The memory of one lifetime, while far from being a reliable standard of values, does present a picture which is comprehensible. If enough of these pictures are available, the fact emerges that life as a whole presents certain features which recur constantly and can, broadly, be dealt with successfully in the light of previous experience of them. Obviously, to ensure the failure of civilisation, the sure and certain method is to deprive the living generation of the benefits of previous experience. – *The Social Crediter*; June 14, 1947

## HE WHO WRITES HISTORY CHOOSES HISTORY by Betty Luks

"Within itself each event appears to be complete and completed, it cannot be undone; but, as a part of a series which is one whole, what is so indeterminate as an isolated event? It seems conclusive, yet it is always moving on to fresh conclusions. It is in this difficult complexity that policy is crystallised and becomes history in which men of understanding as well as of action have erected signposts for the use of their successors. To illuminate one of these is to select that particular incident or aspect as being of a significance exceeding that of a thousand other happenings which might have been chosen. He who writes history, chooses history."

– The Cultivation of History by Hewlett Edwards, *The Fig Tree* 1954

### History is not 'episodic' it is continuous...

I sent the following comment on Dr. Tim Ball's article which appeared on *WattsUpWithThat* website.

It was in relation to his article on 'Climate Change' where he revealed the historic links of 'Climate Change' with the **Club of Rome**.

**"The Myths of the Mayflower:** History is not 'episodic' but is continuous as Dr. Ball seeks to clarify in the minds of many people – especially the young who have been 'brain conditioned'.

I once discussed with a young American just who were the Founding Fathers of that great nation: Were the Puritans Calvinists? The Quakers were not Puritans? The Pilgrim Fathers were not Quakers? The Pilgrim Fathers were Puritans? I'm not sure that he has forgiven me for 'de-mesmerising' him. The evidence for this illusion - not only accepted by my young friend - may be stated briefly: Alan Villiers, Captain of the Mayflower replica which crossed the Atlantic in 1957, attended a civic reception at Plymouth wearing a Quaker costume!

*(continued next page)*

*(continued from previous page)* **The Quakers were tolerant and quietist, the Puritans were not:**

The second Mayflower myth: That the voyagers on the Mayflower were escaping religious intolerance with the intention of establishing tolerance in the New World. The word “Fathers” suggests originators, and not surprisingly we find the widely held belief that the Mayflower’s passengers were the first British settlers and hence the “Founding Fathers” of the United States of America. The six hundred families who trace their descent from those passengers now constitute an American aristocracy.

**The historical facts are otherwise:**

Quaker illusion: George Fox, founder of the Society of Friends was not born until four years after the Mayflower voyage.

The so-called ‘Pilgrim Fathers’ of America did not set sail from England, where they were restrained, but from Holland where they enjoyed power.

**The Jamestown Chronicle’s Timeline:**

Christopher Columbus never reached the shores of the North American Continent, but European explorers learned three things from him: there was someplace to go, there was a way to get there, and most importantly, there was a way to get back. Thus began the European exploration of what they referred to as the “New World.”

1607, April 26: Three ships sighted the land of Virginia: The historical fact of British North America is that Jamestown and “The Old Dominion” of Virginia were established in 1607, thirteen years before the Mayflower sailed.”

Source: [www.historyisfun.org/sites/jamestown-chronicles/timeline.html](http://www.historyisfun.org/sites/jamestown-chronicles/timeline.html)

**Putting Jamestown into Context: BBC News, May 3, 2007:**

But don’t take my word for it, read what the BBC News had to say 400 years later:

“The Queen has arrived in the US to celebrate the 400th anniversary of the first permanent English settlement at Jamestown, Virginia - although many Americans will still tell you it was in Plymouth, Massachusetts - 13 years later.”

“Historians in the 19th century were looking for a more noble beginning and opted for The Pilgrim Fathers. They landed in Plymouth in 1620 - 13 years after Jamestown” explains Bly Straube, museum curator.”

Source: [http://news.bbc.co.uk/2/hi/programmes/from\\_our\\_own\\_correspondent/6616037.stm](http://news.bbc.co.uk/2/hi/programmes/from_our_own_correspondent/6616037.stm)

**AN ANALYSIS OF THE RECENT CLIMATE CHANGE HYSTERIA by Dr. Tim Ball**

Most people were taken in by the false story of human-caused global warming. We can include all

the students participating in the classroom walkout to demand governments stop climate change, organized by 16-year-old Greta Thunberg. Her goal is to keep global temperatures below 2 degrees Celsius above pre-industrial levels. Apparently, she has no idea that the temperature was near or above that level for most of the last 10,000-years in a period known as the Holocene Optimum.

They are taken in by the false claim that a minute amount of human-produced CO2 is effectively controlling the entire atmospheric system since 1950 and causing environmental collapse through global warming. They don’t know that there is an upper limit to the amount that CO2 can increase temperature. They don’t know that the average level of CO2 over the last 250 million years is 1200 ppm. They don’t know that every projection of temperature by the UN Intergovernmental Panel on Climate Change (IPCC) since 1990 was wrong. To paraphrase Winston Churchill, how did so few, fool so many, to such an extent, for so long?

Similar situations occur throughout history of people fooling the world, although this is undoubtedly the largest in terms of its acceptance, impact, and cost. It is tempting to point the finger at the IPCC, but the speed with which the story took hold, spread, and deceived so many people requires better explanation. It likely won’t stop it occurring in the future because it speaks to the nature of human beings and our inordinate and pandemic fear that the sky might fall. However, we might stop the current insanity.

Global warming due to human activities was a subset of the wider moral panic created by the new and necessary paradigm of environmentalism. There are many parallels between the claims of human-caused global warming (AGW) and such events in history as the Salem witchcraft trials. In that case, the climate was probably to blame. However, it was never identified at the time and rarely mentioned by experts today. Instead, during a time of poor harvests and social hardship people were looking for something or someone to blame. Now they believe unequivocally that humans are to blame for everything.

Between February 1652 and May 1693, they brought 200 people to trial on charges of witchcraft.

The symptoms were identified first in two young women brought before a tribunal and accused of hearing voices, dancing frenetically to exhaustion, all the classic symptoms of witchcraft. The problem is that these are also the classic symptoms of Ergot fungus poisoning. Conditions were ideal for the occurrence of high levels of Ergot poisoning at that time, just as they were for other periods of witch-hunting in Europe in the Middle Ages. Once people in authority formalize the moral panic through the formation of commissions of inquiry and other vehicles, the stampede is on. *(continued next page)*

(continued from previous page) It takes on a life of its own that ignores facts, reason, and logic. In the Salem area they hanged 19 people, 15 women, and four men.

All this occurred in a society of Puritan's, people taking their belief system to extremes. Today's moral panic is occurring in an equally narrow belief system called environmentalism.

Sociologist Stanley Cohen identified the pattern of moral panic in a 1972 book titled, *Folk Devils and Moral Panics*. First, he identified the five stages of the panic as follows. I added in italics the names of the appropriate agent, agency, or factor as it relates to the moral panic of global warming.

- **Something or someone is perceived and defined as a threat to social norms and the interests of the community or society at large.**

The Club of Rome identified industrial development using resources at an unsustainable rate as the threat. They do this by burning fossil fuels and the by-product, CO<sub>2</sub>, is raising the global temperature to catastrophic levels.

- **News media and members of the community/society then depict the threat in simplistic symbolic ways that quickly become recognizable to the greater public.**

The UN created the IPCC that produced the false science using their computer models that isolated CO<sub>2</sub> as the cause of global warming. They then deliberately distorted their findings by the creation of a Summary for Policymakers.

- **Widespread public concern is aroused by the way news media portrays the symbolic representation of the threat.**

The IPCC produced the hockey stick graph that rewrote temperature history. It showed no temperature change for 600-years (the handle) followed by a dramatic increase after 1880 (the blade). As Ross McKittrick said, the hockey stick became the poster-child for global warming.

- **Authorities and policymakers respond to the threat, be it real or perceived, with new laws or policies.**

Millions of dollars were directed to alternate energies, even though a cursory look shows they cannot replace fossil fuels. Meaningful cost/benefit analyses were never done. In most countries, no activity occurs without first receiving unnecessary environmental and climate approval. Most countries created environmental laws that restricted energy use and development in a variety of ways. They exploited guilt by creation of the concept of a carbon footprint; a vague and meaningless measure but visible on the landscape.

- **The moral panic and actions by those in power**

**that follows it results in social change within the community.**

Energy companies that provided the basis for development that improved the quality of life for everyone on the planet became the focus of attack, including lawsuits. The car that gave millions freedom, mobility, and wider options became evil on wheels. Cohen then identified "five key sets of actors: involved."

- **The threat that incites the moral panic, which Cohen referred to as "folk devils".**

The folk devil is CO<sub>2</sub> coming from those evil planet-destroying industries driven by their selfish, self-serving, profit motive.

- **Enforcers of rules or laws, like institutional authority figures, police, or armed forces.**

The biggest was *UN Agenda 21* created through the bureaucrats of national weather offices. They even built in a Principle (15) that allows them to act even if there is no evidence.

"In order to protect the environment, the precautionary approach shall be widely applied *by States* according to their capabilities. Where there are threats of serious or irreversible damage, lack of full scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation."

We don't need evidence. If we decide it is a threat, then it is a threat.

- **The news media, which breaks the news about the threat and continues to report on it, thereby setting the agenda for how it is discussed, and attaching visual symbolic images to it.**

The media is the great selector and amplifier of the global warming false story. Every day, they take a normal weather or climate event and say or imply it is abnormal. An emaciated polar bear was just one example of a visual symbolic image. **The media are the gossips in the global village.**

- **Politicians, who respond to the threat, and sometimes fan the flames of the panic.**

Senator Timothy Wirth, an originator of the public panic said back in 1993 that:

"We've got to ride the global warming issue. Even if the theory of global warming is wrong, we will be doing the right thing, in terms of economic policy and environmental policy."

Al Gore, from the pulpit of the White House, used the best storyteller in the world, Hollywood, to create the best piece of propaganda ever produced – *An Inconvenient Truth*. Now, there is the more hysterical claim from the UN itself that there are 12 years left.

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### **And the public, who develop focused concern about the threat and demand action in response to it.**

Demand for action from a variety of groups across the world hasn't produced the economy destroying total social control environmentalists sought. Now they are using the children in the ultimate form of child abuse. It is sickening to consider the use of children in the Salem witch hunts. It was two children who started the accusations but as one author notes,

“Puritan belief suggested that children were among the most likely to become servants of the Devil. They were easy to influence and take advantage of. In some cases, their environment made these children susceptible to thinking that they were evil sinners, which made it likely that their confessions were heartfelt.”

Some people will argue that we live in different times and such moral panic cannot occur today. Many will add, this is especially true in modern western society. It is true, there is no burning of witches, but the ostracization from the society of those that the mob identifies as deniers is only one step away. What you cannot deny is that the world was taken in by a patently false story and overwhelmed by exploitation of fear and guilt that we, the people, are destroying the planet because of our greed and ignorance. If you don't believe it, listen to the children, whose future you are putting in jeopardy.

A cynical definition of a Puritan is a person who is afraid that somewhere somebody is having a good time. Environmentalists are the new green Puritans. Is this why the attendees at the Second Continental Congress, the authors of the Declaration of Independence, identified the Pursuit of Happiness as an inalienable right – or were they just having a laugh.

**Source:** <https://wattsupwiththat.com/2019/03/16/%eP%bb%bbfan-analysis-of-the-climate-change-hysteria/>

### **“RED IN TOOTH AND CLAW” - 1919**

**The Pyramid Of Power** *The English Review* 28 (1919): 49-58 By Major C. H. Douglas

**Major C.H. Douglas on "Causes of War" - part 1 -**

<https://www.youtube.com/watch?v=sw28HmvmNNs>

### **THE REAL AMERICA**

Letter to the Editor: Sir,  
I should like to concur, in particular, with the last paragraph of Mr. Geoffrey Dobbs's admirable letter of July 20, published in your current Issue.

There is in the United States, an even greater distinction to be drawn between the effective Government and the people than is the case in Great Britain. While I think that Mr. Dobbs is a little optimistic in stating that 'a majority of the American people are our natural allies' (because 'a majority'

of Americans are either hereditarily anti-British, or hereditarily neutral with an anti-British education) he is certainly right if his statement is taken to refer to that portion of the population which, in the long run, dominates American policy.

But the reservation is very important. We are all apt to overlook the complete transformation in character which the United States underwent as the result of the Civil War.

It has long been my opinion that the already-dead issue of slavery (chattel variety) was skilfully grafted on to the much wider questions involved in the revolt of the Southern States against the financial and political centralisation of New York and the Puritan New England States, in order to create prejudice. The main issue was exactly the same as that of the English Civil War. The Whig merchant-traders of the North were antipathetic to the decentralised estate owners and craftsmen, whose method of life rendered them independent of the bankers, "bad for Trade" and culturally affiliated to pre-Cromwell England.

The victory of the Federal Armies, supported by the Hidden Hand was accompanied by all those phenomena we have come to recognise as symptomatic of a dominant money-economy. Feverish manufacturing activity, accompanied by an inrush of cheap labour from Europe, high prices, reckless destruction and exploitation of the land and "Labour", financial buccaneering, millionaires and paupers, slums and palaces - all the features of Whig England were reproduced on a larger scale.

To recognise this is, I think, to be obliged to realise that we are today fighting a war which began in England in 1644, and has broken out sporadically at intervals. The real Britain, and the real America, have sustained one defeat after another. But the final battle is still to come.

I should be very sorry if I should convey the idea that I look at this matter in a partisan spirit. Detached investigation has convinced me, firstly that the real line of demarcation in the world is cultural, not economic, and that economic inequality is consciously produced and employed to provide troops for an attack on Anglo-Saxon culture.

And secondly, that sooner or later the spurious Whig culture of New York and London, equally with that of Stalin, Hitler, and Mussolini, which are mere derivatives of it, must crash in ruins, because of the fundamental weakness of absentee management.

To hasten that desirable end, a rapprochement between the pre-Civil War spirit of both England and America, which, if care is taken to avoid too narrow an application of the word, is Catholic, is the most urgent need.

Yours, etc., Signed: *C.H. Douglas*, August 3, 1940 \*\*\*

## Notes from: THE GOD OF THE LEFT HEMISPHERE by R. Tweedy

During World War II, US Army Brigadier-General S.L.A. Marshall led a team of historians and researchers conducting investigations into firing rates of men during combat. His singularly unexpected discovery was that, of every hundred men along the line of fire during the period of an encounter, an average of only 15 to 20 “would take any part with their weapons.”

This was consistently true “whether the action was spread over a day, or two days or three.” (D. Grossman, *On Killing: The Psychological Cost of Learning to Kill in War and Society*, 1995, p.3)

That is to say eighty to eighty-five per cent failed or refused to fire at the supposed ‘enemy’; such a discovery led to further and even more extensive research and prompted Grossman’s own research. Grossman’s studies suggest that such reluctance to shoot another human being dead does not seem to stem from any obvious sense of cowardice, or even fear, but from something altogether more powerful and interesting. “those who would not fire did not run or hide (in many cases they were willing to risk great danger to rescue comrades, get ammunition, or run messages), but they simply would not fire their weapons at the enemy, even when faced with repeated waves of banzia charges” (ibid, p.4). This obviously presented a problem, at least for the military.

As Leakey notes, it is also a dangerous one; “I am convinced that it is not correct, and that this popular notion of the ‘killer-ape’ is one of the most dangerous and destructive ideas that mankind has ever had”.

Those who believe that man is innately aggressive are providing a convenient excuse for violence and organized warfare. Still worse, such beliefs increase the likelihood that the holocaust which is predicted will indeed come to pass.

R. E. Leakey, *The Making of Mankind* 1981, p. 21, p.242

It is instructive here to note that many modern humans seem to want to believe in this myth, this misconception of humans as killer apes or natural born killers. Perhaps it is a fiction that pampers to the egoic Urizenic confabulations.

**As McGilchrist also observes, challenging the easy platitudes of left-hemispheric conditioning:** “perhaps we are not the ruthless competitors we have been conditioned to believe ourselves to be by mechanistic models of behaviour” (Iain McGilchrist, *The Master & his Emissary*, p. 253).

Humans still, it seems, like to gather, and to share, and in the internet age of the twenty-first century the gathering and sharing has extended to information, and to the spontaneous emergence of international social networking sites. Indeed, perhaps these new forms of information-gathering and rather more liberated fact-hunting will result in an escalation of more egalitarian

forms of social organisation, and a transformation of current dysfunctional and profoundly inhuman social and economic structures and processes.

### Six thousand years

Recent anthropological research suggests that a significant and dramatic shift occurred in human cultures around six thousand years ago, resulting in the relatively sudden and massive advances in technological and linguistic innovations which were such a prominent characteristic of the extraordinary new civilisations of Sumer and Babylon, as well as in equally sudden and massive advances in social inequality, war, hierarchy, and accountancy.

Taylor notes that “after 4000 BCE the Middle East saw a sudden surge of technological development which quickly outstripped anything which had come before.” These innovations included the wheel, the plough, “complex new writing and number systems, and the calendar” (Taylor, 2005, p. 56).

### Options: Fight, Flight or Submission

“When the fight option is utilized, it is almost never to the death” (ibid., p. 6, italics in original). This avoids serious injury to either party, clearly again an evolutionary advantageous tactic. And it seems that for most of our history, up to about six thousand years ago, this was engrained in our psyche and embedded in our flesh and bone. Nearly all humans seem to have this evolutionary advantageous sense; psychopaths (which constitute approximately one to two per cent of the population) seem not to have it.

**It was precisely to try and counteract this unfortunate tendency amongst humans toward co-operation and placidity that socially stratified societies developed military training.**

Grossman chronicles the development and increasing sophistication of various techniques employed by the military and other institutions to try and bypass (and minimise) this deep-seated reluctance to take life: “Indeed, the history of warfare can be seen as a history of increasingly more effective mechanisms for enabling and conditioning men to overcome their innate resistance to killing their fellow human beings.”

Grossman's book is a fascinating exploration and study of both these aspects, the inner resistance and the outer attempt to override it: “a powerful, innate human resistance toward killing one’s own species and the psychological mechanisms that have been developed by armies over the centuries to overcome that resistance” (ibid., p. 13, p. xxxi, italics in original).

These techniques include, for example, mind-numbingly repetitive drill in order to mechanise, dehumanise, and desensitise the combatant, and the development of conditioned reflexes. (continued next page)

(continued from previous page) In this sense, as Dyer notes, “Conditioning, almost in the Pavlovian sense, is probably a better word than Training, for what was required of the ordinary soldier was not thought, but the ability to load and fire their muskets completely automatically even under the stress of combat”.

(cited in Grossman, p. 19)

We have seen, of course, that this interest in turning humans into “completely automatically” functioning machines is also a characteristic feature of modern science as well as contemporary economics, and is moreover frequently found in schizophrenia. Like Leakey, Dyer concludes that “the vast majority of men are not born killers” (ibid., p. 31).

Question: If humans are not killer apes, or natural born killers, why is it that some of us think that we are?

### **Natural born gatherers: 1.8 Million Years**

The period of egalitarian, co-operating, and relatively peaceful food sharing lasted for around 1.8 million years up until the Pleistocene era (approximately 10,000 to 5,000 BC). This notable, and to modern ears implausible, evidence of the relative peacefulness of human society for the vast percentage of our evolutionary history also lies behind Grossman’s analysis of the deep genetic as well as cultural resistance to killing other humans that is such a curious and peculiar feature of human society.

It is precisely this resistance which has to be addressed and transcended in the military, through extensive programmes of training and conditioning. As Taylor notes, “archaeological studies throughout the world have found almost no evidence of war during the whole of the hunter-gatherer phase of history—that is from the beginning of the human race until 8000 BCE” (Taylor, p. 31). This lack of archaeological evidence of war (absence of weapons, absence of cave art depictions of warfare, weapons, or warriors, absence of any burial signs of violent or brutal deaths, and so on) is striking.

As Bernard Campbell observes “it was not until the development of the temple towns (around 5000 BC) that we find evidence of inflicted death and warfare. This is too recent an event to have an influence on the evolution of human nature” (cited in Leakey, 198 p. 242). Note the reference to “temple towns” here: the suggestion that the rise of deliberate and “inflicted” warfare seems to have arisen with the first evidences of religion.

### **Man As ‘Killer-Ape’**

The myth of man as “natural born killer” or “killer ape” might sell cinema tickets, assuage insecure alpha males, and appeal to the predatory and ruthless programs of the dissociated left brain, but it is an untenable hypothesis. And, as Leakey notes, it is also a dangerous one; “I am convinced that it is not correct, and that this popular notion of the ‘killer-ape’ is one of the most dangerous and destructive ideas that mankind has ever had.”

Those who believe that man is innately aggressive are providing a convenient excuse for violence and organized warfare. Still worse, such beliefs increase the likelihood that the holocaust which is predicted will indeed come to pass. [Leakey, 1981, p. 21, p. 242]

It is instructive here to note that many modern humans seem to want to believe in this myth, this misconception of humans as killer apes or natural born killers. Perhaps it is a fiction that pampers to the egoic Urizenic confabulations. As McGilchrist also observes, challenging the easy platitudes of left-hemispheric conditioning: “perhaps we are not the ruthless competitors we have been conditioned to believe ourselves to be by mechanistic models of behaviour” (*The Master and his Emissary*, p. 253).

Humans still, it seems, like to gather, and to share, and in the internet age of the twenty-first century the gathering and sharing has extended to information, and to the spontaneous emergence of international social networking sites. Indeed, perhaps these new forms of information-gathering and rather more liberated fact-hunting will result in an escalation of more egalitarian forms of social organisation, and a transformation of current dysfunctional and profoundly inhuman social and economic structures and processes. \*\*\*

## **WAR: THE PSYCHOLOGICAL COST WE WILL REMEMBER THEM**

A New Zealand Victoria Cross winner, Willie Apiata, has gone into battle once more. This time Willie has launched a new organisation “Post Transition” - for better welfare and care for former defence personnel – particularly around the treatment of post traumatic stress disorder (PTSD). Willie says: I’ve lived it. I’ve experienced it; something needs to change.

**Source:** <https://www.michaelsmithnews.com/2019/03/inspirational-work-from-nz-sas-corporal-willie-apiata-vc.html> \*\*\*

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Both the compensated price and the dividend will be issued in lieu of all the conventional methods that are currently relied on to fill the price-income gap. When these monies are received by retailers they will be used to pay down lines of credit (in which case the money is destroyed) or they will be used to restore working capital (in which case the money will not be re-injected as expenditures, except alongside a corresponding set of new costs).

In this way, the financial system will be restored to a state of a perfect and automatic self-liquidating equilibrium, where the flow of costs and hence prices is mirrored by an equal flow of consumer buying power in the form of cost-liquidating income. It will no longer be necessary to try to meet our costs by the futile exercise of attempting to borrow ourselves out of debt. \*\*\*

# THE HYDROELECTRIC DAM AS A METAPHOR FOR SOCIAL CREDIT

(continued from previous month) By M. Oliver Heydorn Ph.D.

...It is this improper subordination of the real economy to finance, of real credit to financial credit, which constitutes the very heart of the economic problem according to Social Credit.

## Conventional Economic Management

Now, before we look at how Douglas proposed to rectify the system, it would be instructive to consider how the present system attempts to compensate for the chronic lack of cost-liquidating consumer buying power in the form of income. This imbalance has to be dealt with somehow in order that some kind of equilibrium may be achieved.

It is possible and it is sometimes the case that the economic system achieves parity between the flows by lowering the flow of costs/prices, thus bringing them into closer range of consumer incomes. This happens whenever businesses sell below cost for a fixed period when times are bad or when they do so to liquidate their operations because they are headed for bankruptcy. This will allow them to pay off as many creditors as possible.

It would be as if the stream of costs generated alongside the electricity of the hydroelectric dam were deliberately reduced in order that it was closer in volume to the downstream flow of water (which, by our analogy, represented the flow of consumer incomes).

But the problem with this method is precisely the fact that it does not meet all costs and thus leads to business and economic stagnation. For this reason, it is preferable to lower costs using government financing, as is the case when governments subsidize production, if one is going to attempt to close the gap by lowering costs.

Generally speaking, the better and more effective manner of closing the gap is to increase the flow of consumer incomes so that it equates to the flow of costs/prices. This would be tantamount, in our analogy, to increasing the downstream flow of water so that its volume mirrors or corresponds to the costs of electricity (which, by way of illustration, we could assume to be \$100 per m<sup>3</sup>, if every 1m<sup>3</sup> of upstream water flowing through the dam generated 100 dollars in costs) and hence, given our previous stipulations, to the flow of upstream water moving down through the turbines.

Increasing the flow of consumer incomes often takes the form of new production, i.e., an expansion of production facilitated by borrowed money from the banking system. This expansion can be either public or private. It is most advantageous when it takes the form of capital production, rather than consumer production, since capital production, while adding to the flow of consumer income by distributing additional wages, salaries, profits and dividends, etc., will not add in the immediate or near future to the flow of consumer costs and prices, or, in the case of government production, of taxes. Thus,

governments may build roads, hospitals, schools, harbours, airports, pipelines, other forms of infrastructure, whether needed or not, while business may produce more factories and buy more machinery and rely on clever advertising to sell the output some time down the road. An egregious example of this method of filling the gap would be when a government decides to go to war, at least in part, as a method for re-inflating a struggling economy.

Insofar as all of this and other forms of production are accomplished mainly to provide additional incomes via jobs and profits so that what we have already produced can be paid for and distributed, it is waste ... the same result could have been effected without all of the added work and the necessity to pay for and absorb its future output simply by the state 'writing a cheque' for the missing income, more on that soon.

To revert to our image of the hydroelectric dam, expanding production would be akin to building a second or third hydroelectric dam ever so often and injecting their downstream flow into the flow of the first dam so that the downstream flow of the first would equate (if there were any purpose in doing so, which is stretching the metaphor a bit) to the upstream flow coming down through the turbines.

This is why there is such an emphasis on economic growth under the current financial system. The economy must grow, must expand, at an exponential rate whether the resulting production is truly needed or not, just to maintain equilibrium between the flow of consumer goods and services and the flow of consumer incomes.

Another way of increasing the flow of consumer income would be to get consumers to borrow new money into existence via mortgages, car loans, student loans, personal loans, credit cards, lines of credit, installment buying plans, etc. This adds to the flow of consumer buying power, does not increase the flow of costs in production, but does add to the flow of costs that will be debited against future consumer incomes.

This would be equivalent to a group of fire trucks using their hoses to add to the flow of downstream water at the bottom of the dam (thus increasing consumer buying power), but of course whatever they put in they will eventually have to take back out (to maintain the integrity of the metaphor). It would work as a method of increasing the general flow of downstream water because the rate at which additional water is added is greater than the rate it will be removed, just as consumer debts are generally contracted at a faster rate than they are paid off and hence the body of outstanding consumer aggregate debt grows over time. A final method for compensating for the gap is to export more than you import, or to establish a 'favourable balance of trade'. This actually lowers the gap in two directions: it lowers the flow of costs/prices that must be recovered

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from consumers domestically and it increases the flow of consumer buying power in the form of the profits and incomes of the exporting companies. It would be as if some of the electricity produced by the dam were sold to foreigners in exchange for more water to increase the flow of the downstream water. This would close the price-income gap in both directions; prices are lowered as some of the product, the electricity, is sold abroad, while the flow of incomes is increased domestically.

Filling the gap with more debt-money from the banks is inflationary because the associated costs which it generates will eventually filter through to consumers as increased prices, taxes, or debt-serving charges. In order to maintain the standard of living under these conditions of steadily increasing financial strain, people will demand wage and salary increases to compensate. But these too are costs and eventually they will filter into the consumer market as increased prices. The purchasing power of each unit of currency thus depreciates over time.

### **Social Credit Economic Management**

So how does Social Credit propose to correct the artificial lack of producer credit and how does it propose to correct the artificial lack of cost-liquidating consumer income? Obviously, the financial system needs to be redesigned. A National Credit Authority would be established and tasked with the responsibility of ensuring that the financial system will be flexible and accurate enough to provide whatever monetary parameters and support the actualization of the physical economy requires. A fundamental Social Credit axiom reads as follows: "Whatever is physically possible (and desirable) should be financially possible."

In the case of credit for production, the productive capacity of society, composed of raw materials, labour, machinery, know how, etc., could be regarded as the assets against which new money can be created and issued for the purpose of catalyzing production. If there are unmet needs for goods and services on the one hand, and an unused capacity to supply those goods and services on the other, then additional money for production can and should be created until those needs are satisfied or until society's useful productive capacity is fully drawn upon. In the case of the latter eventuality, additional credit could still be issued to expand society's useful productive capacity accordingly.

In terms of our metaphor of the hydroelectric dam, if the dam is only working at 60% of its capacity and the demand for electricity requires an additional 20% of capacity in order for the demand to be fully satiated, then the idea is that more water should be funneled through the turbines by one method or another to increase electricity production to 80% of capacity. While it may not always be possible in the physical world to increase the flow of upstream water moving through a dam, it is always possible in the financial realm to increase the rate at which

producer credit is created and can be made available to productive organizations, provided there is a) a demand for the resultant production (and consumers are therefore willing and able to pay for it) and b) there are adequate resources to meet that demand. Unlike water, money consists in intangible numbers and we can create as many of those as is necessary to put the productive mechanism in action. There should be no artificial limits on the flow of producer credit such as exist under the current financial system.

Similarly, there should be no artificial limits on our consumptive power in terms of cost-liquidating buying power or income. As it stands, for every 100 dollars in cost-prices that must be recovered from consumers, we are only automatically provided through the same productive process a portion of the necessary purchasing power in the form of incomes, let us say 50 dollars (just to illustrate the point). The additional consumer purchasing power necessary to clear the remaining production has to be obtained from additional production unrelated to the production currently on the market, or from consumers borrowing new money into existence, or from favourable trade balances, etc.

Social Credit proposes that the National Credit Authority will also be tasked with the responsibility of determining the size of the recurring price-income gap in each economic period and will compensate for it by creating and issuing free of debt, or of any necessity of repayment, supplementary consumer credits in the form of a Compensated Price Discount and in the form of a National Dividend.

The compensated price would be a discount across the board on all retail goods and services which would mirror the real costs of production. Since the real costs of producing anything are the consumption incurred in that production (i.e., the costs of the raw materials, labour, machinery, etc., used up in production), nothing should ever cost more in financial terms than the costs associated with the corresponding consumption. Unfortunately, because companies in the line of production often have to collect money to recover capex expenditures (the water absorbed into the water table in our hydroelectric dam metaphor), the prices of goods and services are artificially inflated above the money that consumers have been given to offset those prices. The compensated price effectively takes those capex charges out of prices, thus bring them into closer range of consumer incomes, while simultaneously reimbursing via the action of the National Credit Authority the out-of-pocket expenses of the retailers, so that their financial costs can be met in full.

This would be equivalent to the state providing the hydroelectric dam with a flow of credit equivalent to the costs represented by the water absorbed into the water table so that consumers will not be charged directly for such costs.

The remainder of the gap will be made up of the dividend.

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