

WHAT CHURCHILL SAID IN 1930

"Who would have thought that it would be easier to produce by toil and skill all the most necessary or desirable commodities than it is to find consumers for them? Who would have thought that cheap and abundant supplies of all the basic commodities would find the science and civilisation of the world unable to utilise them? Have all our triumphs of research and organisation bequeathed us only a new punishment—the Curse of Plenty? Are we really to believe that no better adjustment can be made between supply and demand? Yet the fact remains that every attempt has failed. Many various attempts have been made, from the extremes of Communism in Russia to the extremes of Capitalism in the United States. They include every form of fiscal policy and currency policy. But all have failed, and we have advanced little further in this quest than in barbaric times. Surely it is this mysterious crack and fissure at the basis of all our arrangements and apparatus upon which the keenest minds throughout the world should be concentrated. Lasting fame and great advantage would attend the nation which first secured the prize."

(Winston Churchill, in his Romanes Lecture, "Parliamentary Government and the Economic Problem," delivered at Oxford on 19/6/30.)

THE STRUGGLE FOR MONEY

THE STRUGGLE FOR MONEY

A Study of the struggle which is the underlying root cause of all the world's troubles and problems, from poverty to world-wars and the hydrogen bomb; and is quite insane and unnecessary. Who at present owns, and who ought to own, all money and credit, asks the author—the Banks, the Government or the Consuming Public?

BY
H. M. M.

WILLIAM MACLELLAN
240 HOPE STREET, GLASGOW, C.2

1957

The subject of this book is a matter of the deepest concern for everybody in the world. All are caught in the endless race for adequate purchasing power, and few win free from the habit of mind that places the acquisition of money and the security it brings above the creativeness and ability which is the prime asset and source of social well-being in every community.

The Bible tells us that the love of money is the root of all evil; but it doesn't explain why it should have that effect, for money is as necessary to our existence as the air we breathe. The trouble is, as the author contends in this study of the Financial Mechanism, that money is not made as accessible to us as the air we breathe—as it could and should be—because that is how the Money Lords who create it want things to be. By keeping us short of purchasing power they are able to enslave us to do their will instead of our own; and do it without our ever suspecting that we are being controlled by them. To that end they create new money for financing new production by diluting and devaluing all the money we have earned—and so do it at our expense—and this process forces prices eternally up at the expense of incomes, as everybody knows from experience. This continuous inflationary procedure saddles us and the world with huge and ever-increasing National Debts—all bogus—together with the crushing taxation inflicted on us by the authorities in vain attempts to keep the debts down.

[Continued on Back Flap]

The general result is an insane and quite unnecessary competitive struggle throughout the world between men and nations, for jobs, money, and markets—always in short supply—in order that they may live; and this is the underlying root cause of all the world's apparently insoluble problems and troubles, from needless poverty, worry, and crime, in the midst of potential plenty, to world-wars, the hydrogen bomb, and other high-class means of exterminating the human race, and possibly disintegrating the Earth itself.

Who at present owns, and who ought to own, all money and credit—the banks, the government, or the consuming public? *The Struggle for Money* answers that question, and discusses the changes necessary in our financial bookkeeping if we are to save the world and its inhabitants by solving their problems.

THE STRUGGLE FOR MONEY

A Study of the struggle which is the underlying root cause of all the world's troubles and problems, from poverty to world-wars and the hydrogen bomb; and is quite insane and unnecessary. Who at present owns, and who ought to own, all money and credit, asks the author—the Banks, the Government or the Consuming Public?

BY

H. M. M.



WILLIAM MACLELLAN
240 HOPE STREET, GLASGOW, C.2

1957

CONTENTS

Chapter		Page
1	THIS SORRY SCHEME OF THINGS - - -	7
2	FINANCIAL AXIOMS - - - - -	17
3	THE DEFECT OF CREDIT CREATION - -	21
4	THE DEFECT OF BANK INTEREST - - -	29
5	THE DEFECT OF PREMATURE CANCELLATION OF PURCHASING POWER - - - - -	34
6	OUR BOGUS DEBTS - - - - -	43
7	THE BANKERS' BOTTOMLESS VAULTS - -	55
8	THE REMEDY - - - - -	60
9	RICH AND POOR - - - - -	70
10	SUMMING UP - - - - -	74
11	FINAL WORDS - - - - -	86
12	UNDER WHICH KING? - - - - - (By C. H. Douglas)	90

CHAPTER I

This Sorry Scheme of Things

Ah Love ! could thou and I with Fate conspire
To grasp this sorry Scheme of Things entire,
Would not we shatter it to bits—and then
Re-mould it nearer to the Heart's Desire !

OMAR KHAYYAM

Every human heart echoes that cry today, for in this age of ever-increasing anxiety and fear, every human being, rich or poor, longs for peace and security and the amenities of a true civilisation—with freedom and leisure in which to create and enjoy them.

These are basic needs essential for man's continued existence and development; and his accumulated knowledge, organised power, inventive genius, ability and industry can supply the means for their fullest satisfaction, with increasing ease, goodwill, and the closest possible co-operation of all sections of the community—and of the world—and can do it now, today, provided we remove the man-made, and therefore removable, obstacles that at present bar all approach to the Land of Heart's Desire.

What are those obstacles?

A fraudulent financial system and the bogus debts it creates—Public Enemy No. 1—with its by-products, false ideas about work, trade and commerce, savings, government, democracy, and life generally—all of which tend to

THE STRUGGLE FOR MONEY

paralyse the good elements in man's make-up and stimulate the bad; and their combined effect is appalling, being the animating cause of all the world's major ills, from poverty to world-wars and the hydrogen bomb.

What is wrong with the financial system?

Nearly everything. It is a great invention gone wrong. Honestly run—that is, in such a way that nobody's just and lawful rights or interests are infringed or adversely affected in any way by its operations—it could make Earth a heaven in next to no time. Run on its present lines it is not only making life a hell, but will destroy the human race, and perhaps the Earth itself, unless we change it.

How is it run at present?

Before attempting to answer that question, let us ask ourselves another: What is the true function of the financial system?

Surely it is to oil the wheels of production and distribution so that every individual will get the things he needs for a full and adequate life—and get them with the maximum of ease and speed, and the minimum expenditure of time and energy—that and nothing more.

To bring about that happy state of affairs, with production speeding up automatically and willingly in response to real consumer demand—*backed with the money to pay for what is demanded and possible*—the key to the whole problem—with drudgery decreasing and leisure increasing for everybody as machines take the place of men in industry and increase its productive capacity—as they are always doing—it should be obvious to everybody that the only way to satisfy human needs and desires effectively, and create a happy, contented and peace-loving world, is to ensure that, in every country, total personal incomes are kept at all times level with total production costs and prices—that for every £ in these costs and prices there is a £ in consumers' pockets and bank accounts to meet it; and that is purely a matter of honest and correct book-keeping. But it is quite impossible to keep them level so long as all purchasing power is issued to the public solely in the form of loans—bogus manufactured debts—on which interest is charged,

THIS SORRY SCHEME OF THINGS

as at present, and no means are provided for liquidating these loans except by creating, and lending, newer and larger ones—larger because of the added interest—which is no liquidation at all; and, so far as that money is personal incomes, distributes it, not in proportion to the total costs of the wealth produced or producible, as it should be, but only in proportion to the human labour costs and distributed profits—which are only two of the elements in final prices, and decreasing elements at that—and omits to provide the community with personal incomes to cover the ever-increasing overhead charges, due to increasing machine-power costs—a defect which, in our machine age, drives a wedge of bogus debts between total incomes and total prices, forcing them ever further and further apart.

Today's borrowings from the banks have the double, or treble task of liquidating the borrowings of yesterday—in which are re-embodied the borrowings of a long line of yesterdays, going back, some of it, possibly to the beginning of banking in this country in 1694, when the National Debt began its fraudulent, devastating career—pay the interest thereon and provide the community with a living at the same time. Tomorrow's borrowings have to liquidate those of today—including all their re-embodied ancestors—pay the mounting interest, and provide the community with a living tomorrow; and all the tomorrows after that have to repeat and continue the process until the struggle to survive under the mountains of ever-growing, irredeemable debts—all bogus—drives the peoples of the Earth into a frantic and fruitless search for markets, and the madness of world wars of annihilation—or shocks them into sanity, so that, instead of killing each other, in order to earn a living, they take their bankers and financiers by the throat—metaphorically or otherwise—and say to them: "Stop this bogus debt racket at once, or else—"! They—the hierarchy of banks—know quite well it is a racket, and how to stop it. They don't need to be told what to do, but given an ultimatum to do it, and do it at once. The marvel is that they have never been indicted for treason,

THE STRUGGLE FOR MONEY

and possibly hanged, for betraying the rights of the community.

To put the matter as bluntly and brutally as our desperate plight requires it should be put, the only difference between banking, as it is carried on today throughout the world, and counterfeiting, is that banking is legalised robbery of the community—and the world—by professionals, on the grandest possible scale; whereas the crime of counterfeiting is illegal robbery of the community by amateurs; and the scale of their operations, compared with that of their professional brethren, is as a grain of mustard seed to a mountain.

And yet banking could be run as honestly as the bankers doubtless like us to think it is run, and be a godsend to the world, if those who run it were to admit openly the obvious fact that all the financial credits they create are drafts on the community's "real credit"—its ability to produce goods and render services, to which the banks have no title at all, except as a very small fraction of the community, and were to regulate their bookkeeping in strict accordance with that fact—that is, that all loans should be entered in their books in the community's name as creditor, and not the banks'; and this credit account should be written up in accordance with all production, capital appreciation, and imports; and written down in accord with all consumption, capital depreciation, and exports; and that free and equal payments be made from this ever-growing credit fund to every member of the community—in the form of a National Dividend—to bring and keep their purchasing power—their total personal incomes, as consumers, always level with total productive capacity and costs, so that whatever they care to produce they can buy; and, in buying it can cancel out of existence all the formal debts involved in its creation—instead of merely substituting new and larger bogus debts for each one cancelled, as now.

It may be useful in this connection, as a guide to action, to keep in mind a statement made by Lord Cecil of Chelwood—then Lord Robert Cecil—in a pamphlet

THIS SORRY SCHEME OF THINGS

published in 1919, called "The New Outlook." He wrote: "The close co-operation of the financial interests of the world has led to the creation of a largely mythical figure which is supposed to dominate world politics. Whenever I have met anyone who could be called an international financier I have not been struck so much by his want of scruple as by his extreme timidity. He trembles at every rumour, and so far from controlling world forces he is the sport and plaything of every journalist and every politician. Perhaps my experience may have been exceptional. But in any case, whether you regard international finance as a sinister force of world-wide power, or as a group of men timorously speculating on the uncontrollable movements of public opinion, its importance to the prosperity of the world has been shown by the terrible difficulties in which Europe has been placed by its partial breakdown."

The mythical figure is very real, unfortunately, although the trembling was probably quite genuine; and if Lord Robert had had a world war, and the deaths and maiming of millions of men on his conscience—to say nothing of the appalling destruction and misery that accompanied it; and knew that he was the direct, or indirect, cause of it all—and wondered why everybody else wasn't equally aware of the fact—as the inner circle of bankers must know and wonder—he too would have trembled.

But the trembling never went so far as to induce the tremblers to abandon their power and fundamental aim, which is nothing less than absolute control of the world, its inhabitants, and all their affairs; and they are nearer reaching their goal today than ever they were before, although, with two world wars and the atom and hydrogen bombs on their consciences, they have every reason to be trembling a great deal more.

We have abundant evidence of their rapid march towards supreme power in the setting up of Central Banks all over the world, to control banking policy in their respective areas, with a Super-World-Bank now in exist-

THE STRUGGLE FOR MONEY

ence to exercise control over the National Central Banks, and through them the activities—all needing to be financed!—and lives of all nations, peoples, and governments. The general good has no place in their policy except incidentally and accidentally.

Disraeli is reported to have said that "Governments do not govern, but merely control the machinery of government, being controlled by the hidden hand;" and he knew what he was talking about—so it should be the first concern of every country and people to see that their elected governments have the guts to control the hidden hand of finance. Their second concern—and quite as important—should be to devise constitutional machinery for controlling and curbing their governments—Public Enemy No. 2—and limiting their power, already far too great, and habitually used to the community's disadvantage and detriment.

To use the financial system as an instrument of government, compelling or bribing people to do the will of the controllers—whether they are the banks or the government—instead of doing what their own natural instincts, needs, desires, and feelings incline and induce them to do—as is done today—is the essence of tyranny and the negation of Democracy.

That it is so used was frankly admitted by Mr. Oliver Lyttelton, then Colonial Secretary, when addressing the Conservative Society at the London School of Economics on 23/2/53. He is reported as saying that "one of the great merits of trying to regulate economic trends by use of the financial rather than the physical instrument, was that the former could be regulated by a handful of men. It does not require a horde of officials, a myriad forms, tons of paper, snoopers, questionnaires, sometimes of a most intimate description, and intrusion into the kitchens and bedrooms of every house in England, to carry out the policy."

One can agree heartily with his objections to the physical instrument, and yet condemn more emphatically still the use of the financial one, as an infinitely sinister, harmful, and dangerous instrument of tyranny and oppression to be in the hands of any handful of men;

THIS SORRY SCHEME OF THINGS

and it is disquieting to learn that one of our elected servants should glory in such a misuse of power. If the trends these handfuls of men seek to influence are in the nation's interest, surely they would want the nation to know what they are doing, and why, instead of pulling convenient, but hidden, strings behind the scenes?

Sir Winston Churchill had more than an inkling of what was, and is, wrong when giving his Romanes Lecture—"Parliamentary Government and the Economic Problem"—at Oxford, on 19/6/30. He said: "The classical doctrines of economics have for nearly a century found their citadels in the Treasury and the Bank of England . . . Whatever we may think about those doctrines . . . we can clearly see that they do not correspond to what is going on now . . . It is certain that the economic problem with which we are now confronted is not adequately solved, indeed is not solved at all, by the teachings of the text-books, however grand may be their logic, however illustrious may be their authors . . ."

"If the doctrines of the old economists no longer serve for the purposes of our society, they must be replaced by a new body of doctrine . . ."

"Beyond our immediate difficulty lies the root problem of modern world economics; namely, the strange discordance between the consuming and producing power . . . Who would have thought that it would be easier to produce by toil and skill all the most necessary or desirable commodities than it is to find consumers for them? Who would have thought that cheap and abundant supplies of all the basic commodities should find the science and civilisation of the world unable to utilise them? Have all our triumphs of research and organisation bequeathed us only a new punishment—the Curse of Plenty? Are we really to believe that no better adjustment can be made between supply and demand? Yet the fact remains that every attempt has so far failed. Many various attempts have been made, from the extremes of Communism in Russia to the extremes of Capitalism in the United States. They include every form of fiscal policy and currency policy. But all have failed, and we have advanced little further in

this quest than in barbaric times. Surely it is this mysterious crack and fissure at the basis of all our arrangements and apparatus upon which the keenest minds throughout the world should be concentrated. Lasting fame and great advantage would attend the nation which first secured the prize . . .

"Economic problems, unlike political issues, cannot be solved by any expression, however vehement, of the national will, but only by taking the right action. You cannot cure cancer by a majority. What is wanted is a remedy. Everyone knows what the people wish. They wish for more prosperity. How to get it? That is the grim question . . .

"Parliament is upon its trial, and if it continues to show itself incapable of offering sincere and effective guidance at this juncture, our Parliamentary institutions, so admirable in the political sphere, may well fall under a far-reaching condemnation."

Sad to say, it didn't seem to occur to him that, having stated the problem so clearly, and emphasised its seriousness, it was his duty to seek a remedy himself, and not merely exhort others to find one. Had he done so he would have discovered that ten years or more before he delivered his address Major C. H. Douglas had analysed the problem into its basic elements, and devised a solution for it that fitted all the facts, and was watertight in every particular; that this solution was widely known if little understood by those who should have made it their business to understand it—our politicians—and that if he had adopted and applied it when he came into power he would have won for our country—and for himself—the lasting fame and great advantage he said would attend the nation which first secured the prize—and the whole world would have shared that advantage—and he himself would have stood infinitely higher in the records and estimates—and estimation—of posterity than he is ever likely to do now.

His own words should have indicated to him clearly the real nature of the solution required. How else can it be easier to produce commodities than to find consumers

for them, except by wrongfully keeping these would-be consumers short of purchasing power?

The chief stumbling-block to the acceptance of a genuine remedy—Sir Winston's "right action"—by those in the strongest position to apply it, is that it would destroy the power of the banks to dominate the economic scene, and lessen the power of Parliament to participate in that domination; and would transfer it where it properly belongs—to the people themselves—the individuals constituting the community, who are its animating source.

When any proposal is made that Parliament should spend even a comparatively small sum of money on some admittedly worthy object, the Government of the day can usually be depended on to turn it down—regretfully, of course—if it gets the wink from the Treasury, or the banks, by reminding its advocates that the national purse is, unfortunately, not bottomless; and with a National Debt outstanding of £26,582,602,000 (31/3/54)—or whatever fantastic figure it may be at the given moment—on our hands, we simply can't afford it. That shuts everybody's mouth and ends the matter. The fact that the country may be physically able, and willing, to do all that is required, being in possession of all the necessary elements required for carrying through the project—raw materials, intermediate products, plant and machinery, skill and labour, etc.—and Nature's illimitable powers—combined with the other undeniable fact that "what is physically possible is financially possible" (C. H. Douglas)—finance being merely bookkeeping—weighs not at all in these matters, so little do our legislators understand the workings of the financial system, as it is, and as it could and should be.

But when the Money Lords decide to finance world wars, or work connected with the production of unwanted atom bombs, money and credit appear out of the blue, as if by magic, and flow like water, without either Parliament or the country being consulted in the matter. We have Sir Winston's word for that. On 23/10/52 he was reported as saying—in connection with work incidental to the pro-

THE STRUGGLE FOR MONEY

duction of atom bombs—"As to the cost—I have said before, as an old Parliamentarian, I was rather astonished that something well over £100,000,000 could be disbursed without Parliament being made aware of it."

But while the whole world's irredeemable bogus debts are piling up on every hand, at compound interest, and raising the level of prices at the same time, its income—which should be on the same scale if these debts are ever to be liquidated and the world get the full benefit of all its work and toil—does not mount up correspondingly. When it is spent it is gone for good—most of it within a week or two of receipt, leaving behind it a debt—a bogus debt; an intolerable burden of ever-growing bogus debts—riveted round the world's neck; and its renewal, which is imperative for the life of the world, and depends on fresh borrowing by somebody, at no time re-embodies, as income, any of the money spent. That has to be earned anew, by fresh labour and fresh production; and all fresh earnings are fresh irredeemable debts.

CHAPTER TWO

Financial Axioms

How is the present financial system run?

As a preliminary canter towards finding an answer to that question, here are some axiomatic extracts worth noting from "Currency and Credit," by R. G. Hawtrey, a distinguished Treasury official, which no banker or economist is likely to question.

1. p. 10: "Credit originates in production and is extinguished in consumption."
2. p. 191: "The banks *create* purchasing power in the process of granting credits."
3. p. 20: "The banker creates the means of payment out of nothing."
4. p. 15: "Credit is often said to be a substitute for money. It would be just as accurate to say that money is a substitute for credit."
5. p. 48: "Practically all the purchasing power comes into existence in the form of credit, and, though it may be transmuted into cash in its passage through the hands either of poor men who have no banking accounts, or of rich men who require pocket-money, it resumes the form of credit to be extinguished."
6. p. 38: "The banks undertake to transform cash into credit and credit into cash at the choice of their customers; they themselves claim no say in the matter."

7. p. 7: "New credits, as distinguished from those created merely in replacement of old ones, are created to pay the profits, remuneration, interest, etc., of those who contribute, either by their personal services or by the use of their property to production."
8. p. 23: "The grant of a credit rests in a banker's absolute discretion. He is under no legal obligation to accommodate a borrower."

Here is his description of how the credit machine works:

"An order is given by a merchant to a manufacturer to supply a certain quantity of goods. The manufacturer borrows from his banker a sufficient credit to meet the necessary expenses of manufacture, including the cost of raw material, for the period which will intervene before the goods can be delivered and payment received from the merchant. When the goods are delivered the merchant in turn borrows their value for the period for which they are likely to be on his hands. The goods may pass from one manufacturer to another and from one dealer to another several times before they are finally disposed of piecemeal by the retail dealers to the consumers. Each manufacturer or dealer will probably be indebted for a part at any rate of their value so long as he holds them. A debt, as it were, is attached to the goods so long as they are being *dealt in*—that is to say, bought with a view to being sold. This debt is only finally paid off when the goods are sold, not to be dealt in, but to be *consumed*. But each manufacturer or dealer is quit of the debt when he is quit of the goods. He borrows to meet the expense of making or buying the goods, uses the proceeds of his borrowing to pay the people employed in manufacturing them, or to defray the purchase price; then, when he disposes of them, applies the proceeds to pay off the sum borrowed, and retains any balance as his own profit."

The majority of people think of money, almost exclusively, in terms of bank-notes and coins. They handle these things daily, pass them from hand to hand, and see them

going into and coming out of banks; and this appearance of their having a permanent existence tends to make people think, subconsciously, that money, once in existence, remains permanently in circulation—barring accidents—assisting production and distribution all the time, to the benefit of the community as a whole. They fail to realise that the amount of money—bank-notes and coins—at the public's command, is governed entirely by the action of the banks in creating and destroying credits; and this misconception is a stumbling-block to a true understanding of our financial problems.

In the modern world all the money and purchasing power the community earns, and spends or saves, comes, directly or indirectly, from the banks; and commences life as a credit.

It is lent, at interest, to the Government, Local Government bodies, and the business world, to finance their various activities; and in being spent by the borrowers it provides the community with the whole of its income.

This income, it should never be forgotten, is thus always a debt due to the banks, resting directly on the shoulders of the borrowers, indirectly on the consuming public, from whom they must recover their outlays—compulsorily via rates and taxes in the case of Government and Local Government borrowing; and by the sale of goods and services in the case of business ones, before they can liquidate their debts; and this money can only come out of new debts somewhere, as the borrowed money they have spent, in performing the function for which it was borrowed, enabled those receiving it to repay their own debts to the banks, whereupon it ceased to exist as anybody's purchasing power.

The public can only pay these taxes, rates, and prices, and remain solvent, if the banks, in their accountancy, not only debit them—rightly—with all the costs of what is consumed—including depreciation of capital assets—as they do, directly or indirectly, through the borrowers—but also credit them—as an inherent right and an essential element of honest and correct bookkeeping and a smoothly-running

THE STRUGGLE FOR MONEY

and efficient economic system—with debt-free credits—supplementary to any other income they may have—sufficient in the aggregate to bring and keep their purchasing power equal to the money value of everything that is produced, including appreciation of capital assets—as they honestly ought to do, but don't—so that the debts attached to everything that is bought can be liquidated without fresh borrowing, which always means fresh debts due to the banks, and fresh robbery of the general public.

This omission has far-reaching and disastrous consequences, manifest for all to see in the troubled state of the world around us today, living, or existing, in the aftermath of two world wars and preparations for an expected, and probable, third one; and all due to the simple fact that production costs, and the bogus bank debts of which they are composed, are piling up in every country faster than the means to liquidate them.

CHAPTER THREE

The Defect of Credit Creation

The three main defects in the financial system are:

1. The Defect of Credit Creation.
2. The Defect of Bank Interest; and
3. The Defect of Premature Cancellation of Purchasing Power.

The Defect of Credit Creation: This is the fundamental defect; and it arises from the fact that the banks regard the costless credits they create—out of nothing, at the public's expense—as their own personal property, as if they had earned them by creating wealth, or rendering services to the community equal to the value of the credits they create—which means, if it were true, that they and their staffs, personally, do all the work of the country—and the world!—and nobody else does anything at all, which we—and they—know is sheer nonsense, and the reverse of the truth.

The remedy for this ridiculous, but tragic, nonsense requires that all the credits created in the banks' parlours and ledgers should be credited to, and at the disposal of the true creators of their value—the community at large, who do all the work, produce all the wealth, and render all the services. The banks produce nothing, and never have produced anything, but debts—bogus debts. As H. D. Macleod, an acknowledged authority, says in his book,

THE STRUGGLE FOR MONEY

"The Theory and Practice of Banking": "A Banker is a Trader whose business is to *buy Money and Debts* by *creating other Debts*." He also says, in the same book, "Credit in its various forms is the most gigantic species of Property in this country; inferior only, if it be inferior, to the Land in magnitude; and the negotiation of Debts is, beyond all comparison, the most colossal branch of Commerce. The merchants who trade in Debts—namely, Bankers—are now the Rulers and Regulators of Commerce—they almost control the fortunes of States."

The "almost" comes in, I think, because he has suddenly, for a moment, realised their colossal and dangerous power; and is "almost" afraid to admit it even to himself.

"Trader" is an apt term for a present-day banker; but no banker should ever be allowed to *trade* in money and credit as if they were commodities to be bought and sold at a profit; and made to fluctuate in value by manipulating the issues, to the detriment of the community. To do so should be regarded as a crime. It is as insane as to think of "trading" in yards—making them more or less than thirty-six inches, according as it suits one's interest or purpose.

Money, in all its forms, and bookkeeping should be the measure of the community's real wealth, rising and falling in amount, and flowing into and out of people's pockets and bank accounts, in strict accord with the money costs of production and consumption.

When the banks create new credits they do it by diluting and devaluing everybody's money and credit, a quite unnecessary and dishonest proceeding, and omit to make restitution to the penalised public when the goods so financed come into the market for sale. And as all production is new at some time or other, that means that all production is financed by a constant process of diluting and devaluing the public's money. The technical name for this is inflation; and it is barefaced robbery on the grandest possible scale, as at present practised throughout the world, and has the direst consequences.

THE DEFECT OF CREDIT CREATION

Now it is the easiest thing in the world to finance new production and yet avoid inflation. If *new* credits are required to finance *new* production in any productive period—as they are, to pay wages and salaries—inflation can be counter-balanced and nullified if discounts, of the same money value, collectively, are allowed on the community's retail purchases, for personal consumption or use, in the same period—to be granted, not by the retailers of the goods sold—a financial impossibility—but by the banking institution itself, the sole body capable of, and solely responsible for, the crime of inflation, and therefore the sole body capable of expiating that crime.

Each consumer's share of the general discount allowance would be proportionate to his purchases during the period in question, and credited to his bank account. More of this later when the remedy is under discussion.

These credits, which the banks sinfully regard as their own, are clearly the cleverly misappropriated hard-earned purchasing power of the community at large which, in being spent by the borrowers, transfers more and more of the community's real wealth—goods and services—from those who have the only just title to it—the robbed community—to those who have none at all—the borrowers, however, admirable the purposes for which it is borrowed may be—and could and would be but for the dilution process. They, however, in effect, only hold the goods and services they buy as on loan from the banks—who have no title to them either; consequently the borrowers have to recover a like sum, plus interest, from the public, by the sale of the goods produced, in order to repay the banks; which means that the public has to pay twice for everything they get as consumers—once, collectively, by having the money they have worked for and earned, diluted and devalued with every new credit created; and a second time, individually, when buying anything for themselves; and, as a nation they go deeper and deeper in debt in consequence, all the time.

Ordinary counterfeiters who land in gaol for their misdemeanours must envy the bankers their brazen necks

THE STRUGGLE FOR MONEY

and extraordinary, unwarranted, luck in escaping the gallows. There never was a crime against humanity in all history, as great in its magnitude, or as damnable in its effects as present-day banking.

More and more of the schemes financed today are not dictated by real human needs and desires at all, but by the financial policy of the banks; and their aim throughout is concerned more with the acquisition and consolidation of power for themselves than with the general welfare; and power gained by them and their hangers-on is power and wealth lost to the rest of the community.

Money and credit in all their forms are merely tickets for goods—for wealth: they are not themselves wealth; but the peculiarity of the bankers' costless money-tickets is that they are always tickets for other people's goods—to which the banks have no title at all—never for goods owned by the banks themselves; yet the debts have to be repaid to the banks! and as they are the sole creators of money-tickets, and issue them only on loan, it follows that they have a lien, both on all goods produced, and also on the money that buys them—a duplication of debts that makes them impossible of final redemption.

On the bookkeeping side new production is a matter of creating new costs and prices—i.e., new wages, salaries, and profits—as well as carrying forward earlier costs and prices incurred in the production of raw materials and intermediate products, at earlier stages of the various cycles of production. But since it is all financed by diluting and devaluing the community's money and purchasing power, at every point in the productive chain where these wages, salaries, and profits fall to be paid, it follows that these new and earlier costs and prices—with the bank debts attached to them—mount up at every stage, as they do—on their way to the shops and final consumers and users, while the personal incomes they once were, but no longer are—having been spent in the daily business of living, and returned to the banks in cancellation of earlier borrowings—no longer exist as anybody's income or purchasing power. The result is that the community's total income from all

THE DEFECT OF CREDIT CREATION

sources is diminishing in purchasing power all the time, in relation to increasing output and its increasing costs, owing to the inflationary process—even if it should be increasing in amount. As somebody has said, "Prices shoot up by the lift while incomes crawl up by the stairs!"

The general result is that the community becomes less and less able to buy—with its income—the more and more goods it has to produce in order to earn that income; and it is only from what it buys with its income that it derives any personal benefit.

Further results are that, just as today's borrowings have to liquidate the borrowings of yesterday, as yesterday's borrowings had to liquidate the debts of the day before, so the borrowings for new cycles of production have to liquidate and shoulder the costs and debts of earlier cycles with which they have no real economic connection whatsoever, and pass them on to later ones, whereas every cycle of production should be self-liquidating.

If the production that the community is called on to produce, but can't buy with its income, is to be sold—as it must be if the banks are to be repaid their loans, and the economic system kept running—it can only be done, as things are, by creating purchasing power that is nobody's income, being merely replacement credits that pile up as public debt, one set of debts being liquidated and replaced by a newer and larger set. Such production, however imposing it may look, is wasted effort and material, of no more value in terms of human welfare than digging holes and filling them up again; and may be even more definitely detrimental—as is the case with war goods generally—not omitting hydrogen bombs. It benefits nobody—except at somebody else's expense—and it makes the economic field a battlefield whereon everybody, consciously or unconsciously, is engaged in an artificially-created competitive struggle for money-incomes and the means to live—always in short supply when measured against total prices and debts. This makes every man a potential or actual enemy of his neighbours and fellowmen; and every country a menace to the existence and well-being of other countries.

It puts a premium on unscrupulousness, cunning, and crime; and handicaps honesty and straight dealing. It makes the underselling and crushing out of competitive rivals a more or less compulsory objective in business; and gives rise to the insane idea and belief that exports are a gain to a country, and imports a loss, when the direct opposite is the obvious truth.

The explanation of this quaint fallacy is that exports theoretically bring money into the exporting country whereas imports take it out; and as money has a general purchasing power which goods don't have, money is coveted, quite irrationally, above goods.

Actually, in the case of exports, the money brought in, being foreign, has no purchasing power inside the country receiving it, and only acquires value when returned to its country of origin to bring in a corresponding value of imports.

That being so, it follows that the only real benefit derivable from international trade, by the countries indulging in it, is when exports and imports balance and pay for each other in every country, and are an exchange of real surpluses—that is, surpluses remaining after all home needs are fully satisfied, and are not the result of decreasing consumer purchasing power, due to financial manipulation by the banks and their puppets and hangers-on.

Over the globe as a whole exports and imports must balance, as they are one and the same thing seen from different standpoints. Every export is an import somewhere, and every import an export; so that if some countries have a surplus of exports others must have a corresponding surplus of imports; and it should be unnecessary to say that the countries with a surplus of exports are the losers, in terms of real wealth, while those with a surplus of imports are the gainers—whatever the financial results may show.

The fact that every civilised country, without exception, under pressure of its bogus debts, is allowing itself to be reduced to the level of a slave state, in order to obtain, and increase, surpluses of exports over imports, and of non-consumer goods—indicates how cleverly and

completely they have been conditioned to accept their depressing, unrewarding fate, and probable extinction. It also indicates the low level of intelligence of their M.P.'s and politicians; or—if these gentlemen claim to be intelligent and know what they are doing—our reflections must then be on their despicable characters.

It remains to be added, however, that the countries with an excess of exports are creditor countries, and the ones with an excess of imports are debtor countries; and if the creditor countries are powerful enough they may bring pressure to bear on the debtor countries, either to pay their debts—without sending imports: an impossibility—or to grant concessions and preferences in lieu thereof—but such action is in somewhat bad odour nowadays, there are so many countries all competing for their lives, for the trade and custom of other countries, and insanely jealous of their rivals getting advantages denied to, but coveted by, themselves.

In any case, the financiers of the world—the bankers—who handle all financing, and know their power and business, can be depended on, by pulling suitable strings, to manipulate matters, so that whoever loses in these transactions, they themselves shall be exempt. The consuming public always get the baby to hold.

If the financial bookkeeping of a country is to give a true picture of its economic condition, its credit and purchasing power should be written down for every export, and written up for every import—as we have seen—and because that is not done exports in excess of imports raise prices to consumers in the exporting country, to the general detriment, whatever benefits may accrue to the actual exporters and others here and there. The reason is that the goods remaining for sale, being reduced in amount by reason of exports, whereas the amount of money or purchasing power in consumers' hands is not so reduced, money "chases" goods, and prices automatically rise.

Conversely, when imports in excess of exports come into a country, and its credit and purchasing power is not written up and distributed to consumers, as it should be,

but isn't, there are more goods for sale but no additional money in consumers' hands to buy them with—which means that goods now "chase" money, and prices inevitably fall. This also may benefit some people; but the overall result is bad for the community as a whole. If the imported goods are bought, a corresponding value of home products must remain unsold, or be sold at a loss, resulting in dull trade, with the prospect of unemployment and bankruptcies to follow—if measures are not taken to keep the imports out. Hence the origin of tariffs, to keep the imports out. This in its turn gives rise to counterbalancing subsidies on the part of the exporting countries, to get under the tariff charges and push their exports in—and the battle is on.

Unfortunately for the exporters of the countries imposing tariffs, if imports are kept out, it becomes impossible for the countries buying their exports to pay for them, however willing and capable of doing so they may be.

To the extent, therefore, that tariffs succeed in keeping the total value of imports below the total value of exports in any country, it means that, to the extent of the difference, it is giving its exports away for nothing; and if the exporters are being paid in full for their exports, it can only be done with the connivance of the banks, and at the expense of the rest of the community.

The hollowness of the belief that foreign investments (exports) are profitable to the investing (exporting) countries was revealed by Sir Arthur Samuel, M.P.—formerly Parliamentary Secretary to the Treasury in a Conservative Government—in the *Times Trade* supplement of 1/11/30, wherein he wrote: "At a cautious estimate I say we have lost not less than £2,000 million in overseas investments during the last sixty years . . . It is not unlikely that our loss has been much heavier, perhaps even £4,000 million."

Who will reveal what we have lost in the same way between 1930 and 1956?

The Defect of Bank Interest

No Government since banking began in this country in 1694, has had the intelligence to claim that as all financial credits created by the banks, whether by the now nationalised Bank of England, or the private banks, derive all their value from the community's power to create *real* wealth, they belong by right to the community — and I don't mean the Government — and not to the banks, and must be placed to its credit, and at the service and disposal of its members, so as to enable them to buy and pay for everything they produce, or care to produce or do, as well as everything they import; and, in buying and paying for them, cancel out of existence all the formal debts attached thereto, without having to incur fresh ones, as now.

Since that right has been usurped by the banks it follows that present-day borrowers—including the Government and Local Government bodies acting for the nation, have to go in debt to the banks for the money and credit to finance all they, and we, do, and for all the purchasing power we get to spend or save, and can only pay interest on these bogus debts if the banks keep on expanding loans—and debts!—progressively, from day to day—at least by the total amount of the accruing interest.

This creates a treadmill if ever there was one; for it means that today's productive effort has to be followed and paid for by a bigger one tomorrow—whether it is needed

THE STRUGGLE FOR MONEY

or not—and a still bigger one the day after that—and so on unceasingly; and all merely to maintain a relatively stationary, or declining, standard of living—until the whole economic structure collapses, as it must, under the ever-growing burden of false debts it is forced to carry, and the misdirected and destructive effort, yielding no equivalent return in well-being to the community, it is forced to make, and the probable—nay certain—atomic warfare it will land us in for, sooner or later. The end of this lunacy can only be chaos.

Somewhere about the beginning of the century, while we were still on the gold standard, I remember reading that somebody had calculated that if £1 had been invested, at compound interest—I forget the rate—at the birth of Christ, and the interest allowed to remain and accumulate in the investment until the present day, the sum due to the lucky heir to the investment—if he could collect it!—would be equal to several globes the size of our Earth of solid gold!

That may, or may not, be an exaggeration, but it illustrates picturesquely the terrible self-multiplying power and madness of compound interest—if not counter-balanced by compound incomes on the same scale!

If the rate of interest were 5 per cent., debts and prices would double themselves in less than twenty years; quadruple themselves in the next twenty; increase eight-fold in the one after that; sixteen-fold in the one following; and thirty-two-fold in its successor—and so on. Thirty-two-fold in less than a hundred years! The National Debt now (1954), is £26,583,032,762, a meaningless, but highly dangerous mass of figures. Multiply it by thirty-two and it still remains meaningless, but is thirty-two times more dangerous; for these mounting figures have the power to destroy us; and will do so long before a hundred years are up, possibly in our lifetime—which may be short!

Chaos comes nearer every day, now that war and preparation for war has become *the* indispensable mainstay and stand-by of industry, employment, and incomes for a world of people that makes the fatal mistake of asking for "full

THE DEFECT OF BANK INTEREST

employment," and not for the full, leisured, civilised life its productive capacity entitles it to, and could so easily get if it demanded an honest financial system instead—and demanded it as strongly.

What is chaos! It is the state in which the human race, with all the vast stores of useful knowledge and traditions it has so painfully acquired throughout the ages, its philosophies and religions, its literature, arts, and sciences—perishes, and sinks back into the primordial mud or slime out of which it originally came.

Can we extract any comfort from that prospect; or can it shame or shock us into making the necessary financial changes that would lift us out of the mire into which we have so thoughtlessly—or brainlessly—allowed ourselves to be pushed, into something that would seem like Heaven by comparison?

The banks only create and lend credits when they think the projected production is likely to be profitable to themselves, or is in line with banking policy—which is, always, the increase and consolidation of their power. "They are under no legal obligation to accommodate a borrower," as Hawtrey says. As a body they regard capital goods—mills, factories, and workshops, power-plants, machinery, raw materials and suchlike—all the basic elements of production—as a more or less permanent asset, and good security for their bogus loans—our usurped credits!—and therefore something to encourage; and they tend to regard consumer goods—the only real justification for work or production of any kind—as wasting assets—necessary, no doubt, up to a point, to keep the population alive and able to work, but beyond that point, something undesirable, something to be discouraged or minimised, because if living were made too easy for the recipients it might make them independent, and unwilling to fit in with their—the bankers'—full-employment slave-making policy of work! work! "work for the night is coming" order—as a well-known slave-conditioning hymn commands us to do; and their power of control from behind the scenes is such that they are able, silently and invisibly, to influence

THE STRUGGLE FOR MONEY

all sections of the community, through a thousand channels, through the political parties, Parliament, the Treasury, and the Press, schools and universities, churches and other institutions, that condition them to accept and preach the doctrine of work as a sacred and solemn duty, the be-all and end-all of all existence, a policy which, if not reversed, means the end of all liberty, and all life; and nobody today, unfortunately, is so whole-hearted in its support as its chief victims—the working classes and their blind leaders of the blind in the Trade Unions, the Labour Party, and Socialist and Communist organisations generally.

But the Conservatives and Liberals have nothing to brag about in this respect, lagging as they do only a few yards behind the others in their advocacy of a work policy. The only real quarrel between the parties is as to which shall have the privilege and pleasure of doing the slave-driving, and spending the slaves' money!

In defence of the banks, it will be said that they must recover their costs in some way, like other businesses; and how else can they do it except by way of interest?

It can be agreed that they are entitled to, and must recover the costs of running the banks, but certainly not by way of interest—by drafts on the nation's Credit Account, as it should also be in the case of businesses.

All interest charges come out of credits, and, like other credits, are created at the community's expense, and must, therefore, if charged, be credited to, and at the disposal of the community alone, and not of the banks or the Government.

It must be denied that banking is, properly regarded, a business at all, in the profit-making sense. It is essentially merely a counting-house for the nation; and its whole legitimate function is to record, honestly and correctly, the financial side of the nation's economic and other activities, so that the whole community gets the maximum benefit from all it does—that and nothing more; and it is preposterous that any counting-house should ever endeavour to make a profit—on its own—at the expense of the business it is linked up with—in this case the nation's business.

THE DEFECT OF BANK INTEREST

To do so is to falsify the accounts; and that is precisely what present-day banking is—a falsifier of the nation's accounts.

So far as actual banking work is concerned it doesn't consume a thousand times more energy, material, or time to create a £1,000,000 credit than a £1,000 one. Both are practically costless; but the interest on the first is a thousand times greater than on the second; and before it can be paid the community has to labour and sweat a thousand times harder to earn it—it does not hang conveniently on trees for the mere picking. The risk, if any, and the burden, are wholly the community's, not the banks'; and the rewards should also be theirs.

CHAPTER FIVE

The Defect of Premature Cancellation of Purchasing Power

Consumption—i.e., beneficial use—is the sole justification of production of any kind; and is its natural and final end; so it is right that when goods are bought for final use, whether by individuals or the state, the money that buys them should be withdrawn from circulation, and the loans (credits) that financed their production be cancelled and cease to exist as anybody's purchasing power, or anybody's debt, in accordance with the fundamental principle that final prices and incomes should rise and fall together. But it is glaringly wrong to reduce the public's purchasing power in respect of capital goods and intermediate products, when these are bought and sold—as is habitually done—for their money value must re-appear in future final prices, in the shape of overhead charges; consequently the cancellation of the credits involved—right as it is so far as the borrowing producers are concerned—leaves the community, as consumer or taxpayer, at whose expense all credits are created, without the money or credit to meet these charges when they appear in final prices—except haphazardly, through fresh borrowing by producers, for new production having nothing whatever to do, economically, with the goods in question. This means mortgaging the future to meet the needs of the present, and piling up larger bogus debts

CANCELLATION OF PURCHASING POWER

against the community that produced them—also fresh, unjustified, unrewarding toil imposed on its members to earn, a second time, and replace the money banking practice had robbed them of in the first instance.

This double creation of debt against the community, for all capital and intermediate goods, imposes on it a task compared with which the labours of Hercules were as nothing, growing in intensity the faster we industrialise and capitalise production. Is it any wonder that the human race is careering downhill to destruction like the Gaderene swine, at a pace beyond the power of any League of Nations or U.N.O. to stop—if either of these bodies was ever intended by their real creators—the banks—to benefit mankind? Only a return to, and respect for, honesty can do that; and if we get honesty in our financial bookkeeping we can say farewell, and a jolly good riddance, to all such sinister organisations, set up at the behest of our financial overlords, with the deliberate object of making their mastery of the world complete.

Other things that upset the balance which should always exist between total incomes and total prices are Savings, Instalment Buying, and Insurance.

Saving money for the future, so much belauded by nearly everybody, especially Governments and Banks, as a virtue of the highest order, is, as engineered today, only a disagreeable and bogus necessity forced upon us, quite unrighteously and unnecessarily, by the constant filching away of our purchasing power by the banks. The community's income, from birth to death—if kept level with total prices, as it should be—would provide for everybody's needs—and the country's as well—on an expanding scale, under an honest financial system, without any particular need to save. Any saving that individuals decided upon would be for purely personal purposes of a purely temporary nature, having no ill effects on, or benefits for, the rest of the community, either individually or collectively; but there is no virtue at all in saving for savings sake, or for old age, or to oblige the Government, or the banks, as we are encouraged and conditioned to believe, because the

THE STRUGGLE FOR MONEY

financial system is rotten—at the core! Surely when, as individuals or as a nation, we produce anything it is because we need or want it? Where then is the sense in refusing to buy and use it when made, which is what saving means today?

If we persist in saving while increasing production, as the Government and the banks are always begging us, almost on their knees, to do—and they impose credit squeezes on us to force us to do it—who is going to buy and get the increased output? Certainly not the savers. And how long will the producers continue producing if the world-community saves its money, and refuses to buy what it has produced?

... And what is the gain to the savers? There is none. Their savings are always declining in purchasing power as things are; and the unbought goods will deteriorate too. Like the dog in the fable, they are dropping into the stream, or denying themselves, the real wealth they have laboured to produce, merely to grasp at the empty, fading, reflection of declining wealth in a bank-book!

In any case, as things are, although the community spent every penny they possessed, they still could only buy a small fraction of the goods they produce, because of the banks' bogus debts.

We know, of course, what the Government, and the banks, and the Press will say to that—that we must export the increased output, so as to obtain a favourable balance of trade; but we have seen the insane folly and danger of all exports not balanced by desired imports.

If the community is to reap the full reward of its productive efforts, consumer spending should only diminish as people's desire for goods diminished—through satiety—or as its desire for greater leisure increased—and not by having stupid and indefensible credit squeezes inflicted on it.

The pressure to get us to save is to hide—or try to hide—the utter dishonesty and unworkableness of the present financial system.

CANCELLATION OF PURCHASING POWER

It is possible to save money—mere figures in a book, or paper or metal tokens representing figures in a book—for an indefinite period; but it is impossible to save, for long, the goods the figures represent, without deterioration. Some, like food, deteriorate quickly, others not so quickly; but all deteriorate.

The only sensible thing for a community to do it to consume and use the goods it produces—for its own benefit—as fast, or as slow, as it feels the need or desire to do the one or the other.

It is necessary, of course, in a sound economy, to earmark, and devote, some of today's output to the needs of tomorrow; to provide the seed for next year's crops—instead of eating it all now; to create today the plant and machinery and raw materials, etc., needed to repair wastages, institute improvements, and carry on the work of tomorrow; but the constant filching and debt-creating process operated by the banks goes far beyond that, and turns the idea of a sound or just economy completely upside down. Instead of being based on the true principle that the object of production is consumption, it makes production for production's sake—or the bankers' sake—the guiding principle, and gives the production of capital goods, power goods, export goods, and war goods the foremost place in our production programmes; and makes the production of consumer goods an also-ran. Increasingly, people are admitted to a precarious seat at the consumers' table only if they can squeeze their way into some non-consumer goods' job not yet taken over by a machine—and only until the bankers can find and finance a machine that will do them out of their jobs and their incomes.

Ruskin's presentation of the case, in "Unto this Last," can't be improved upon. "Capital," he says, "is a root, which does not enter into vital function till it produces something else than a root; namely, fruit. That fruit will in time again produce roots; and so all living capital issues in reproduction of capital; but capital which produces nothing but capital is only root producing root; bulb issuing in bulb, never in tulip; seed issuing in seed, never

THE STRUGGLE FOR MONEY

in bread. The Political Economy of Europe has hitherto devoted itself wholly to the multiplication, or (less even) the aggregation of bulbs. It never saw, nor conceived, such a thing as a tulip."

In the first place, the money we save is declining in value all the time; and that is due to the banks' habitual practice of creating new—and necessary—purchasing power by diluting and devaluing all existing money and credit, and charging up the new creations as a debt, directly—and rightly—against the borrowers; indirectly—and wrongly—via prices and taxes, as a debt against the consuming public—from whom the money lent was extracted to begin with.

This double process of diluting and decreasing purchasing power, while simultaneously increasing production costs, and prices, and debts, makes an orderly and honest distribution of goods, from producers to consumers, out of the question.

The cutting down of purchasing power, by way of credit squeezes, makes it difficult for some businesses, and impossible for many, to sell their goods, and repay their debts; and forced bankruptcies and unemployment naturally follow and multiply, until the banks feel they must initiate a fresh spate of borrowing and bogus debts to keep the ship of state from foundering on the rocks altogether.

These spates of fresh production consist largely—under the present laws of finance—of non-consumer goods—i.e., superfluous capital goods, export goods, or war goods; and the competition to sell them abroad helps to warm up the cold war a bit, while the incomes earned in producing them create a rise in the price of consumer goods at home—restricted in production by banking or Government policy—and increase the misery of all people on fixed or dwindling incomes—an increasing number.

These artificially-created booms and slumps may continue for a few years more, until the eternal universal struggle to sell more than the world of consumers and taxpayers can buy and pay for sets the world atomically ablaze, and lays the human race in the grave for good and forever.

The banks are the only money-makers. The rest of

CANCELLATION OF PURCHASING POWER

the world are merely money-borrowers and money-earners. The money-earners get their money from the money-borrowers; and the money-borrowers get theirs from the banks; and "the banker creates the means of payment out of nothing," as we have seen. That statement of Hawtrey's is true; but it is not the whole truth. The whole truth is that "the banker creates the means of payment out of nothing"—*at the consumers' expense!*

The tremendous increase in Instalment Buying now in progress is an open confession that the community's income is always insufficient to buy everything that is produced. As a community it means that we are mortgaging our future incomes to buy present goods; whereas present goods ought always to be purchasable out of present incomes. It defeats itself in the long run, for the future incomes mortgaged now can't—for that reason—be spent or mortgaged a second time when the future comes along with fresh loads of goods for sale.

In the days of barter the goods bartered were also the means of payment; so no question of artificially-swollen prices could ever arise, consequently there could be neither inflation nor deflation nor bogus debts. There could and would be bad bargains, doubtless—balanced by an equal number of good ones—but all the goods produced would be effectively exchanged where they were wanted; and there would be no production of unwanted goods, or holding up of production, or artificial booms and slumps.

What we need now is an enlightened financial system that will retain the merits of the barter system in that respect—effective distribution—without its very obvious drawbacks.

If we rid our minds of false notions, embedded there by centuries of banking mismanagement, we shall see that the real cost of producing anything is the energy, human and non-human, expended in producing it; consequently the real cost of all production is paid by the community that created it as soon as it is created. The only question that arises is how to make an equitable distribution of it—not a difficult matter to arrange as we shall see—but whether

THE STRUGGLE FOR MONEY

some get more and others get less, what is clear is, that as the banks do not create the wealth their costless credits distribute so badly it does not belong to them; and its distribution, and the money spent in buying it, should wipe out all the formal—and bogus—financial debts chalked up against the community in the banks' ledgers during the course of production. Each cycle of production should, and could be self-liquidating, and would be if our financial bookkeeping correctly paralleled the economic facts.

In creating wealth, the community, by its labour, intelligence and knowledge, pays the real cost or price in full; and its distribution, free of debt, is the just reward of its labours—and the solution of all the world's major problems.

Insurance in general—as at present practised—comes under a like condemnation, because the premiums paid are one of the chief mainstays of capital investment, which, however desirable in itself, automatically increases capital assets, and therefore—via overhead charges—the sum total of costs and prices; while at the same time correspondingly reducing the public's power—as consumers—to meet and pay these mounting costs and prices; and so it increases the world tension everywhere which sooner or later eventuates in world wars.

But, some will say, how has the world managed to carry on for so long if the financial system is as rotten as I have asserted?

Well, if universal discontent; poverty in the midst of potential plenty; ever-rising prices—despite credit-squeezes of increasing severity, and ruthless taxation to try and keep them down; crises and labour troubles galore multiplying everywhere; finishing off with world-wars of increasingly devilish destructiveness every few years—if that can be called carrying on, it is because there is—theoretically—no limit to the amount of bogus debts bankers can create, and load us up with, to finance the farce of carrying-on, and no limit to the gullibility of the public that puts up with it.

Our failure to deal with this matter of bogus debts breeds tyrants and dictators, slaves and boot-lickers,

CANCELLATION OF PURCHASING POWER

pernicious plotters and planners, Socialist and Communist nationalisers, Nazis, Fascists, and other undesirable power-seekers—all too plentiful in the present-day world everywhere.

And politicians of all colours, once they get their hands on the levers of power—even to the limited extent allowed them by their financial overlords—become corrupted by it like the rest, and lose all sense of decency. Being blind to the money racket they delight in milking the public dry—via taxes—when the banks have instructed them which levers to pull; and squandering the money commandeered on anything and everything—including their own salaries—but what the paying public want it spent on; and want to do the spending themselves.

Instead of taxing them Parliament should be handing back to the public the vast sums the banks have already robbed them of, via their bogus debts—our usurped National Credit now masquerading as our National Debt!

Our endless labour troubles arise from the same underlying cause; and if strikes could cure them they would all be justified; but they can't and don't; and as the incessant demands for wage-increases when granted automatically increase prices to the same extent, it should long ago have dawned on the workers, and their leaders, that salvation can't come by that route.

The public's ever-declining purchasing power, in relation to ever-rising prices, makes peace impossible at home and abroad, and is responsible both for the permanent cold war, and the shooting wars it inevitably develops into—and all because our politicians, their minds so saturated with antediluvian notions about the sacredness of labour—for others—however evil the ends served by it may be; and the sinfulness of incomes not earned by honest toil—while ingenious plants, capable of pouring real wealth into our laps as fast as we need it, are daily making large and increasing numbers of honest toilers redundant—that instead of rescuing the community from the slavery conditions and needless poverty imposed on it by the bankers' bogus debts—as is within their power and is their

THE STRUGGLE FOR MONEY

bounden duty—they aid and abet the latter by making work an end in itself, indeed the main object of life and living, to which everybody must dedicate himself wholeheartedly if he wants to receive any income at all on which to live. This policy is a betrayal of the splendid heritage handed down to the human race by past generations.

CHAPTER SIX

Our Bogus Debts

Great Britain's National Debt on 31/3/54 was £26,583,032,762, of which £24,468,484,647 was internal debt (Whitaker's Almanack, 1956). And this debt will continue to grow in the future as it has grown in the past, from nothing, because that is how the credit-machine works.

But just as it is impossible for a man to be in debt to himself, so should it be with self-contained nations—so far at least as their internal debts are concerned—and if their financial bookkeeping is honest and correct they should never have any external debts they can't pay off—unless the countries they are in debt to, because their financial bookkeeping is as fantastic and dishonest as ours now is—and they all are—erect tariff barriers to keep imports out, as they misguidedly do, being blind to the fact that imports are the only real way that exports can be paid for; money payments being only a half-way settlement.

The fact that every country, however great its capacity for producing real wealth may be, has great and growing debts, is conclusive proof that its financial bookkeeping is fundamentally unsound and dishonest.

Everybody in debt knows that he can't borrow himself out of debt; yet that is precisely what every country is trying to do today; and it can't be done. Their lack of success during the past two hundred and fifty years should long ago have driven into the heads of their Governments and Treasury officials, however dense, the conviction of its

impossibility, and realisation that the fault must lie in the bookkeeping; but unfortunately it hasn't; and their financial controllers—the bankers who created these debts, however the fact may be hidden, are never likely to abandon the source of their power and profits voluntarily, by openly confessing their sins and possibly putting their heads in a noose!

Our politicians today are just as blind—or stupid—in this respect as their predecessors; and they are more culpable; for the true facts of the case were made widely known to the world at large more than thirty years ago, when the late Major C. H. Douglas blew the gaff on the money racket.

Here is a short account of how our National Debt started, taken from "Crowther's Encyclopaedia of Phrases and Origins" under the heading "Paper Money":—"The first paper money in England was issued by the Bank of England in 1694. The circumstances are a little peculiar. Up till then banking, as we know it now, had not existed. But in that year the goldsmiths, who were the money-lenders of the country, in return for lending their capital, in gold, to the Government—the amount was £1,200,000—were granted, as a charter, the right to call themselves the Bank of England. The other terms are worth remembering, in view of what followed. They were that the Government should guarantee the loan of £1,200,000, and pay a high rate of interest (8 per cent.); and that, because the money-lenders had parted with their working capital in gold, they should be entitled to issue £1,200,000 worth of money-lenders' promissory notes (paper promises to pay gold on demand) and use these notes for trade. These notes being, in effect, covered by the £1,200,000 in gold owing by the Government, were honoured throughout the land in exchange for goods, etc., and later became known as bank notes. The smartness of the deal can now be seen. The moneylenders who had started that day in 1694 worth £1,200,000 in gold, went to bed worth £2,400,000, since not only did they own the gold lent to the Government, but they had created out of thin air a further £1,200,000 in

paper money that became known as bank-notes, and were honoured in payment of anything, just as gold was.

"It was the lending of the moneylenders' gold to the Government that laid the foundation of our present National Debt." And the writer could have added that an unlimited extension of the process has brought it to its present colossal and cheerless height, and will continue to add to it, unless we change the practice.

The coming of paper money was probably inevitable sooner or later, gold being a somewhat scarce commodity, and it being quite inessential that the money medium should have any intrinsic value at all—indeed, the nearer its intrinsic value comes to zero the better—more economical—it should be for everybody. It was a real economic advance, and paved the way for the Industrial Revolution, a revolution which should have made living today a picnic for everybody; and would have done so but for the dishonesty of the bankers in claiming the paper money as their own.

Before banks existed governments had to collect their taxes from the community direct, before they could spend a penny. That cramped their style a bit probably, but it tended to restrict lavish government spending, a very desirable thing; and the taxes collected were the full extent of the community's loss.

Today they take what they want in a much more subtle, harmful, and uncontrollable way. They borrow money and credit as they require it, for their real and fancied needs, from the banks—"who create the means of payment out of nothing"—which means that millions of costless, unearned £s are created and unloaded on the country's market like counterfeit notes—which in effect they are—to inflate prices and dilute and devalue everybody's money and purchasing power, and so deprive, and rob them of the goods and services their money should have bought but for the dilution process; and it is done without their knowledge or consent. All they are aware of is that prices are always rising against them; for which they are inclined to blame the shopkeepers—or, if they are Socialists

THE STRUGGLE FOR MONEY

or Communists, the Capitalist, without understanding that the bankers' bogus debts are the heart and soul of all that is evil in Capitalism.

That is bad enough, but worse follows. Having got easily what they wanted by a convenient trick; and being in debt to the banks for the costless £s borrowed, they add insult to injury by unloading the debt on the robbed community, and taxing it to recover what, in effect, had already been stolen from it, via rising prices. Now, the taxpayers can only pay in earned £s—there are no costless £s available for their use—and, incredible as it may seem, these taxes are imposed, not to repay the people who were robbed in the first instance to supply the borrowed money—the general public—but the people who did the robbing—the creators of the costless £s borrowed—i.e., the banks—and they, on receipt of the tax money wrung from the public—who had earned it—deduct their interest—i.e., costs and profits, with a substantial chunk for Reserves—and cancel the debt in their books. And as, according to the rules of double-entry bookkeeping, every debit entry being balanced by a corresponding credit one, the cancellation, or reduction, of the debt automatically cancels and reduces the community's credit by the same amount. In the words of the late Mr. Reginald McKenna, then chairman of the Midland Bank—"The amount of money in existence varies only with the action of the banks in increasing or diminishing deposits. We know how that is effected. Every bank loan, and every bank purchase of securities, creates a deposit, and every repayment of a bank loan, and every bank sale destroys one."

But the evil doesn't stop there: the cancellation, or reduction of the credit doesn't cancel the debt attached to the earned money that did the cancelling and brought about the premature and unjustified reduction in the community's purchasing power. This debt remains embodied in the costs and prices of new goods yet unsold, against which there is now no money in consumers' hands with which to buy them and liquidate the debt. If the debt is to be liquidated at all it can only be through further bouts of

OUR BOGUS DEBTS

borrowing by somebody—fresh bogus debts, for fresh production having nothing whatever to do, economically, with the goods and debts in question.

Debt creation is a continuing and expanding process. The more we produce the more we have to borrow, and the more we go in debt; and the more we go in debt the bigger is the surplus that we can't buy with our incomes; and out of this apparent dilemma grows the false belief that salvation is to be found in foreign investments and trade, by exporting our unsalable surpluses abroad, and dumping our debts on the foreigner—over whom we have little or no control as regards repayment.

Actually, of course, no country, however it impoverishes itself in this ridiculous fashion, can possibly cope with such an absurd and monstrous situation, which demands that more money be paid back to the banks, by individual borrowers, via interest charges, than is ever lent to them. Shylock in excelsis! So the bogus debts run on and accumulate as National Debts, constituting a bleeding sore which robs the nations of their wealth, and health, and vitality, and makes them the slaves of the financial hierarchy, while driving them on, mistakenly, to destroy each other as the apparent cause of their failures in the markets of the world, and the troubles that breed at home.

It is some consolation—but not much—to know that when the final catastrophe our bankers and puppet governments are storing up for us arrives, via the atomic weapons they have financed, they too will perish along with the rest of us. May we be allowed to hope they do not R.I.P. too comfortably?

Anybody who believes that bodies like the League of Nations, now happily deceased, or the U.N.O., still, unfortunately, alive, although struggling, will put an end to war, or right human wrongs, will believe anything. Wars, civil or international, will continue as long as human wrongs remain unrighted; until Man either destroys himself—as is likely—or acquires the power to right his wrongs for himself; and that will only begin to happen when we substitute honest finance for dishonest.

THE STRUGGLE FOR MONEY

Verily we live in a madhouse, and are ourselves mad, if we allow our bogus debts and their creators to destroy us.

These debts can never be liquidated, as things are, except by bringing all production to a standstill, emptying everybody's pockets and bank accounts—in other words, by committing hara-kiri—with all debts and credits at an end, because all debtors and creditors are also at an end!

As our loans and debts increase, so also must production; and what we produce must be sold—the hardest task of all—if the economic treadmill is to be kept running and the world's population kept alive—to keep it running!

Of that increasing production the consuming public can buy only a decreasing fraction, as we have seen, the increasing fraction necessarily consisting of non-consumer goods that consumers can't buy—because they haven't the money, and wouldn't buy even if they had—atom bombs and the like. If they had the money the goods produced would be consumer goods designed to satisfy human needs; and the standard of living on that account alone would be infinitely higher than anything hitherto known.

The fact that we export our surplus goods—or try to—solely because we haven't the money, as consumers, to buy them with, means that we can't, as consumers, buy any imports we get in exchange for them either. Such imports must of necessity be mostly raw materials or intermediate products; and all we can do with them is to work them up a bit and re-export them—to bring in more raw materials and intermediate products, and repeat the process endlessly—spinning ropes of sand at great trouble and expense. And though the people engaged in this kind of work are presumably earning incomes, they can only be earning them at the expense of the rest of the community—with the connivance of the banks, or the Government, or both. What is certain is that their labours add nothing to the amount of real wealth available for consumers.

The foreign loan policy is designed chiefly to make work—mostly unnecessary work—so as to ease what is called “the unemployment problem,” and keep the workers quiet—if possible—but there is no earthly reason why unemploy-

OUR BOGUS DEBTS

ment should ever be a problem. Make it paid leisure and it ceases to be one. It is a problem only because the world has not yet awakened to the fact that an industrialised civilisation can't possibly convey to the people, through the medium of wages, salaries, and dividends alone, the abundant wealth it is capable of producing. Hence the need for a supplementary, unearned income—or National Dividend, representing the part played by the National Heritage in production—or, to put it somewhat crudely, but easier to grasp perhaps—the unpaid earnings of the Machine. For although machine costs are a great and growing item in prices, no money passes to the community, as consumer income, in respect of these costs when the machines are brought into use. Hence the permanent—and growing—lack of balance between total incomes and total prices.

Prior to the coming of banks and the Industrial Revolution nearly everything was produced by human energy; consequently the community's earnings were the main item in production costs, and were sufficient to buy practically everything that was produced; but after the Industrial Revolution machine-power became an increasing item in production costs; and the community's earnings became a relatively decreasing fraction of these costs, and could buy only a decreasing fraction of the total output.

Stage	Man-power-Costs and Incomes distributed	Machine-power Costs, No Incomes distributed	Total Costs
1	100%	Nil	100%
2	75%	25%	100%
3	50%	50%	100%
4	25%	75%	100%
And if complete automation were possible we could add a fifth stage:—			
5	Nil	100%	100%

THE STRUGGLE FOR MONEY

In the first stage the community's earnings can buy the whole output, so no National Dividend is required. In the second stage the community's earnings can buy only three-quarters of it, so a National Dividend equal to the Machine-power Costs is required to buy the remaining quarter. In the third stage the community's earnings can buy only a half, so a National Dividend sufficient to buy the other half is required, and in the fourth stage the proportions are—earnings a quarter, and National Dividend three-quarters. Complete automation—an impossibility—would free the community from productive work altogether, and free them from their income too, unless we present them with a free 100% National Dividend.

The figures in the table represent only financial relationships: the actual output at each new stage would be enormously in advance of the previous stage, because of mass-production power and economy.

Increasing either wages, salaries, or dividends fails to adjust the balance, as we have seen, since every such increase is also an equivalent increase in prices; so production and its costs have to be carried increasingly by additions to the world's National Debts; which automatically tightens up the taxation screw everywhere and adds to the tortured consumers' miseries.

Foreign loans solve no problems, except temporarily and at great cost, as the undeveloped countries getting them use them to become industrialised too, and so become able in time to make for themselves what they formerly imported.

Caught like the rest of the world in the meshes of debt finance they develop, automatically, all the faults of the older industrialised countries—of having more goods to sell than they can buy with their incomes—and so are drawn willy-nilly into the universal competitive scramble for markets and money, whose inevitable end is international, totalitarian war. This struggle makes every country a potential, actual, and constant danger to every other country; and on this account alone all war-time alliances are necessarily very unstable affairs. Their

OUR BOGUS DEBTS

individual interests can never be reconciled, as things are, for there is no way of getting rid of war, and generating real friendliness between the nations except by getting rid of debt-finance.

When the home and foreign markets combined fail to absorb quickly enough the unsalable surpluses accumulating everywhere, owing to the universal shortage of consumer purchasing power, there is nothing for it but to start making goods specifically for large-scale destruction—in other words, war goods—partly because the danger of war is always present, but more immediately, to avoid unemployment on a scale that would rock the world and send it rattling back into barbarism—to use Sir Winston's famous phrase—so it is easy to find justification for large-scale war-production programmes.

Unfortunately, mere preparation for war is not a sufficient safeguard, or guarantee of full employment. The war goods must sooner or later be brought into use and destroyed, or the countries of the world would be so cluttered up with them that it would be hard to find a place for them all, and work—and the incomes derived from work—would slow down or stop, an eventuality to be avoided at all costs. So the time comes when some country is driven to apply the spark that sets the world ablaze, and—Hey presto!—jobs can be found for everybody—men, women, and children—and the world's work policy be made safe for another short period—until the dreaded peace arrives!

The same result could be achieved—in an equally insane way, but without any loss of life—if all unsalable surpluses were dumped in the depths of the ocean. The trouble in that case would be to provide an excuse that would satisfy the world of slaves that produced them that their wasted labour was necessary.

Incidentally, their bogus debts would remain and grow, as before; and they would still remain poor.

A second, and sane alternative is, of course, to make and keep every country's total income equal to its total

THE STRUGGLE FOR MONEY

production costs and prices. The goods made then would be what the people themselves wanted, and there would be no unwanted goods produced, and no unsalable surpluses accumulating; and so no need or incentive for war or enmity between peoples.

This proposal is so heretical that even a man as courageous as Sir Winston Churchill hasn't had the courage to introduce it, although he has put it on record that "lasting fame and great advantage would attend the nation which first secured the prize," i.e., that delivered itself from the "Curse of Plenty"—by sanely adjusting supply and demand to each other financially.

Why, then, don't they make the necessary financial changes? What holds them back? Who, or what, are they afraid of? The bankers who are responsible for it? If Lord Cecil of Chelwood is right, international financiers—that is, the bankers, or men financed by the bankers—"tremble at every rumour, and are the sport and plaything of every journalist and politician." Are such tremblers capable of putting up a real fight against a world of justly incensed people which understands the true position of affairs?

There is a strong suspicion that the atom and hydrogen bombs that have been exploded so far were set off at the instigation of the financial hierarchy that financed their production—at the public's expense of course, but not at their request—in order to frighten the peoples of the Earth into giving up any remnants of freedom they may still possess, and accepting in exchange a world government financially controlled by the hierarchy.

With this end in view the peoples of the world are being roped into the United Nations' fold, like sheep, without ever being asked by their governments if they wanted to yield up their sovereignty and freedom of action—so far removed are all governments from being democratic—and if all goes well with the shepherds they will soon be shorn and disarmed, and rendered helpless and harmless, and ready for the slaughter if need be—hynotised, perhaps,

OUR BOGUS DEBTS

by the false promise of permanent peace and happiness held out to them, as a bait, by those who are plotting their disarmament and enslavement—the bankers and financiers who become rich and supremely powerful, precisely by financing wars, and weakening the peoples at war by the bogus debts they load them up with.

This world government, when fully organised, will of course be provided with a private army of its own—to maintain the peace!—for the disarming of the nations won't remove any of the causes that at present drive them into war. It will, in fact, intensify these causes, for the disbanding of national armies will throw millions of ex-soldiers, and more millions still of the people who at present cater for the military and other needs of these ex-soldiers, into the ranks of the unemployed—all over the world—with disastrous results that may easily be worse than the evils they are supposed to avert.

The world army will necessarily be exempt from the restrictions imposed on the individual nations—and woe betide any dissatisfied and disarmed country that proposed to secede from the Organisation and recover its right to manage its own affairs, and manage them better. This would be intolerable to the hidden hand; and the unfortunate country would soon know—for a second or so—what an atom or hydrogen bomb explosion is like! Better far, it would be argued by the exploders, that an unco-operative nation should perish than that the peace of the world should be endangered!

With a World-Parliament in the offing, to control the machinery of government—"but not to govern, being controlled by the hidden hand"—all the indications are that we are about to be thrust, whether we like it or not, into the bankers' idea of the millennium—a thousand years of absolute power and bliss for them, but a thousand years of Hell and misery for the rest of us; and we are not going to like it; but as our elected representatives of all parties seem to have lost all real regard for our personal and national rights and interests, and manifest a repulsive

THE STRUGGLE FOR MONEY

inclination to kiss the financial hands that strangle and impoverish us all, we shall have to lump it—unless we get very busy, very quickly, and devise machinery for limiting the power of our elected parliaments, and cutting off the power of “the hidden hand.”

CHAPTER SEVEN

The Bankers' Bottomless Vaults

Governments of every colour and description are never tired of reminding us that the national purse is not bottomless—usually as an excuse for not doing something useful—so let us turn our attention for a moment to the banks, with their apparently bottomless vaults, where all money and purchasing power—and debts—have their breeding place and painless birth and growth, but with the most painful repercussions on the life of the outside world, to see if we can discover how they are able to do what the theoretically more powerful parliaments can't—so they say—do.

Where and how do the banks get the countless millions of pounds they lend so lavishly where they shouldn't—on forced exports, atom and hydrogen bombs, world-wars and the like—and so stingily where they should be lavish, up to the limits of our productive power—on consumer incomes and goods, and the home market, and the creation of a really free, leisured, civilised society, where everyone is, or may become to a great extent, master of his own fate—and put us instead so deeply and painfully in their debt for all our efforts, good, bad, and indifferent, that we are incapable of getting out of their clutches.

They get them out of a bottle, a common ink-bottle—yet charged with more powerful magic, for good or evil than ever Aladdin's wonderful lamp was—and those who have put themselves in charge of it, unfortunately for the

THE STRUGGLE FOR MONEY

world, use that mighty magical power increasingly for stupid and evil ends undesired by the world at large.

They create them out of nothing or thin air, as Hawtreys and other authorities have told us, by simply writing them into existence in their ledgers, with pen and ink, and calling them credits; and the drop of ink that creates a humble credit—and debt—for a humble borrower, and a possibly useful purpose, can, with equal ease and costlessness create less humble credits and debts to the tune of millions and billions of pounds, to finance world-wars and the creation of mechanisms and means specifically designed to blow us all to blazes.

And which of these credits, I wonder, pays the banks best, in power and riches—the little useful ones, or the big destructive one?

We never hear that the banks protest when asked to finance such diabolical affairs as atom and hydrogen bombs. They appear to do it willingly enough—ostensibly to oblige panicky politicians, unable, or unwilling, to see that these bombs are the logical outcome and Nemesis of the fraudulent financial bookkeeping they tolerate. It is all good business of course, and makes work!—and, as everyone knows, or should know by now, we have heard it so often, “Satan finds some mischief still for idle hands to do,” so work has to be found, or made, for them at all costs—and what more useful in that respect than wars?

When the critical moment arrives, and war is declared, our painful search for foreign markets is at an end. We hurl our accumulated surpluses joyfully, holus-bolus and free of charge, at the enemy, as fast as we can; and he heaves his back at us; and we both slave like niggers to keep the market fully supplied. There is no unemployment: there is work and overtime in plenty for everybody but the very old, the very young, and the very infirm—and what more could the heart of man desire?

I wonder what evil the idlest of hands ever did comparable with the manufacture and use of the atom and hydrogen bombs the busy hands of the banks rob us so pleasantly of our purchasing power to produce? Is it

THE BANKERS' BOTTOMLESS VAULTS

possible that their bottomless vaults and the bottomless pit are one and the same place?

These pen-created credits are made effective for the borrowers and the outside world by means of bank-notes, cheques, etc.—paper instruments costing little, printed and put into circulation by the banks.

Silver, copper, and other coins—the small change of credit—are manufactured in this country by the Government at the Royal Mint; but as they are bought with costless pen-created credits and put into circulation by the banks, that means that they get them for nothing—at our expense!

These costless credits are the entire source and origin of the world's ever-growing bogus National Debts; and the fact that they continue to grow like a snowball, in spite of crushing taxation imposed on every hapless country in this hapless world, in fruitless attempts to reduce them, should bring home to everybody capable of thought the enormity of the offence being committed daily and hourly against the whole human race by those responsible—the bankers of the world and their accomplices or dupes, the official governments that tolerate it.

The general result of this combination of cleverness, stupidity, and iniquity known as the financial system, is that over the whole field of production total prices are always galloping away from total incomes—as everybody knows from experience—no matter how low the price of the unit articles produced may fall, under mass-production methods; or how high earned incomes may rise—owing to the fact, first, that it is the total costs of production that the community's income has to meet, not individual units only; and the substitution of machines for men, to bring about that increased output—means that the community's total income falls, relatively, as total costs and prices rise; and, second, that every rise in wages, salaries, or dividends, being also an equivalent rise in total costs and prices, fails to increase the community's real purchasing power. And the more we industrialise and increase production, and the harder we work, in the hope of liquidating our debts and

THE STRUGGLE FOR MONEY

becoming solvent, the faster do prices and debts gallop, and the worse does the world's plight become.

Occasional apparent falls in prices or taxation are only apparent, and very occasional and temporary. If we are not called on to pay in one direction we are called on to pay in another; the debt-creating process goes on all the time. These apparent falls are mere window-dressing, and mean only that the banks are deliberately curtailing credits to the borrowing world, a practice that automatically puts the brakes on buying and selling, production and consumption, and so makes it difficult or impossible for borrowers to repay their debts; and also reduces the standard of living. The technical name for this device of the banking trade is Deflation.

Only the banks can inflate or deflate, as they alone at present have the power to expand or contract the supply of money and credit in the public's hands.

Inflation and Deflation—that is, simultaneous inflation (of costs and prices), and deflation (of personal purchasing power) are the essence of all banking business, by means of which the banks are able, from behind the scenes, and away from the scrutiny and knowledge of the public, to control the economic system, and, through that control, direct the energies of all classes into channels favourable to their policy, regardless of the real needs and desires of the people themselves.

Deflation is not a cure for Inflation, as people are taught to believe; both are bank-created and therefore removable evils; and the more conscientiously the public apply the officially-recommended remedies—i.e., to save more money, and work harder to produce more goods—the less, relatively, do they get of that production to consume or use, and the deeper do they go in debt, despite credit squeezes and crushing taxation imposed on them to try and keep the National Debt down. This is borne out in the papers of 18/6/56, wherein it is recorded that Mr. Macmillan, Chancellor of the Exchequer, in a written Parliamentary answer, stated that Britain's National Debt was £15 per head in 1900—and reached £528 per head last year (1955).

THE BANKERS' BOTTOMLESS VAULTS

In the first 20 years of the century it went up to £147, but by 1945 it had risen to £434 and had kept on going up since. Last year £5 was added to the 1954 figure. (The war was supposed to end in 1945.)

I haven't the slightest doubt that all his predecessors in office tried as hard to reduce the debt as he claims to be doing, yet his figures show that they all failed, as he will fail. Why? Because they all go to the "experts"—the bankers—for guidance in matters financial; and as long as they do that they will get false advice. They might as well go to crooks and criminals to learn how to put down crime. The National Debt will continue to grow as long as we allow the banks to usurp our National Credit and lend it to us again as a debt due to themselves! Until that is stopped there is no hope for us—or for the world.

CHAPTER EIGHT

The Remedy

In general terms the remedy consists in restoring to the consuming public the purchasing power it is robbed of daily with every *new* credit—as distinct from replacement credits—created by the banks to finance the needs of production and commerce, and the activities of the Government and Local Government bodies; and this consists, among other things, in transferring the National Debt—so far as it is internal debt—to the other side of the nation's balance-sheet, as the National Credit it really is—while recognising and acknowledging the rights of all those who have been induced to invest their savings in Government securities—provided it really is their savings that are invested, and not merely money got by way of bank overdrafts, a practice fathered by the banks during the First World War, and still practised for all I know. This would form the foundation of the National Credit Account.

Replacement credits are ones which cancel and replace earlier new and replacement credits. They don't cause any fresh inflation, but they keep earlier inflations and debts alive after the incomes they represent and replace have been spent, and cease to exist as anybody's purchasing power; and they carry these earlier debts forward in current costs and prices and debts. They are never anybody's income.

So if justice is to be done, and "the strange discordance between the consuming and producing power" Sir Winston

THE REMEDY

complained of is to be overcome, free issues of money or credit, from the National Credit Account, must be distributed to the consuming public, to bring their total purchasing power up to the level of total prices; and so enable them to buy and pay for everything they care to produce, cancel the bogus debts attached thereto, and so become solvent and free, probably for the first time in history.

The whole present structure of costs, prices and debts is built up on cumulative, inflationary, snowball lines; whereas the community's total personal income, which is set the impossible task of liquidating this cumulative snowball, is non-cumulative. It is earned, spent, and gone—earned, spent, and gone—in endless succession. Hence the mountains of bogus debts called into being to bridge the gap between the two, and the mountains of useless labour and wasted material they involve, now crushing the peoples of the world, and threatening their existence. Their salvation depends on, and awaits, the squeezing out of all this inflationary water from the price snowball.

To stop the bankers' depredations we must :—

1. Set up a National Credit Account. At present we have only a National Debt Account; the banks having usurped all our National Credit—to create our National Debt!
2. Institute a National Dividend;
3. Finance New Production by drafts on the National Credit Account, and not out of Savings; and
4. Allow a Just Price Discount on all personal purchases, out of income, for final use or consumption—to adjust book prices to actual incomes.

The National Credit Account: This would be a compilation of the money valuation of all the country's capital assets and resources, whether publicly or privately owned—everything, in fact, that might appear in prices as a cost, if requisitioned or used; and this necessarily includes an actuarial estimate of the commercial capitalised

THE STRUGGLE FOR MONEY

value of the population itself—an indispensable asset that gives value to all other assets. (A number of years ago the value of a citizen of the U.S.A. aged 25 was said to be about £10,000. That was before the Second World War. The figure varies with the actuarial expectation of life and the plant capacity of the country, so should be considerably higher now.)

These capital assets are the country's Real Credit, and sum up and measure its capacity to create and deliver goods and services; and on it the National Dividend would be based, and financial credit be created against it by the Treasury.

The National Dividend: Once the fact is grasped that all the financial credits the banks create and lend us are really our own—being drafts on the nation's real credit—its ability to produce a wealth of goods—it becomes apparent that whatever the community has the ability to produce or do, and cares to produce or do, it can not only finance without the slightest difficulty, but also finance the consuming public to buy and pay for it when produced or accomplished; and in so doing liquidate, for good, all the formal debts incidental to its production or doing, without having to incur and sustain fresh and larger debts in the process, as now.

The National Dividend would be based on the National Credit, and would be a debt-free issue of credit from the National Credit Account, and added to the bank account of every member of the community, at regular intervals, independently of any other income he—or she—may have or earn—everybody's share being equal.

The National Dividend is a gift from the past—from the National Heritage—and represents what I have slumped together roughly and called the unpaid wages of the Machine; and its purpose is to keep the community's income always abreast of its productive capacity.

This would usher in an honest self-liquidating economic system, and a new and hopeful era for the whole world, free from bogus National Debts and the cut-throat competition for money and markets they engender, at home

THE REMEDY

and abroad, which at present threatens to put an end to everything and everybody.

Financing New Production: Just as people can't eat their cake and have it, even so they can't invest their money in industry and at the same time retain it for buying the final products of that industry—i.e., consumer goods—in the price of which the money invested re-appears as a cost, although it no longer exists as anybody's purchasing power.

The money invested increases output, costs and prices; but reduces to the same extent the community's purchasing power and ability, as consumers, to pay these prices and buy the fruits of the investment in the shape of goods produced. Hence the need for financing all production by drafts on the National Credit Account, and not from Savings; and counter-balancing the costs for the consuming public via the National Dividend and the Just Price Discount.

The banks do actually finance industry at present by drafts on the nation's real credit—its ability to produce goods and render services. Their offence, or crime, is that they wrongfully—or sinfully—record them as drafts on their *own* credit, a proceeding which drives us, and the world, on to ruin and disaster.

The Just Price Discount: Every business without exception must fix its prices to cover all its costs and yield a profit if it is to remain in existence.

Its prices are made up of two groups of costs—Inside Payments and Outside Payments. The Inside Payments are the wages and salaries paid to the employees, plus the distributed profits or dividends allocated to the owners or shareholders. The Outside Payments are all other payments, made to outside firms and concerns for goods and services needed to run the business—buildingss, plant and machinery and tools, raw materials and intermediate products—and final products in the case of retail businesses—transport, repairs, and so on—also rates and taxes; and these Outside Payments are obviously *not* income to anybody in the business that makes the payments.

THE STRUGGLE FOR MONEY

If we call the Inside Payments A, and the Outside Payments B, total costs are A plus B; so it is equally obvious that the owners and employees of the business cannot, between them, possibly buy—with their joint incomes, represented by A—the total output of the business, the price of which is A plus B—even if they wanted to, which, of course, they don't.

That is true of every individual business, so it is true of all businesses collectively, in any week, month, year, or period of years we like to take; from which it follows that the country's total income—every country's total income—all the world's total income—is at all times insufficient to buy its total output; and to that fact all the world's major troubles are due.

That is the late Major C. H. Douglas's famous A plus B theorem; and many people, including not a few professional economists—but no bankers, so far as I am aware—have rushed into print to prove it false, only to reveal their utter incapacity to handle figures correctly. Disregarding the elementary fact that comparisons between A and B payments, to have any value or validity, must be taken for the *same* periods of time, they analyse the B payments—the Outside Payments—and find, correctly, that they were all, originally, at one time or another, Inside Payments—i.e., A payments, payments of income in some business or other—and conclude from that, quite wrongly, that B payments are payments of income too; consequently, they contend, the community's total income is always able to buy and pay for everything that is produced. And if they are Socialists or Communists they may add that all that is wrong is that most of the money is in the wrong hands, the hands of the rich.

The reasoning is as false as to say that, as everybody now alive was born, therefore everybody born is still alive!

(B payments are carried by "replacement" credits; and replacement credits are debts due to the banks, but are never anybody's income.)

Critics of the theorem shut their eyes to the glaring evidence provided by the whole labour world's eternal cry

THE REMEDY

for higher wages, and their resort to endless strikes to enforce their claims, merely to try and keep themselves abreast of ever-rising prices—a feat impossible of attainment, because every increase in wages is also a corresponding increase in costs and prices.

They also shut their ears to the Government's eternal cry that we must increase our exports—merely because the home population hasn't the money to buy everything it produces.

Mr. R. A. Butler, when Chancellor of the Exchequer, was reported as saying at a meeting in Edinburgh on 24/10/52, that if Britain could not improve her export trade, she could not improve her balance of trade, "Unless you sell more than you buy in food and raw materials," he said, "you will go bust."

Sheer lunacy! Let him explain how the world can sell more than it can buy, since every sale is a purchase—except by piling up debts—bogus debts—and cutting its own throat.

The same pathetic, and brainless, banker-inspired clichés are being dinned into our ears every day in the week, in and out of Parliament—and in the Press—without investigation as to their meaning or truth, by those who utter them.

Hitler said earlier that Germany must export or die; and the whole world can say the same and believe it to be true—and even go to war in defence of that belief—without apparently realising the fact that as every export is an import somewhere, and every import an export, they are all bound to "bust" or die—and probably will, unless they learn to talk sense.

For the contention to be true that the community's income is able to buy everything that is produced, it would be necessary, either that all the money now classified as a B cost should have been saved intact from the day when it was an A cost and somebody's income, and not spent at all until the work done, or the service rendered in return for these payments, was embodied in the costs and prices of consumer goods and sold to a final consumer, months or

THE STRUGGLE FOR MONEY

years ahead; or else that producers of raw materials—possibly on the other side of the globe—and the makers of intermediate or final products, should delay paying their workers until the retailers of the final products had sold them to final consumers, and passed back the money received to the various contributors in the productive chain—only to find, in both cases, that they had all starved to death because of the lengthy interval between the work done and its just reward in consumable goods.

A little thought would have shown these hasty critics that although all B payments were at one time A payments, that time is always in the past—often a very distant past—and, needless to say, all money and credit that was income in the past was spent in the past—probably within a week or two of its receipt, for most people—and repaid to the banks, and thereafter ceased to exist as anybody's income, although it continued to exist in the costs and prices of to-day—via replacement credits—as a B payment and a communal debt; and so is not available for final personal purchases at all.

How much have you left—you who may read this—of your wage or salary at the end of a week or month? And where has it gone after you spent it? Back to the banks to cancel earlier bogus bank debts, and no longer exists as anybody's purchasing power. Yet your employers will still be in debt to the banks for the money you have spent—as well as for the money you haven't yet spent—if any!

Great Britain's bogus Internal National Debt to-day (1954) of £24,468,484,647 (Whitaker's Almanack 1956) is living testimony to the truth of the theorem.

Nationalising industry, or the banks—or both—does nothing, and can do nothing, by itself, to redress this discrepancy between incomes and prices. Only a change to honest bookkeeping can do that; and if we get honesty there, nationalising anything of a productive nature will be easily seen by everybody—even Socialists and Communists—to be the most inefficient and unsatisfactory way of doing it.

THE REMEDY

All money and credit distributed as income is only income once—i.e., at the point in the productive chain where it is received, directly, as wages, salaries, or dividends (A payments); thereafter it continues in existence, somewhere, as a B cost, and is carried forward into the future, by means of replacement credits that are never anybody's income. These replacement credits are debts—bogus debts—repayable to the banks; and as things are they can only be repaid by substituting new debts for old ones. They can never be wiped out. They can only mount up as additions to the National Debt, and suck away the financial life-blood of the nation, and—by repetition everywhere—of the world.

Although it is true that the employers and employees of any business do not want to buy the whole of their own output—because it would be too much of a good thing, and would prevent them from buying other people's goods; collectively, taking all businesses and outputs into account, they do want to buy it all, since they have produced it—unless they are producing the wrong kind of goods—which is exactly what they are doing, and have to do to a very large extent—guns instead of butter; atom bombs instead of houses; exports in excess of imports—and they ought to be able to buy them all—even the guns, and atom bombs, and surplus exports—without putting themselves in debt.

All these B costs in prices are “water”—bogus debts—which must be squeezed out of prices, or compensated for by financial adjustments, if the public are to acquire and own all the wealth they—with the help of the machines—produce; and, by acquiring it, survive. The question is how it is to be done. Douglas's Just Price formula supplies the answer.

If money or credit didn't exist it would be easy to see that the Real Cost of producing anything is the amount of energy—human and non-human—consumed or used up in producing it—which means, if we care to think it over, that the Real Cost of Production is Consumption. So, if we know the money value of the nation's total production

THE STRUGGLE FOR MONEY

and consumption, capital appreciation and depreciation, imports and exports, in any accountancy period—and Government departments can easily supply that information—the Just Price of any article is easily and automatically found.

The formula is that its Cost Price should be to its Just Selling Price as the money value of the nation's Total Production (including Capital Appreciation and Imports) is to the money value of its Total Consumption (including Capital Depreciation and Exports):—

$$\text{Just Price} = \text{Cost Price} \times \frac{\text{Cost Price of Total Consumption including Capital Depreciation and Exports}}{\text{Cost Price of Total Production including Capital Appreciation and Imports}}$$

Thus, if in any accountancy period, twice as much—in terms of money—is produced as is consumed, the Just Selling Price of articles bought by final consumers in that period would be half their Cost Price. If the ratio were three to one the Just Selling Price would be a third of its Cost Price; and similarly with other ratios.

The beauty of this formula is that besides conveying the products of industry to would-be consumers on all income levels with the maximum of speed and efficiency—that is, as fast as productive capacity can adapt itself to real demand—the fluctuations of the discount rates serve also as a useful barometer, indicating to everybody when it is desirable to increase production and when to slow it down; and provide them with a personal urge or incentive to do the one or the other when required; for if production and productive capacity increased faster than consumption—as it normally does even now—the Just Price Discount would rise and the net Just Price fall in proportion, which would enable people on lower income levels to increase their purchases as the needs of the higher income levels became satisfied, until the wants of all income levels were fully satisfied; and when that happened demand would

THE REMEDY

fall away to some extent, and stocks accumulate, so producers would naturally slow down production for the time being and take a holiday. But as stocks got lower while production was suspended the discount rate would fall too, which would raise the Just Price correspondingly, and reduce everybody's purchasing power, and consequently their purchases, and so give a clear indication to the whole community when it was time to increase output again; and the declining purchasing power of their money would give them a strong incentive to set the wheels of industry whirling again to increase it.

But though the Just Price formula is based on all production and consumption, capital appreciation and depreciation, imports and exports, the Just Price Discount is granted only on final consumers' purchases, as all production costs are eventually embodied in final retail prices.

It is obvious, of course, that retailers couldn't possibly grant such discounts without going bankrupt, so where else should the adjustment take place than where the financial maladjustments have their origin—in the banks themselves. Retailers would give final purchasers a receipt for their purchases on a standardised form. These receipts would be handed into the banks by the purchasers—as cheques are now—and the appropriate discount be credited to their bank accounts.

CHAPTER NINE

Rich and Poor

Bolstering up the mess our financial bookkeeping has got us and the world into, and largely responsible for it, is the belief, now so deeply engrained in the communal mind by centuries of laborious toil as to be almost ineradicable, that because all wealth is the outcome and product of labour and effort in the past and present—which is true—therefore only those actively engaged in production, or in the social services now, to-day, are entitled to share in the wealth produced—which is false.

People reared on the Bible may, and do, quote in favour of a work policy the saying of Paul's (in 2nd Thessalonians, 3rd and 10th), "that if any would not work neither should he eat," sound enough sense probably when it was written, but far from sound now for general application.

In Socialist and Communist circles particularly the belief prevails that the poor are poor because the rich are rich. There was an element of truth in that too, before the Industrial Revolution. It is not true now, when we have evolved a productive system capable of providing everybody with a comfortable living, and all the amenities of civilisation, free from the fear of poverty and want, and with increasing leisure and decreasing labour—yet we know that poverty and want are still rife in the wealthiest countries.

RICH AND POOR

Socialists and Communists explain this by saying that the majority of people are poor because they have to pay tribute to the rich, who are parasites living on wealth produced by, and properly belonging to, the workers; and to a certain extent they are right. The rich—a dwindling class—are parasites right enough; but so, unfortunately for the argument, are the poor, and all the grades and classes in between! We are all parasites, whether we like the idea or not and whether we work or whether we don't; but the bodies we prey upon are Nature and the past—not the present-day workers at all. Each generation builds on foundations laid down by its predecessors. The accumulated knowledge of the centuries; the organisation of society; the technical equipment and training without which our greatest and smallest achievements would never have been, are a legacy we have inherited from the past. We of the present did not create it; at most we merely added some finishing touches.

The forces which, harnessed to these gifts, have multiplied our productive power so enormously, are the forces of Nature—steam, gas, electricity, oil, etc.—not human energy at all; and the human agents who to-day set these forces in motion productively, have only a right—as *workers*—to the decreasing fraction of the total product measured by their wages and salaries.

They have also a right, along with the rest of the community, to an equal share in the increasing fraction of the product provided by the machines, and measured by the remainder of the increasing production costs, a right they at present deny themselves by over-valuing their labour and not valuing at all their heritage.

Human agents are essential factors in wealth production, certainly, even if they merely add finishing touches; but compared with the contributions of Nature and the past their contribution is relatively small. Consequently, as workers they are almost certainly being overpaid, but as heirs of Nature and the past they are equally certainly being underpaid—that is, not paid at all.

THE STRUGGLE FOR MONEY

Human labour, considered by itself, is no more productive now than it was in the Stone Age. Its greater apparent productiveness is due solely to the advantages that civilisation has placed at its disposal.

The workers' error lies in basing their claim to a better living entirely on their labour, instead of frankly on the fact that they are, largely, parasites like the rest of us; joint heirs in the national heritage. By so doing they disclaim their right to a better living, both when working and when unemployed, whatever may be the cause of their unemployment; and they debar their wives and children not working, from making claims in their own right.

It is only as parasites—or, let us say rather, as civilised human beings, heirs to the wisdom and knowledge, the discoveries and inventions garnered and gifted to them by their ancestors and forerunners, that they have any real claim to a better living than the Stone Age men had; and it is only by so claiming it that they will ever, or can ever, get it; for the need for their labour is declining rapidly, and will continue to decline as the productive system becomes more mechanised and perfect—a combination of circumstances which, if properly handled, would simultaneously increase their well-being and leisure; but, if mishandled, as now, may be the signing of their death-warrant. Why? Because mass-production and automation are purposely designed to eliminate all unnecessary human labour—and a jolly good purpose it is!—and this means cutting down the community's earned income alarmingly, while increasing total costs and output equally alarmingly. Without a National Dividend the growing gap between incomes and prices can never be bridged beneficially.

It is folly for the workers to expect that they can compete successfully for any length of time against the fertility of the human mind in devising labour-saving devices and appliances; and it is absurd to desire it. In a co-operative state such as ours, they may legitimately demand that the industrial machine shall be run to full capacity, if need be, until their wants are satisfied; but

RICH AND POOR

they can't at the same time demand that the co-operative state must also find them work, paid work, when machines are doing the work for them, without defeating the object of co-operation, which is, to abolish work, as far as that is possible, in order to set human energies free for other, more desirable and pleasurable personal occupations and enjoyments than the mere making of an often indifferent living; and there is no limit to the number of things, interesting, pleasurable and desirable things, that can be done in what we call people's spare time—particularly when they have the money to spend on these other things and occupations.

The poor are poor, not because the rich rob them of their due share of created wealth—any such robbery, however apparently great, is only a fleabite, and is not fundamental. It is our Bogus Debt system of financing trade and industry that makes them poor; and for the workers to concentrate their forces in attacking and trying to destroy private enterprise, which has made their emancipation possible, while accepting, or condoning, or shutting their eyes to the evils of Bogus-Debt financing, is the height of folly. It is to strain at gnats while swallowing camels; and worsen their lot instead of improving it.

In a state of plenty, where everybody has the money to buy and pay for what he wants and can be produced, people do not rob one another; robbery has no motive. In a state of artificial scarcity such as we now live in, they will and do.

CHAPTER TEN

Summing Up

The human race is on the brink of annihilation—or, as some say, is about to commit suicide; but that is obviously wrong. Suicides want to die; but nothing is more certain than that the human race, with few exceptions, wants, above all else, to live, and live more abundantly. Equally certain it is that it now has at its command not only the knowledge, power, and physical means for destroying itself, but also the knowledge, power and physical means to give it the more abundant life it longs for, if only it cares to apply and use them properly.

Why then doesn't it do so? For the simple reason that at present it is not free to do so: it is in bondage to money and the money-makers—the banks—but doesn't understand that yet, and consequently doesn't know how to break its chains.

It is also in bondage to the various parliaments and governments, national and local, democratic and undemocratic—who are also in bondage to the banks. These bodies still delude themselves that they govern; but they are merely allowed "to control the machinery of government, being controlled by the hidden hand," as Disraeli said.

Individually and collectively they are in bondage mainly through their utter ignorance of how the money-debt machine works to control them—even, or particularly their Chancellors of the Exchequer; and they will never

SUMMING UP

become free in body or mind until they turn their ignorance into knowledge, and gain the power that knowledge brings.

At present they have allowed the banks to usurp their birthright—their inherent right to all the money and credit the banks create, since it is their—and their ancestors'—individual and collective efforts and industry—in alliance with Nature's powers—that give money and credit all their value today.

All they have got from the usurpation is the proverbial mess of pottage; and an unholy mess it is—poverty in the midst of potential plenty for the vast majority, unending toil, worry, misery, and world wars of extermination, instead of the leisure and peace of mind that is their due.

Nobody can do a hand's turn for himself or his neighbours unless and until he can lay his hands on money; and he can't do that unless he can squeeze himself into some job or occupation that the banks elect to finance—or can acquire it, by fair means or foul, from people who are in such bank-permitted occupations. The banks have the final say as to who or what shall, or shall not, be financed—and they don't hesitate to say it, silently but effectively, by pulling the strings and levers of control when the policy of their underlings—whether Parliament or the public—conflicts with their own.

Their power is absolute, or very nearly so; and they are moving heaven and earth to make it so;—at whatever cost to the world at large.

Thus, everybody without exception is dependent for all they get, be it much or little—and it is mostly little—on the banks and the channels they select or elect in which to pour—or dribble—the money and credit they make so cheaply, appropriate so dishonestly, and sell so dear.

Many people are in need of the bare essentials of living—food, clothing, houses, etc.; but have to do without them, not because there is any real difficulty in producing the things they need—there isn't—but simply because the banks—with or without the connivance of the Government—divert credit and labour from the industries concerned for

THE STRUGGLE FOR MONEY

enterprises they are more interested in—the production of atom bombs for instance—things people definitely do not want, and would never waste an ounce of labour, or spend a penny on, if they could avoid it; yet they are doomed to make the damned things if it offers them a job and a living, and more desirable occupations don't—because finance is being deliberately withheld from these occupations.

The first step in the direction of sanity for everybody interested in his own and his fellow's welfare, and desirous of making the world a place worth living in for everybody, is to make a close and careful study of the ideas of the late Major C. H. Douglas; the neglect of whose writings by governments and economists throughout the world is the crime of the century.

Over thirty years ago, when the first World War—then proclaimed as “the War to end all Wars”—was barely over, he prophesied the automatic coming of the second World War, and the ultimate destruction of civilisation unless we established an honest financial system; and backed up his prophecy with remorseless logic. The world failed to listen to him, and failed to establish an honest financial system; accordingly, twenty-one years after the first World War ended, we got the second World War; and are now busy stock-piling the means to destroy the human race and its civilisation in the coming third—Atomic—World War!

By making the financial system honest we would destroy the power of the Money Lords who, with the connivance of puppet parliaments, use it as an illegitimate instrument of government to coerce and enslave the world and hold it up to ransom.

Under cover of the thumping lie they have spread abroad in recent years, through many channels, that only by setting up a world-government—controlled by themselves of course—can the world be saved from the hydrogen bomb—which they have financed at the public's expense!—and destruction; a lie swallowed only too readily by well-meaning people not given to tracing evils to their source. It seems self-evident to the latter that if only the whole

SUMMING UP

world were brought under one control, and disarmed, wars could not possibly arise—and, in a way, they happen to be right! If a man swats a fly that is annoying him, nobody would say he was at war with it: they would merely say he wanted peace. Similarly, if dissatisfied, disarmed peoples made any trouble for a supreme world-government, by resolving to resume control over their own affairs, an atom or hydrogen bomb dropped conveniently in their neighbourhood would probably change the minds of the survivors—if any—but it could hardly be called war—for there would be no fight. We, today, would call it massacre; but to do so tomorrow, in face of a totalitarian world-government, would be signing our death-warrant.

That is certainly not the solution peace-loving people envisage; but it is the solution they will get.

As the bankers finance everything, even the manufacture of atom and hydrogen bombs, it would be truer to say that the human race—because of its ignorance—is in process of being lured, or driven, to its death—butchered to make a bankers' holiday! Two World Wars and the whole world now turned into an armed camp should have made their designs sufficiently clear to everybody—for it is they, the said bankers, and they alone, who create the conditions that make for strife and struggle, within and between nations; and it is they who wax rich and powerful through the bogus debts they create to finance the resulting wars.

We have seen how the goldsmiths who founded the Bank of England doubled their assets in a day by their clever invention of the bank-note—an excellent thing in itself but for the Bank's unscrupulous assumption of ownership, when all its operations and accruing benefits should have been credited to, and made available for, the real creators of its value—the general public, at whose expense it, and all bank credits, were—and still are—created; and the process has be-devilled the life of all nations and peoples ever since.

THE STRUGGLE FOR MONEY

In like manner the people of this country—and the peoples of the world—could, in a day, turn their bogus debts into the financial assets they really are, and so obtain full control over the wealth they have created, and can create—and over their own lives—by asserting and enforcing their right to these credits, now usurped by the banks. By doing so they would enter into a new world of increasing freedom, well-being, and leisure, having their needs attended to by “an aristocracy of producers, accredited by and serving a democracy of consumers” (C. H. Douglas): and with thoughts of war, and the need for it, receding further and further into the background as the nations fell, voluntarily, into line—as they certainly would when they saw the benefits that accrued to the forerunners.

And again I must emphasise that Governments are not the people, and must be denied all power to mortgage the community's money and assets in advance—not even by Act of Parliament—nor handle them at all without the community's consent.

This may seem to make the business of governing too difficult for our governors, and not to be thought of. It isn't, really—quite the contrary—but it is not our business to make governing easy for our governors—our nominal servants turned masters and task-masters—unless they are prepared to make being governed easy and pleasant for us, as it could be; which at present they are disinclined to do.

Whatever sums of money may be permitted and allocated for Government spending could be requisitioned with the greatest of ease, and entire absence of irritation and injustice, and without either inflation or deflation, through the medium of the price structure and the National Credit Account, under an honest and just financial system as herein outlined; and the whole elaborate, wasteful, irritating, expensive and unjust machinery of present-day tax-collecting—in all its forms—Income Tax, Purchase Tax, Death Duties, etc., etc.—be scrapped forever, to the intense relief and delight of all mankind—bankers and politicians possibly excepted.

SUMMING UP

But while the community's Real Credit—its power to produce—the basis of all Financial Credit values—is immense, no Government can be trusted to spend it with a free hand as it pleases. We can be generous with them, but not too trusting or indulgent; and we must have watchdogs to keep them from spending beyond their allowance, without *first* getting our permission; and in many matters we must, as individuals, have the right to contract out of having to pay for and support Government projects we disapprove of. That is true Democracy; but at present it exists nowhere in the civilised world.

Bearing always in mind that with an honest banking system in being, the world and its inhabitants would always be in a position to pay for and get done—directly, for themselves, quite apart from, and independently of Parliament, most of the things they want done, individually and collectively, it would at the same time remove all the artificial barriers that at present hinder and prevent their being done. It would also take away from Parliament a vast amount of public and private business it is quite unfitted to handle—from lack of time and interest, if from nothing else; and it would reduce the bureaucracy—if any—to manageable dimensions and render it harmless—a very desirable thing, as everybody will agree.

Money is the mechanism of power in the modern world; and the financial history of the past half-century confirms and emphasises the truth of Lord Acton's profound dictum that “all power tends to corrupt, and absolute power corrupts absolutely.”

At one time supreme power was vested in kings, and, in the nature of things, corrupted them in some degree. This power was effective because they had armed forces behind them to ensure that their will was law and must be obeyed; and because of this they were able to tax their subjects for the upkeep of these forces, and their own aggrandisement.

The misdeeds arising from their misuse of power inevitably created dissatisfaction in their subjects, and induced

THE STRUGGLE FOR MONEY

those of them who had some power of resistance—the nobility and gentry—to organise and use it to curtail the monarch's power, and increase their own—in their own interest.

With the passage of time further fermentations within the body politic have conferred power on other sections of the community; and the pressures resulting therefrom have brought about the nominal transfer of power from kings and nobles to popularly-elected parliaments of the people; and when the franchise was extended to all adults in our day, the acme of Democracy, full-fledged government of the people by the people, the herald of a coming Golden Age, seemed to have arrived; but it was all an illusion; it was only a pseudo-democracy that had arrived.

This was a bitter disappointment to the masses, which has left them frustrated and with little hope of betterment; and we see their reaction to it today in the almost daily outbreak of official and unofficial strikes—particularly the latter; and a very dangerous reaction it is, in which neither Parliament nor the Press, nor the men's leaders, nor the men themselves, show any sign of understanding what is wrong, or how to correct or cure it. Their policy is one of despair—cutting off their nose to spite their face—for whatever wage-increases they may gain by striking is lost to them—and the community—by the corresponding automatic rise in prices that follows. The inevitable end can only be chaos, unless we move quickly to avert it, by clipping the claws of the money-changers in the temple, and putting our incompetent or traitorous politicians in metaphorical chains—and transferring the spending power of both to the public at large, where it properly belongs, and so enable them to finance and do for themselves the things they want done—as, when, and how they want them done, and free them from the death-dealing stranglehold of Parliamentary procedures.

Experience has shown that democratically-elected parliaments are just as greedy for power, and as corruptible by it as any autocratic king—if not more so—and with six

SUMMING UP

hundred and twenty-five of them to contend with in this country, all feeling and acting like little kings or gods; and, if the banks approve, squandering the public's money like kings or multi-millionaires, without scruple, all possibility of making the will of the people prevail is ruled out unless they get full control of the nation's money—their own money!—together with the right to decide how much of it Parliament shall get to spend, and on what—and with power to contract out for dissentients.

The right to vote once in four or five years for a parliamentary candidate chosen by the political parties, and not by the people themselves, is a travesty of Democracy. It gives them no control over the governments they elect—once they are elected—and the most clamant need of the world today is that the people governed should have that power. Government activities must be kept down to a minimum; and all governments must be kept in their place, and made to realise that they really are our servants and not our masters—a role that appeals more to most of them.

It is quite impossible for any centralised government of large populations to manage their affairs either justly or well; and the tyranny of despotic parliaments, under the party system—or any system—however democratically elected, forced by their own inadequacy to rely on a permanent bureaucracy to keep things going, and, further, forced to give that bureaucracy power to interpret, and amend or modify Government enactments as it pleases—in order to make the system work—without having to consult either Parliament or the country—makes the country's laws and law-courts impotent to protect the people's interests, and prevent injustice being done. This, the New Despotism, about which Lord Hewart wrote a disturbing book, is more deadening and oppressive in its effects on the lives of the people than the rule of any despotic monarch in the past probably ever was.

We are now being conditioned to believe something worse still, that only by handing over the management of our affairs to a world-government, still more remote,

THE STRUGGLE FOR MONEY

despotic, incapable, and uncontrollable can we hope to escape annihilation. Madness can go no further; a world-government is the final abomination. It is "absolute power" in excelsis, and will "corrupt absolutely"—in excelsis! And if our Parliaments and politicians bring it to pass, as they seem bent on doing, God help us! We might as well take a dose of poison right away, and die quietly in our beds now, as live to go through the agonies and misery in store for us within the next generation or so—if we are permitted to live as long as that!

In case anybody thinks I am exaggerating, I have before me as I write a list, compiled by "Candour," the British Views-Letter, of eighty M.P.s of the last Parliament—ended 1955—who are members of, or very closely associated with, the World Association of Parliamentarians for World Government, and/or the British Parliamentary Committee of the Crusade for World Government, and/or the One-World Trust, and/or Federal Union. Fourteen of them are Conservatives, fifty-one are Labour, three are Liberals, and thirteen are in the House of Lords. Among the names are Lord Beveridge, Lord Boyd Orr, Earl Bertrand Russell, Walter Elliot, and Ian Mikardo. In addition there are the names of twenty-five more members who support the idea of limiting national sovereignty in favour of a World Government of some sort, but are not known to be associated with any organisation working officially for World Government. Eight are Conservatives, sixteen are Labour, and one is a National Liberal and Unionist. Among the names are Sir Winston Churchill, Sir Robert Boothby, Selwyn Lloyd, Harold Macmillan, Herbert Morrison, and Sir Hartley Shawcross. So it is clear that the danger of having our national affairs taken out of our hands, without our consent, by a traitorous government, and handed over to an alien World-Government, is far from negligible; which point to the imperative need for a written constitution that will make such a possibility impossible.

SUMMING UP

It is as true of national affairs as of private ones that if you want things well done you must do them yourself; and we must bring our governments to heel until they learn that lesson—and keep them there. This is a condemnation of all government-controlled Welfare States, however good the intentions of their advocates may be—the way to Hell being admittedly paved with good intentions.

The first result of having an honest financial system would be that our huge internal National Debt—all bogus so far as the banks are concerned—and the debts created by the Nationalised Bank of England are as bogus as the rest—would be transferred overnight, by a stroke of the pen, to the other and proper side of the national ledger or balance-sheet, as a real National Credit and asset; and all future credits granted by the banks to finance production, etc., would be treated in the same way, and recorded as loans by the community—not the Government or the banks—to the borrowers; and, by means of the National Dividend and the Just Price Discount, the consuming public—everybody, that is, would become a shareholder in Great Britain Limited, and be able, individually and collectively, to buy and pay for everything they were able, and wanted to produce or do, for their own and their neighbours' use and benefit—completely solvent always, with no bogus, irrepayable National Debt mounting up to distress, and crush, and finally destroy them—and drawing an ever-growing dividend as productive capacity increased, as it is always doing, supplementary to their earned incomes, and giving them a total real income that would raise them—all of them—far beyond the reach of want and make them forget all about Football Pools or Premium Bonds, and all such alluring but disappointing trifles. This is the only answer to Automation that can ever make it welcome.

The basis of this dividend is the labours—the unpaid labours—of our obedient, powerful, uncomplaining, unstriking, miraculous servants, the machines, plants, and processes evolved and handed down to us by our ances-

THE STRUGGLE FOR MONEY

tors, back to prehistoric times, and added to daily by our own clever and skilful selves, when harnessed to Nature's powerful forces, so infinitely greater than our own.

Another result would be that industry would automatically reorientate itself, predominantly, to satisfying the home consumers' needs—a home market capable of infinite expansion, where the money is always secure, being greatly to be preferred to the huge losses, uncertainties, and difficulties now inseparable from foreign investments and competitive foreign markets over which we have no real control.

Exports would only come into the picture as a means of paying for necessary or desired imports—or as an act of grace, to help backward peoples to rise to higher standards of living. Carried beyond that point they are a dead loss to the community, in terms of real wealth and well-being.

Keeping in mind, and never forgetting—first, that the financial system would be the nation's servant, and not its master; and, second, that "what is physically possible is financially possible," people would proceed, almost automatically, to do, or get done, directly, for themselves, on their own account and initiative, and at their own expense, being able to pay for them—most of the things they want done; and would join, in combination—in many combinations—with like-minded people, to provide themselves with all the social services and amenities they feel the need or desire for—on a voluntary basis, after the manner of clubs.

These combinations or associations would develop organically in response to the needs and wishes of their members; and if any individuals were dissatisfied with the way things were run, and were unable to sway the rest of the members to their point of view, they would be free to resign and join other organisations more to their mind—or form new ones if they were so inclined. This would set Parliament free to devote itself to its proper business of safeguarding the rights and interests of the individual, according to the principles of impartial justice—or as near to that as it can get.

SUMMING UP

There are no really good governments in the world to-day, and probably never have been—because of the constant temptation and tendency to misuse their power. The most we can say of them is that some are better—or less bad—than others; and although we are far from the day when every individual is wise and enlightened enough to be given an entirely free hand to do as he likes, the same is equally true of parliaments—if not more so.

So far as the general welfare is concerned, only the individual really knows what he wants, parliaments know not at all: they can only think of the things *they* want him to want; and that leads directly to tyranny, unless the constitution provides adequate safeguards to protect him.

Moreover, we must give the individual the right to make mistakes—so long as he doesn't harm other people by them. It is his only sure way of learning. The same is not equally true of parliaments, as they are constantly changing bodies.

An honest financial system will do more to create a really cultured, civilised, contented people—and world—than all the Acts of Parliament that ever were passed, or are ever likely to be passed, put together, under the present scheme of things. It would emancipate the world by enabling people to stand on their own feet and work out their own salvation. Reject it and we may as well start singing our requiem *now*, for there will soon be nobody left alive to sing it for us.

CHAPTER ELEVEN

Final Words

It is now the eleventh hour, and five minutes to twelve. There is no time to educate the public to a full knowledge of the fraudulent nature of the financial system—or even to educate Parliament, the ears and minds of whose members seem permanently closed to the reception of any idea not in the party's programme; so if we want quick results—and only quick results can save us now—here is a suggestion that may be worth remembering when we are at our last gasp—more or less—and it becomes clear, even to the densest of Governments that, having pushed exports up to fantastic heights of folly, and cut imports down to next-to-nothing depths of stupidity, when they have done wonders with automation, and put every man, woman, and child released thereby into uniforms or munition factories; when they—and we—have saved every penny, and tightened every belt up to its last hole and beyond it; when they have “explored every avenue” and “turned every unturned stone,” and tried every remedy but the right one, and yet find the country—and the world—seething with unrest and discontent, strikes and rebellions—as they will—and with hydrogen and other bombs hovering overhead everywhere, ready to be dropped on the word Go! When, in general, they realise they are up against it, and absolutely at their wits' end—such as they are—and find they are unable to carry on, they might, in their misery, clutch-

FINAL WORDS

ing at any straw, recall what I am about to say. It is, admittedly, a forlorn hope, and should have been done thirty years ago while there was still time to repent. The delay has made our—and the world's—position desperate indeed; and desperate diseases demand desperate remedies—or so we are told.

When that moment arrives let the Government nominally in power invite the Governor, Directors, and high officials of the Bank of England to a banquet in the Tower of London—and it would do no harm to invite the Directors and high officials of the other banks as well—they are all involved—and when they were all nicely wined, and dined, and feeling fine, they should be asked to draft a scheme that would end inflation of prices, and deflation of purchasing power, and abolish the National Debt, by converting it into the *National Credit* and Asset it really is; just as it now is, by misappropriation, a Bank Credit and Asset. The scheme must also show how to make the railways and other bankrupt nationalised undertakings pay, without raising prices, or imposing taxes of any kind, and how to end labour troubles and poverty, reduce prices and increase purchasing power, and remove the danger of hydrogen and other bombs, and guided missiles they—the bankers—finance so ungrudgingly; and, in general, make the country permanently solvent, and living a pleasant, and peaceful, and profitable prospect for everybody.

It should then be announced that the bankers would be detained in the Tower—all found—until they had drafted such a scheme, but if they were unable to do so within a month one of their number would be balloted for and shot; and every week thereafter the process would be repeated until they were either all shot or a suitable scheme had been produced and laid on the table!

Don't be alarmed! They are in no real danger. They—the inner circle of bankers—know the answers to, and the remedy for all these problems—for they are all one problem—a chronic shortage of consumer purchasing power. They have known them and it for many years, and

THE STRUGGLE FOR MONEY

could, if they liked, produce a suitable scheme within twenty-four hours if need be; and with a death threat hanging over their heads they certainly would within a week, or, at the latest, if they were very courageous—or very stupid and stubborn—which I don't think they are—and merely thought they were being bluffed—until the first man balloted for had actually been shot. The scheme would then appear on the table like greased lightning!

Whether we regard bankers as saints and angels in shining robes and faces, who don't know what they are doing, or as devils of unfathomable depths of depravity who do, is quite immaterial, their policy, and the bogus debts on which it is founded, was the underlying—although not the ostensible—cause of our two world wars and the needless deaths, and maiming, and sufferings of millions of men, women, and children; and while it remains in operation the world is doomed; and many people now living may be—literally—in at the death; and it will also probably be their own!

Seen against that background, is the remotely possible, but unlikely sacrifice of one sinful or stupid banker, by his equally sinful or stupid fellow-bankers, a very desperate remedy? It would certainly be effective—and cheap!

Our M.P.'s are beginning (1956) to agitate for another rise in their pay. It may be true that some of them can't make ends meet, although it is hard to believe—the average man—if there is such a person—would jump at their pay and perquisites and privileges if given the chance; but if it is true their course is clear—let them resign and return to their former occupations, which presumably paid them better. They are not compelled to remain M.P.s.

They have the power, however—a power denied to their nominal masters—the people who elected them—to vote themselves a rise—at the public's expense. They have used it before to the same end, and will doubtless do so again, when the proper moment arrives.

The same average man, mentioned above, is beginning to doubt if Parliament is worth its cost; it certainly doesn't

FINAL WORDS

give him what Sir Winston Churchill said he desires—“more prosperity”—so if our M.P.'s would like to allay that doubt, and kill two birds—nay, a whole aviary of birds—with the one stone, all they need do is to set about establishing an honest financial system on the lines I have indicated. They would, at one and the same time, confer a great and growing prosperity on every member of the community, and earn their eternal gratitude for doing a better job than any Parliament has ever done before; and also find—which may appeal to them more—that their own income from all sources, plus their National Dividend, would acquire a purchasing power almost beyond their wildest dreams of avarice!

In addition, I could almost promise them that in the histories of the future they would re-appear as legendary figures of gigantic stature, however insignificant they may appear to us at the moment!

As I have said, it is a forlorn hope, a very forlorn hope. The supremely doubtful question is—Can they rise to the occasion?

CHAPTER TWELVE

Under Which King?

By C. H. DOUGLAS

(Here, as a fitting end-piece, is a short essay, originally published in *The Social Creditor* of December 15, 1945, written by the man who, if the world survives—which is doubtful—will, in the years to come, be hailed as its saviour.)

There is no single aspect of political economy which deserves more attention, and receives less, than the nature of an order. Like so many other matters of importance and subtlety, most people understand so little of the subject that they are practically unaware that it presents any problem; still less, a problem on which the whole structure of society depends. The immense success of mediaeval civilisation (and its ultimate failure) can be seen to be linked with one conception of an order and the sanctions which sustained it; the different, but notable, achievements of the nineteenth century, and the chaos which has succeeded that short-lived adventure, are plainly the outcome of another. The problem is often stated by the use of the word "sovereignty"; and we have an indication of that identity in the title of the gold coin which ruled the nineteenth century, the English sovereign, as well as in the declared intention to remove national sovereignty to an international centre.

THE STRUGGLE FOR MONEY

The essence of mediaevalism (often, it may be noted, referred to as the Mediaeval Order) was the existence of the Church as a sanction, as an organisation for making effective certain checks and balances upon the use of physical force to carry an order from its utterance to its execution. The Church claimed to be, and was to quite a considerable extent, a living body of Superior Law, not different in intention, but far higher in conception than the Constitution of the United States. And it is important to notice that the breakdown of nineteenth century English prosperity can be seen in retrospect to be contemporaneous with the decadence in social prestige of the village parson.

Now the nature of the problem presented to political economy, as distinct from ideology, by an order, is simply this: Either Brown gives orders on his own behalf, or Mr. Pink-Geranium gives them for him. That someone has to give orders on Brown's behalf is not in dispute. And the decision between these two courses is *ultimately* dependent on which source of authority succeeds in making results most accurately and rapidly eventuate from orders, in reasonable identity between specification and product. And the problem is complicated for Mr. Pink-Geranium by the fact that he has no one but Mr. Brown to whom to give orders, and Mr. Brown is convinced that it is more blessed to give than to receive.

There was a period, say between 1850 and 1914, in which the *economic* aspect of this problem was in a fair way to solution. The gold sovereign was a complete order system. Mr. Brown had only to tender his yellow warrant of sovereignty and he got what he wanted. He set in motion the most marvellous train of self-acting psychological sanctions. Factories sprang to life, trains ran, and ships sailed, all concerned not merely to do his will, but to do it better than anyone else. It is quite irrelevant to this particular argument that a large and increasing number of Mr. Browns had no sovereigns; it is a fact of history that the man who had one always wanted two, and

UNDER WHICH KING?

in consequence, if every Mr. Brown had possessed a sovereign it would still have been effective. It is perhaps unnecessary to observe that the virtue of the gold sovereign lay not in its material but in its sanctions.

Now the *political* equivalent of the gold sovereign is the vote, and the merest glance at our life and times is sufficient to establish the conclusion that it fails to work. There is nothing in the possession of a vote which remotely approximates to the power of choice and the certainty of delivery enjoyed by Mr. Brown with his golden sovereign in the latter days of the nineteenth century. No one outside the walls of a mental hospital would contend that the individual voter gets what he votes for, or voted for what he is getting. So obvious is this that the greatest difficulty is experienced in getting people to vote at all. The vote costs nothing: and it is worth precisely what it costs. If it cost ten shillings to vote, how many voters would be registered?

But the matter does not end there. While the political vote is valueless to the individual, it enables the Satanic Powers to claim a mandate which it in fact does not confer, and which it is powerless to enforce. This situation is so satisfactory that the ballot-box is a cardinal provision of the World State, and it is clear for any ordinary intelligent person to see that it is the intention—and in "Britain" the rapidly developing fact—that the economic vote will be destroyed in its nineteenth century effectiveness, and substituted by the political vote as exercised in Russia.

It is urgently necessary to realise these matters because they dominate our future. British Governments now hold office by a trick; no British Government has any genuine mandate. Our whole political system is not merely irrational, it is a fraud and a usurpation. We have allowed the vicious nonsense which derided the values established by a thousand years of unique political experience to destroy in our name every safeguard against tyranny provided by historic continuity in the Three Estates, and we

THE STRUGGLE FOR MONEY

welcome the people who spawn this nonsense when they desert the Europe they have wrecked. Nothing can save us but a drastic de-hypnotisation. It is coming; but it may kill us.