Chapter Three

Plunderland

Having financed global industrialization, banks now continue to debt-finance its expansion in order to create and be paid the interest money already owed to them. Ecological considerations dictate that not only do we need to call a halt to the raping of the Earth's natural resources and the turning of the environment into a garbage dump, but that if we are to survive we must reverse our thinking and begin to de-industrialize. This the banks will oppose, for in their practice of unnatural usury and its merciless and inhuman pursuit of profit, they seek only their own selfish advantage. There is no profit to be made from investing in cultural progress nor from resource conservation. If the Earth and its inhabitants cannot be exploited for some immediate profit, then they have no economic value for the financial world's parasitic powerbrokers. Any sick or unprofitable humans, like starving children or aged folk are best left to die in the wilderness or man-made deserts. If they do survive to reach and grow up in some concentrated city camp, the sooner they are exterminated, gassed in the chamber of a hostile polluted atmosphere or poisoned by an unfriendly environment's toxic food chains, the better off the self-chosen and appointed superior rich and their banking institutions think they will be in their ownership and control of everything.

The human community, be it local, national or global, is a self-functioning-feedback-system in which both the whole and the individual parts are equally important. The whole cannot exist without the parts and both must have as their goal the common good of the community as a whole, whilst serving also the particular good of all the individual members themselves. From the latter, there will have to be exacted at times a species of self-denial or self-restraint, in order to effect the necessary negative feedback and to avoid any disordered positive feedback in any would-be cancerous subsystems. These are the essential requirements so that the total system can function properly and human culture grow becomingly.

In the overall analysis, "*mine*" loses nothing and gains everything when it becomes transformed into "*ours*". It is still the active voice of the first person speaking but now it is plural. It is no longer the sterile childish cry of a singular virgin self, but it is the expression of a re-educated mature and liberated community knowing human society now as one educated whole togetherness.

It is a most evil selfish positive feedback and perverted logic which says that if you possess money from any legitimatized source, then you have the legal right to exact from the far less fortunate and needy in the community even more money now for nothing at their expense by the positive feedback way of a contracted usurious loan. Whilst functioning as the means of exchange and distribution in the marketplace, money, but a mere token entitlement to real wealth, dictates terms for a deceitful entitlement to magical growth. An incubus shadow rules and rapes earth's substance: the end is constrained to deify the seeming creative power of the means. It costs more money than the money is worth to hire or rent the selfsame money. Its use as an efficient bartering intermediary is self-contradictory and uneconomical if money is treated as a commodity when just to use money costs money. Reality cannot both be and not-be at the same time. There will always be boom and bust financial crises as long as academic economists insist on basing their theories on a blatant contradiction.

Most financial policy today encourages the ritual worship of the clay club-footed idol of the god of Mammon. It is no wonder then that the subservient economic systems all throughout the world are becoming increasingly inadequate to cope with the grave problems besetting them. In any formal system of knowledge, if its conclusions and predictions are demonstrably inconsistent and lead to contradictions then it is evident that its premises or postulates are at fault.

An era of errors is drawing to a close. Already in *Achieving the Impossible*, the first of *The Other Books* there has been proved invalid and worthless both Darwinian and Neo-Darwinian models of evolutionary processes based on specious chance or natural magic. In most economic theory today, there are still proposed axioms that are both gratuitous and demonstrably erroneous. Three, in particular, are taken to task here; the first, that money is a real commodity having inherent value; the second, that the object of the economy is to provide employment; the third that privatisation and market forces free from regulation will eventually find their own satisfactory level in a stable global economy.

The purpose of an economic system is to deliver goods and services as they are required, when and where they are required, by members of a community to all the members of the selfsame community. To achieve this all the resources of a community should be coordinated and mobilized so that production can be organized in such a manner as to be of the greatest benefit to the majority of citizens. The object of an economic system is not the provision of work. Indeed, as a feedback system devised by human ingenuity, its goal is the production of the optimum quantity and quality of goods with the minimum amount of manual human labour. The problems of non-employment are of no real concern in Economics. They belong to the province of Education, one of whose major cares is the fruitful use of a growing abundance of leisure time. Human beings are meant to be free workers, not wage slaves. Every sovereign nation should guarantee its citizens a minimum sustainable income.

The real wealth of any nation is its natural resources, combining its industries, both primary and secondary, together with its people, their brains and brawn and culture. Real wealth lies in the ability of a nation through its people to produce and deliver some kind of goods and services, physical or psychical, as, when and where required.

The real credit of a nation or community is the personal credence which its members have in their ability to produce and deliver goods and services. The financial credit associated with such real credit is simply the monetized estimate of that ability. The monetary or financial system should be a subordinate part within a much broader economic system. The purpose of the former is to provide the machinery whereby the exchange and distribution of goods and services are effected. Essentially, money is merely a man-devised means of replacing the cumbersome methods of barter, so that goods and services may be exchanged with greater freedom.

Modern purchasing power money, in itself, is not wealth. In its accountancy role of reflecting values it is only a virtual image of real wealth, a figment of fertile business imagination. It can be regarded as a substitute for wealth only in so far as being a type of ticket, it can be barter-exchanged for the services of others or for those goods, objects, or power we desire to possess. Money is mere make-believe wealth and has exchange value which is its purchasing power. The possession of money is a claim upon real wealth. Money is only an invented token or ticket of entitlement to real wealth, the mere shadow of the true substance.

Within the limits of analogy, money is to the economic body what blood is to the human body. In the living body, blood is the vehicle of exchange and distribution. It is a means to an end and in the growth process its quantity and quality are regulated to optimize the common wealth and the most efficient functioning of the organism as a whole. The body as a unity owns all the blood and controls it to the system's general overall advantage with its multiple choice negative feedback processes. The blood does not own the body nor hold it to ransom, even though its role is vital for the latter's functioning. Blood, in itself, has little intrinsic value. It is what the whole body does with it that matters, i.e., its functional necessity as a means of exchange and distribution.

If money is to function as an efficient ticket system to enable goods and services to be exchanged, then the monetary system should be adjusted to reflect the facts of production and distribution. It is the knowledge that the monetary system has its roots in the ability of the community to furnish itself with goods and services, that inspires belief in the members of a community that they can obtain what they require and which leads them to part with their products or services in return for money. This quasi-certain belief, this credence, this credibility, this psychical credit is what gives money its only value. In theory, this financial credit exists in and is inseparable from the community. In actual practice, the modern banking system has usurped this monetary function for its own advantage and to the detriment of the rest of humanity who are now in the bondage of forever increasing debt to their financial overlords.

The mechanism of money is a triumph of business engineering. The wilful misuse of money through the vicious monopoly of credit, through speculative manipulation, usurious debt and planned scarcity is the root of all economic evil and most social disorders. In Nature there is no parallel phenomenon to economic debt, which is like a farmer trying to water his drought stricken crops with the rain that he expects will fall the following year. Nature, as a unique autonomous self-functioning-positive-feedback-system, does not permit incurring any kind of actual physical debt nor does she impose any conditions of ownership or repayment other than insisting that the effects of removing materials from the environment be made subject to certain laws which it is our responsibility to learn and understand.

Likewise in Nature, there is nothing which corresponds to our idea of usury or charging interest on debts. If mass-energy can neither create nor destroy itself, but only be transformed or rendered irretrievable through entropy, then money which is only a token or sign of economic energy's real wealth, is but its make-believe transformation. Subject to the abuse of usury and exploitation as a commodity by individuals at the expense of the whole community, its uncontrolled and un-ordered use creates disorganization and the situation of economic entropy. In this sense, there is a marketplace analogue of Nature's inexorable Second Law of Thermodynamics. Usurious debt is financial excrement and is intrinsically evil in its positive feedback. Today's banks are the promoters and antisocial manipulators of a global dunghill of economic sewerage.

Nature knows the existence and essence of enzymes. The latter are organic catalysts which act with consummate altruism in facilitating and controlling biochemical reactions. They are involved in the actual reactions but seek no chemical advantage for themselves and in general their wastage is minimal. Perhaps the best known and most important for life processes is the green enzyme chlorophyll which catalyses the manufacture of carbohydrates from water and carbon dioxide using the energy of sunlight.

The healthy body, as a s-f-f-s, makes what enzymes it needs and directs their use. The role of money in the community should be as an economic or commercial catalyst. Its altruistic function is to facilitate and render more efficient the production and distribution of goods and services for the benefit of all citizens. It is the primary concern of any nation's Treasury to own and control this catalytic finance-capital for the common wealth of the nation itself. In today's financial fiasco, the self-appointed owners of the economy's supposed altruistic money-catalyst have perverted its noble role of community-service to their own selfish ignoble ends of complete global domination and subsequent enslavement of all mankind.

The first widely recognized metallic currency employed gold and silver coins and the banking industry developed from their use.

Fractional-reserve banking arose out of the finance activities of a special group of craftsmen, the goldsmiths. Merchants and other people who had surplus coins deposited them for safety with goldsmiths who were among the few businesses with strong room facilities. By the 17th century, it had become the general practice among goldsmiths to issue receipts for the coins deposited with them and these receipts in turn, were used as negotiable assets which ultimately could be reconverted back into coinage when presented to the goldsmith. The merchants' holdings of cash were originally intended to provide for their bills of exchange, but as a result of this new business relationship with the goldsmiths whose gold holdings were continually increasing, the latter soon became lenders to the merchants and traders. The goldsmiths found the lending business very profitable. In order to increase their loan funds they began to solicit members of the public to deposit their monies with them and receive a modest interest for doing so. These artisans, now turned financiers, also commenced the commercial practice of discounting bills. Their notes issued for gold deposits, together with discounted bills, became media of exchange. This permitted the goldsmiths' emerging role in fractional-reserve banking.

From this simple procedure, the issuing of banknotes took its origin. Initially and subsequently for quite some time, these receipts, these mere pieces of paper could be exchanged when the holder demanded for a fixed amount of real gold, and this gave rise to a Gold Standard which was finally abandoned during the Great Global Depression of the 1930's.

Paper currency presents no special problems in regard to its acceptance. Though banknotes are no longer convertible into gold or precious metals, they are accepted currency because people know that they can play their economy-games in the marketplace with this make-believe toy-wealth. The latest contender for acceptance is the ubiquitous but nevertheless quite insidious plastic credit card. An implanted personal microchip may soon replace even this.

The goldsmiths' receipts were a great convenience for everybody. They acted as money because everyone had faith that those holding them could, at any time, draw gold or silver to the value of the receipts from the goldsmiths. It is important to understand that a new phase was thus being introduced into the evolution of economic management. It was now the guardian of wealth who was creating what was considered as money, not the owner of the real wealth as was originally the case.

The next major development in the history of money took place when goldsmiths observed that their clients left their gold and silver and other valuables with them indefinitely and that it was quite safe for them to issue more receipts than the wealth deposited with them. It was extremely unlikely that all the receipts would be presented at the same time. What started as a dishonest practice became convention, and this far more flexible form of money helped immeasurably with the development of trade and commerce. The goldsmiths were the forerunners of the modern banking system as they slowly emerged as moneylenders, charging interest and often exorbitant at that, on the loan-receipts issued and which for the most part were created simply out of nothing. Today any such banking, as based on Capital Adequacy Guidelines which tie bank lending to its capital-plus-reserves in the ratio of 8%, can create and issue more than 1200% more make-believe credit money in exactly the same way as the goldsmiths of old issued more receipts than the real wealth deposited with them.

The rapid and dramatic evolution of the role of the goldsmith-now-turned-banker merits further investigation. The merchants initially deposited their gold and other monies with the goldsmiths who were merely engaged as hired custodians. Their gold was deposited in commercial trust and originally was not to be used at the whim of the paid and trusted custodian. Because the notes issued in receipt represented actual claimable gold and because of their obvious convenience, merchants began to use them in the course of trade. It would seem that their negotiability had not yet been legally determined. With the advent of solicited funds from the public, new aspects arose. The goldsmiths, with the full authority of the depositors, were not mere custodians but were bankers paying interest on these deposits and employing them in turn for their own purposes of extending loans to others. The notes which the goldsmiths issued as receipts for these deposits guaranteed repayment on demand, but this guarantee was intrinsically flawed if at the same time, the same gold or money was to be lent out to other people. It was fraudulent and deceitful to promise to redeem all the receipts for deposited gold when that same gold was no longer in the goldsmiths' possession but on loan now with interest to borrowers. As only a fraction of their gold holdings were involved in an ordinary day's transactions, this false promise went unobserved.

It was not long before these receipt-notes ceased to be associated with a specific deposit as were those of the former gold-custodians, and were made out *to bearer,* resembling now a general promissory note. From the public's point of view, these receipt-notes which were seen as corresponding to actual deposits and could be converted into gold on presentation, became a convenient medium of exchange. Meanwhile the merchants who formerly had paid the goldsmiths for the custodianship of their gold, now reversed their relationship and required their gold in the goldsmiths' vaults to be treated as interest-bearing deposits. In circulation now were both the receipt-notes of depositors and also the receipt-notes of the on-loaned gold of these depositors. Actual gold reserves soon became only a fraction of the notes in circulation. If all the note-holders had presented their claims for repayment in gold at one and the same time, the goldsmiths could never have fulfilled their fraudulent promise.

The final step in the evolution of fractional-reserve banking came about when the goldsmiths became fully aware that only a relatively small number of note-holders ever presented their notes for redemption at the same time, and hence their fractional gold-holdings were generally more than adequate for any eventuality. They took the bold step of producing their own deposit notes, unbacked by any deposit of gold or other monies. Literally, they created money out of nothing. Banking legislation did not yet exist and so the goldsmiths were perfectly free to use the notes of their fictitious money-creation for any profitable purpose. They could buy assets, goods and services. They could speculate in the marketplace and make usurious loans to borrowers. These notes representing make-believe money were circulated along with the existing receipt-notes of depositors and being indistinguishable from the latter were accepted in the marketplace.

Because most of these notes remained in exchange circulation and were never presented for redemption into cash, the goldsmiths' deliberate deceit and calculated false representation went undetected. The guaranteed redemption of the notes in cash was false, since their total issue could well have been up to ten times the ability of the moneylenders to pay back at once. Some extraordinary redemption demands did occur from time to time, with the resultant ruin of both bankers and their unfortunate clients. If the notes had not had the legal obligation of redemption in cash, their circulation would have been greatly restricted. It was absolutely necessary that the notes gave this guarantee even though those who issued them knew that it was not legitimate and could never be fulfilled.

Meanwhile the bankers continued for the most part to thrive on their unjust gains. Without producing anything of real intrinsic value, they had the means to create purchasing power out of nothing and use it for their own personal profit and greed. It was only a matter of time before the whole financial estimate of the wealth of the community would exist as a usurious debt to the banking institutions.

The legal, economic and social effects of this magical, quasi-alchemical *turning paper into gold*, were not anticipated at this stage. How could the Natural Law and Common Law be interpreted so that any profit-seeking individual or institution be given or claim the power to create money or financial instruments of real purchasing power out of nothing at virtually no cost to themselves? By the time later philosophical minds came to discuss and assess the ethics of the resulting situations and economists formally developed their theories on finance and the role of money in society, fractional-reserve banking was a well-established and unassailable institutional reality with the purchased blessing of governments.

The modern money system has made the prevailing complex economy possible and it has been a great blessing for mankind in one sense and also a self-destructive curse when manipulated for power and greed by those who control it. The latter, for the most part are either lacking in understanding of the positive feedback nature of the system or are so drunk with its power that they blindly pursue it to the point of self-destruction. The fact that our present monetary system developed by fraudulent and usurious practices cannot gainsay its usefulness though it does account for the stranglehold it exerts over the whole of society. Some kind of banking system is indispensable in industrialized societies and for their freed enterprise to flourish, but at the same time some very radical reform is required to remove the monopoly of make-believe credit held by banks and other financial institutions, and to change our increasingly bank-indebtedness economy into a truly efficient national-credit reality based on the real wealth of natural resources and personal expertise.

For all practical purposes, money has ceased to have any inherent value in the sense that gold and silver have a value related to the effort entailed in discovering them and bringing them into use. Apart now from the very small amount of money represented by metallic coins, money in general has virtually no intrinsic value at all. Printed paper notes, circulating in the community like coins, are still only a very small part of what is now generally called *the money supply*. The great bulk of this money does not circulate at all. It is represented by figures in account books or data in a computer memory and has its origin in credit entries initiated in the overdrafts and loans made by banks. It is the devious action of banks in increasing or withdrawing the created-out-of-nothing make-believe wealth of these overdrafts and loans which provides the possibility of varying the money supply.

All moneys have their commercial beginnings in banking systems. The only money that does not originate as a debt to banks is the second-hand interest money the banks *earn* from their investments and loans and subsequently use in their own purchases. All money that a bank spends on its own behalf, whether it is wages, dividends to shareholders, the purchase of a building site, the erection of a building, the buying of stocks, shares and Government securities and its Mint's legal tender, all such purchases put money into circulation debt free. Nevertheless, it must be remembered that even this *earned* interest money had itself once been created as debt to debtors.

By the ingenious method of issuing and honouring cheques drawn against themselves, banks possess the mysterious power of creating the means of payment out of nothing. The guile in their counter-feat is that while they create credit-money or make-believe virtual wealth effortlessly out of nothing, the banks claim its face value in legal tender as their own property and dutifully enforce the claim by mortgaging real property or real wealth as security for their loans.

If the loan is repaid, the principal of the invented debt-money is added to the bank's capital account and to its accounting and archival records. As a former asset, this interest-bearing debt is taken out of circulation. It can, however, facilitate new debt. It does not vanish absolutely, remaining in bank documents and in computer memories for economists to pore over and argue about.

If the loan or overdraft is not repaid, the bank legally claims the real property or real wealth of others as its own. Banks can thus acquire real property or real wealth in two ways. First by buying it and paying for it with their trading profits by honouring their own handmade or self-invented cheques drawn against themselves. In principle, this is really no different from what a criminal counterfeiter does but banks, by their legal and political lobbying, have ensured their protection by law from being apprehended as promoters of what would be classified for any others as heinous punishable activities. The second method of acquiring property and real wealth is simply by initiating a credit squeeze when bankruptcies arise and the real assets of others are obtained at a fraction of their value or become the property of the banks by forfeiture.

The business world, as we know it today, cannot function without bank credit and every person in the community is equally dependent on it. Continued restrictions on bank overdrafts is sufficient to plunge a whole nation into a depression with unemployment and financial ruin for countless people. The Great Depression of the thirties was witness to this tactic. There was no shortage of goods nor of labour. The shops and the stores were full, while the people in the work force were idle and with little or no money to purchase what already existed in actual abundance. Credit, the make-believe of fictional wealth, had been restricted by the banks and the lifeblood of the economic body did not flow freely. Industry died, masses were out of work and living in abject poverty whilst most banks emerged later with their real assets increased enormously. They were ready, when their necessary World War 2 was successfully financed and with all countries now more in debt to them than ever before, to begin a new cycle of make-believe monetary expansion and contraction.

From the moment purchasing power money is created and released as a book entry in a bank's ledger or as data in its computer, this make-believe illusion of wealth conjured into existence by the bank and loaned to a company or individual, travels throughout the production system. Much of it is used for wages and subsequent purchases in an employment-consumption cycle. The principal of the original loan is taken out of circulation when the debt is fully repaid into the bank’s capital account by the borrower. Because modern industry cannot function on its own resources, as is evident from the universal need of a bank's overdraft accommodation, this huge total of national assets is now in pawn to the financial institutions. In the event of any individual or company defaulting in its loan obligations, the individual or the firm would be put into liquidation in satisfaction of the bank's claim.

In such a procedure there is something intrinsically unjust and unnatural. The banks only create and lend their money against the real assets of others in the community. These assets were made real by the resources of enterprising and hardworking individuals, skilled executives and adventurous management in producing goods and services to satisfy a public need. By granting loans or extending overdrafts which is a costless and effortless procedure, banks monetize the real credit created by a functioning industry and a consuming public. By the mere stroke of a pen or the touch of a computer key the banks simply put into marketplace circulation the financial catalytic credit which serves as a sign of the real credit originating in the joint operations of producers and consumers. The people do all the work and run all the risks. The banks do nothing to directly help produce the assets of others in the community and run no risks whatever with the counter-feat credit that they invent and lend. They do risk the trust and dissatisfaction of greedy shareholders who insist on getting an unearned something for nothing. If clients do not fulfil their bank's anticipations and are unable to repay all that they have borrowed, the bank has virtually lost nothing except some unearned income and an employee’s time. You cannot be said to lose what you never had or what you created costlessly out of nothing. The loss is as make-believe as the fairytale wealth that was loaned.

The real credit of any nation is created by its people through their abundant and diversified energies and togetherness power in association or in solidarity as a s-f-f-s. A nation's financial credit should be a reasonably correct reflection of real wealth credit. Since money is merely a convenient token in a community's economic system to enable people to purchase goods and services, it should be issued at the same rate that goods and services are produced, neither more nor less. This is far from the case at present.

Since it is the community itself which creates all real credit and sanctions the rights and duties of individual members in regard to private property, the ownership of the virtual financial credit which reflects the real credit of property, goods and services also belongs to the people, or at least it should. In practice, it does not, having been appropriated by the banks, which are like financial cuckoos in the community's nest. The banks issue and cancel credit-money without any regard to the total production of goods and services and by cancelling financial credit in an arbitrary and unscientific manner, sometimes cause inflation and sometimes deflationary recessions and depressions. Their sole consideration and motivation is to maximize profits for their owners and shareholders in situations involving positive feedback systems no matter how much the rest of the world may suffer. They never give or loan money to others for just pure charity: there always has to be something in it for them.

The ownership of the real credit of a community and also of its financial equivalent in token money is the great issue that must be resolved if all nations working under the same monetary system are to survive as free democracies or become as slave states. By usurping the nation's sovereign prerogative to issue all its monetary requirements, and not merely the small change legal tender, the banking system has established a powerful monopoly of credit by which it is able to wield the greatest power without any responsibility whatsoever. **The Great Social Question** which must ultimately be answered to cultural evolution's satisfaction is this, Who should own the financial credit, that is, the make-believe monetized estimate of the real wealth of a person, of a community, of a nation, of the whole global family of mankind? The common people by whose sweat and tears the real wealth is produced? Or does it belong to the banking system by whose signature the money or ticket entitlement to real wealth is created out of nothing and put into circulation as their monopoly in the exchange and distribution of fairytale wealth through make-believe debt-contracts sanctioned by law?

The scientific world of the 17th. Century did not take kindly to Harvey's ideas on the circulation of the blood. He delayed publishing his results for some twelve years for fear of repercussions which must inevitably follow from daring to depart from traditional precepts and opinions. A similar situation prevails today for those who would dare try to reveal the inconsistencies and injustice of the present monetary system. We have already made the analogy between the circulation of the blood in the human body and a similar circulation of money in the economic body. We can extend the parallel further in the consideration of blood transfusion.

In a normal healthy person, the blood supply is self-adjusting in quality and quantity and serves the function of exchange and distribution. Under certain extraordinary circumstances blood transfusions are necessary, when other blood from outside a body's own system is introduced into it. It is conceivable that poor quality blood be drained off to allow an equal amount of good blood to be introduced. However, any technique which attempts to withdraw more good quality blood than it continually introduces, must result in the same body being worked to death to satisfy the whim of some outside influence. The outside influence can claim ownership of that which is outside the body, but the blood, circulating as blood in the body, belongs to the body and has little meaning or value without such body in which to function. A healthy body makes and strictly controls its own blood supply which, as the property of the body as a whole, facilitates the distribution of its common wealth. The parallel situation in our present cancerous bank-debt economy needs no further elaboration.

Increasing national debt through continued deficit financing from international institutions is an unavoidable terminal disease. The Banks may deceitfully assert that they are parts of the community. They are in the community but they are not of the community. They are both inside and outside the community. Their own self-destructive positive feedback interests within the body-economic are parasitic and exploitative. They function to the ultimate detriment of both themselves and the rest of the members of the body.

If a community with its own abundant resources of materials and manpower undertakes any new project, then the obligation to repay the financial debt occasioned by its inception in the way it is at present demanded, is unnatural, illogical and unjust. The real credit of the community which is their intelligent ability to carry out the project successfully, is represented token-wise or catalytically by the make-believe finance issued in order to permit them to do so, but they are not regarded as the owners of this financial credit. It is regarded as the property of the banking system which creates it out of nothing and issues it as an interest-bearing debt to them. It is this insistence that this credit-money thus created must be repaid with interest by the community which implies its ownership by the banking system, and denies its rightful ownership by the people who provide the real credit and without which all the money in the world would be useless.

There is natural growth as is evident in agriculture. Trees bear fruit; but they do not make their fruit out of nothing. Our present monetary system presupposes the existence on bank premises of *money trees* which grow their own growth. Banks invite their depositors to watch their money grow with interest. It is certainly not in the community's interest, since it is achieved at the expense of spiralling inflation and increased overall social debt, family stress and financial insecurity. The adage, *money makes money*, is literally true for banks who make money out of nothing and then usuriously make even more money out of making money by charging interest on their creation.

If debtors should default in their loans or overdrafts, then banks lose some ink and a teller's time and the value of some debt asset. If they have been imprudent in their lending, they lose face with their shareholders. If they cannot be recompensed with some real forfeited wealth, at least their feigned ill-fortune can be recorded in their accounting books or computers as a trading loss. Such a fictional loss is basically only a reduction of net income and the banks capitalize on this seeming loss by claiming it for a much reduced assessment of company tax. The recording of transactions in the creation-cancelling cycle of loans and overdrafts finds no place in any bank's published balance sheet. In its Profit and Loss Account are found only records of all the interest received and these are balanced against the costs of trading and the necessary so-called big financial losses of their bad debts. The latter are not as bad for the economy as banks make out for it means that there is that much more freely moving credit-money, unclaimed and unburdened from interest, loose now in the marketplace for others to use. It may be put aside by them as their savings or used to pay their own debts and-or the servicing of such debts, or in turn to make profits with by usuriously exploiting their fellows in the community.

It is difficult to gain any truly comprehensive knowledge and understanding of the role of various monies in the course of human history. The bartering of goods and services in a relatively small community is logical and simple to effect, but it is limited in its scope. The intermediation of financial artifacts like coins, and the like, vastly extended the possibilities of commercial activity. They also brought in their train a host of evils for the unsuspecting victims of unscrupulous merchants and usurious moneylenders.

Since the times when financial intermediation was introduced, there have always been borrowers and lenders. Banks and bankers, of a sort, performed several roles. Business entrepreneurs, needing money for such, entered into joint ventures with moneylending bankers who shared in the financial profits of these enterprises. The ethics of this type of activity was never questioned. There was another kind of bankers' service which was both widespread and odious. It operated on the Babylonian principle of borrowing 10 and repaying 11. Such interest charging or usury was condemned by both the Hebrew Bible and the Islamic Koran. In an economic system where coin money was always in short supply, there was no possible way of increasing the amount of such in circulation, in order to accommodate the usurers' 10 % additional fee. Most borrowers, like farmers in a bad season, would finish up losing all their possessions, and themselves, their wives and their children being sold into slavery. Apart from peoples subjugated by military conquest, it would seem that most slaves were the unfortunate victims of economic systems which encouraged or at least tolerated unpayable debts. As the number of slaves grew, it became necessary to free them every so often and make them free citizens so that the cycle could keep repeating itself.

Legislators, both ecclesiastical and civil, have defined various categories of contracts and have legislated accordingly. Their attention has usually been directed to the validity and fulfilment of individual contracts. There seemed nothing intrinsically wrong with a contract which stipulated that a borrower of 100 units of money would guarantee to repay 110 units in a year's time. Though the concept of The Common Good was always relevant to their decisions, such a consideration does not seem to have influenced their attitude to regulating the role of money in society. In general, churchmen canonists and the civil legal profession showed in the past, and still in present times, little or no understanding of holistic economics and the arithmetical absurdities resulting from a broad view of global usury. They too, along with most economists and all politicians share an abysmal ignorance of exponential growth.

As explained in the previous Chapter, fractional reserve banking developed from a fraud of which the legislature was ignorant and this same deceit even now is not properly understood. The guaranteed redemption of the banks' issued notes with cash was false since their total issue could well have been up to ten times the ability of the moneylenders to pay back at once.

In today's legal practice, the use of the word *deposits* is ambiguous and a well-defined distinction needs to be made between what are understood as *time deposits* and what are understood as *current deposits* and what should be understood as the banks' own *self-created deposits.* Money deposited with a banking institution for the purpose of investment is of the nature of a *loan* by the depositor to the bank and should be classified as a *time deposit.* On the other hand, money deposited and payable *on demand* is such that the bank is obliged to repay the money in full at any time that the depositor demands it. All such money, placed *at call* is properly described as *current deposits*. Generally these earn very little interest, if any at all, and often they incur transaction fees since the bank is acting merely as a safe-keeper or bailor. Initiating loans and overdrafts by credit creation increases a trading bank's *fictional deposits*, as has already been explained. Most of trading banks' so-called *deposits* are of this make-believe nature.

If this distinction operated in practice, then only *time deposits* would provide the banks with the basis for investment opportunities. *Current account deposits* would be recognised as bailments and since they would require 100% reserves to be held, they could not legally be used for any kind of fractional reserve banking. That there is still some confusion or at least a lingering uncertainty in the minds of legislators is evident from the language used to describe the activities of non-banks, i.e., building societies and credit unions, and the activities of banks themselves. The former are understood to engage in borrowing and lending, but the words *deposit* and *advance* are never used in connection with their activities. The use of *deposit* and *advance* are restricted to banking practice.

A curious distinction is evident too in the provisions of the Australian Reserve Bank Act, 1959 where the powers of the Reserve Bank are defined to include the receipt of money on *deposit*, the *borrowing* of money and the *lending* of money. In their ultimate analysis, *time deposits* and *borrowings* have a common rationale. This logically leads to the conclusion that for banks their *deposits* are determined by either borrowing from others as depositors, or self-created by effecting loans and overdrafts to others as borrowers. This latter creative activity, though it accounts for most of the money in circulation, is the least understood aspect of marketplace finance. By quibbling over the meaning of words, like *money*, *credit, create,* and *deposit*, this reality is not only conveniently obscured but naively even denied by many bankers, by their sympathetic lawyers and political minions.

Whatever deliberate deception and ignorance, either culpable or otherwise, is manifest in the thinking of historians, economists, lawyers, politicians, bankers, industrialists and the controllers of the mass media there is one issue on which most seem to be in agreement. For them, the most important, indeed the essential function of modern private commercial financial institutions is the provision of all national and global money supplies. The staff of Government Treasury Departments are deemed incompetent to handle the monetization of the credit of its citizens. It is best left in the hands of avaricious unscrupulous moneylenders.

Perhaps the greatest contradiction in today's political arenas is the situation that whereas Governments rightly legislate against counter-feiters to protect the value of the nation's currency, at the same time they legislate to allow banking institutions the sole right to do legally for their own shareholders' personal profit what for anyone else would be high treason. Governments, through their nation's properly constituted Reserve Banks, have the power to create wisely and prudently and both debt and interest free, the required amount of financial credit or money necessary for the efficient exchange and distribution of the goods and services of the community which they represent. This sovereign right of the people to the creation and use of their own credit has been treacherously transferred to heartless and greedy private individuals by their rulers and-or elected politicians who have betrayed their office and sold their electors and subjects into the slavery of interest burdened debt.

There has been an instructive evolution in the history of the association of banking institutions and political strategy. For rulers and governments of nations, when plans for new enterprises and increased prosperity have been voiced, there has always been the perennial question of where is the money to come from to finance such. Soldiers had to be paid to fight wars of aggression and conquest, and the expenses of royal courts and civil administrators had to be met. Money was usually borrowed from usurers to finance military conquest and the treasury of a defeated nation was the first object of a victor's pillaging. Hopefully there would be more than enough gold and silver and other spoils of war to make big scale military activity well worthwhile.

With the use of coinage of the *noble* metals, copper, silver and gold, there was the perennial problem of standards of quality and quantity. For valid and acceptable use, coins needed to bear the stamp of some authority, usually a ruler or government or financial institution. They also needed a verifiable scale and a just and reliable simple mechanical system of' weight measuring. The History of Weights and Measures is necessarily linked with the evolution of marketplace activity. One of the most important roles of Governments was to legislate appropriate standards in this regard for the community. While their intervention in these matters was considered essential, their further interference in the marketplace activity of money lending has always been most unwelcome to those who sought to hold a monopoly over credit creation.

Though the financial responsibilities of Governments, with their own constitutional power to create debt and interest free credit money when required, are usually attended to by Treasury Departments and National Reserve Banks, the latter are dishonourably seduced to abdicate their inalienable right to create the purchasing power of the community whose natural wealth of goods and services they are pledged to safeguard. They are seduced by a parasitic private banking system whose only interest in the community is how the latter can be exploited to the global usurers' personal advantage and how the body-economic can be squeezed and screwed to extract the last drop of sacrificial blood to appease their god of Mammon. Naive politicians are easily conned into borrowing the nation's financial capital from private banks as interest-burdened debt. The principal is never repaid and the people taxed forever to pay to their financial overlords the interest on what is really the community's own credit and wealth.

There are simple commonsense rules which should determine any Government's fiscal and monetary policies. Sovereign governments should never, under any circumstances, give over democratic control of their money supply to private bankers or bureaucrats, nor under any circumstances whatsoever borrow any money from a private bank. Governments, like businesses, should distinguish between "capital" expenditures and "current" expenditures, and when it is prudent to do so, finance capital improvements with money the government has created for itself and spent into existence.

It is not within the scope of this book to delve too deeply into the past injustices and blatant treachery associated with the rise of present day banking institutions and the collusion between them and influential government officials and politicians. Two examples will suffice.

The History of the Bank of England reveals its involvement in a succession of political intrigues and economic crises. With the rise of the goldsmith-banker, as outlined previously in this Chapter, a financial revolution had taken place in England which culminated with the establishment of the Bank of England 1694 by Charter through an Act of Parliament. From its beginning, the Bank became the dominating force in banking affairs and evolved to become the nation's privately owned and controlled central bank with the sole power of note issue. The course of its history was marked by questionable beginnings, lack of government foresight and economic crises brought about by irresponsible and excessive note issues. The Bank was established on the understanding that a loan would be provided to the government in return for certain privileges. This practice would continue in the years ahead and as further monies were advanced to the government additional powers were bestowed upon the Bank. The Bank itself became the all-important financial mechanism for the monetization of Government debt. Operating through this private bank, the Government was now provided with a means to procure money by simply issuing public debt certificates like Bills, Bonds and Notes. The beneficiaries were the bank's shareholders. The ordinary citizen became burdened with an ever-increasing National Debt and an ever-increasing government taxation to pay the interest thereon. Though the Bank of England has been "taken over" in recent years by the British Government, the Madam of Threadneedle Street continues to dictate the policy and terms of her great seduction.

In the USA, the completely privatized Federal Reserve Bank performs a similar function to that originally of the Bank of England in the UK. It is a Central Bank or the bankers' Bank. The system operates through its own Federal Reserve Bank subsystems. The United States Government does not own any of the stock of the Federal Reserve System, nor does it have any share of its profits. Taxation provides the Government with the means to satisfy its Treasury's interest obligations on money created and provided by this privately owned financial monopoly which is viewed by many as the modern Grand Madam of Babylon and in the opinion of many Americans is one of the most pernicious and corrupt institutions the world has ever known. In all those countries of the world where the almighty dollar is enthroned, all economic activity, unemployment, social services, housing and the alleviation of poverty, all take their cue from and dance to the tune of the Chairman of the FED raising or lowering interest rates by one quarter or one half of one per cent.

One prominent banker, Maier Amschel Rothschild, is reported as saying in 1790, "Permit me to issue and control the money of a nation, and I care not who writes its laws."

The banks themselves correctly claim that all money is a debt to their system. As the creation of money by the banking system can be initiated and manipulated as and for any particular purpose they might consider desirable, it would seem that a power nothing less than the control of the entire economic activity of the nations of the world is vested in a private monopoly. Being in sole control of all the world's money, the banking system can buy whatever any amount of money can buy which is almost anything. They buy and extort silence from persons whose pronouncements from positions of authority might endanger their usurious control over the lifeblood of the entire economic body.