Chapter Nine

The Cancer of Greed

Much has been written this century about Social Justice. When it has suited them, the expounders of social morality in the Western Christian tradition have generally invoked the Bible as definitive source material. When it has not suited them, their enquiring minds have been faced with the situation of having to try to invent some guiding and impelling formal intellectual and moral system for the educative role of the pedagogue of future cultural evolution.

It is one thing to expound logically consistent ideas which enjoy mathematical certitude and which validate hypotheses like that of Gaia. It is another thing to predict how they will be implemented. Entrance into a new Millennium engenders an atmosphere of expectancy. One things is logically certain. An over-populated and debt-enslaved world is on the brink of terrifying ecological and economic disasters due to the abuse of the monetary system.

Socialism has not succeeded in its goal of a new social order of equality for the working class masses. At the very opposite extreme, an idolatrous laissez faire capitalist free-for-all economy with a financial system as it is now, is a sure recipe for the monied haves to get richer and richer though relatively fewer and fewer. The number of poverty-stricken not-haves and those in the slavery of financial debt must continually increase until, by fair means or foul, they seek and obtain redress. It is hard to conceive how the present state of almost universal ignorance concerning the fact and consequences of all money being debt to the banking system can continue for much longer. It is only a matter of time before such information becomes data-food for thought in the computerized minds of the masses of ordinary people. When they find out how they have been and still are being tricked and swindled, changes must soon follow, peacefully we hope.

Reward and punishment have been, and still are, the positive and negative motivating forces for an infantile popular morality. Getting something for nothing, legally or illegally, is still the fundamental consideration of both the banks and their robbers, of the usurer and the pickpocket. Retired people, living off either their superannuation or other interest-bearing capital investments, and also the aged and unemployed living on doled out pensions and relief, are both living at the community's expense. Honourably or dishonourably, proudly or humbly, they both get their something for nothing.

Some people have more business acumen than others and commercial success comes easily to them. However, it denigrates human nature to say that all people are worshippers of Mammon and that most business folk are unscrupulous money-grabbers.

The fundamental, if not the sole cause of such apparent selfish activity, is fear of poverty. The financial insecurity brought about by the abuse of the role of money as intermediary in the exchange and distribution of the community's real wealth of goods and services will be banished from a society whose members are no longer wage-slaves but are guaranteed a modest yet adequate income-dividend by right of their being shareholders in the community's common wealth enterprise. Superannuation funds will then become obsolete and unnecessary and the mere hoarding of money, as contrasted with savings for future spending, will become a socio-economic evil. As the means of exchange and distribution of the real wealth of society, credit-money will be created to be spent and once spent will be un-circulated in an endless iterative cycle of public economic utilization.

Aseistics makes possible a new definitive morality. In all self-other-functioning-subsystems of both the physical and the psychical realms orderly negative feedback is a good to be sought after and the cancer of disorderly positive feedback an evil to be avoided. Just this *One Commandment* is all that is needed to determine a rationally compelling ethical basis for the religious, economic and legal mores of this new Millennium.

In aseistic evolution's trial and error trichotomy of either adapt to the present, or perish and become something of the past, or evolve to future's more complex forms, subsystems' orderly negative feedback is the principal factor for progressive becomingness. Disorderly positive feedback in any subsystem bears witness to a species of cosmological egestive self-purification and may quite appropriately be called, cathartic evolution.

It is not a question of individual rights preceding the demands of society. It is not a question which comes first or last, the individual or the community, the part or the whole. The parts of the whole and the whole itself come both first and last. The destined evolutionary growth and perfection of the individual *I-me-mine* is to knowingly become the universal *We-Us-Ours*.

There is a recently unveiled phenomenon in the domain of Physics which throws added light on some whole-part, unity-in-diversity, set relationships in the Cosmos. It goes under the name of Holography and is a system of photographic storage which does not use the refraction properties of lenses but rather is effected when the wave field of light scattered by an object is recorded on a photographic plate as a diffraction or interference pattern.

Though the mathematics of holography had been worked out by Dennis Gabor in 1947 and subsequently earned him a Nobel prize in 1971, it was not until the laser was invented that his theory could be satisfactorily demonstrated.

The photographic recording of the image is called a hologram. The latter appears as a meaningless pattern of whorls. When the hologram is placed in a coherent beam of light like a laser, the original wave pattern is regenerated as a three-dimensional image. The fascinating reality of a hologram is the fact that even the smallest piece of it, when taken separately and enlarged to the size of the original plate will reconstruct the entire image and not appear just as an enlargement of a part. The part is in the whole and the whole is in each part. Such an intriguing situation when each part has access to the whole has brought about a most profound Paradigm Shift or new perspective of reality.

A holographic photo can be taken of a donkey so that its image fills the whole picture. If now the corner section comprising just the donkey's head is cut off and this small section then enlarged to the size of the original photo, you will not get a picture of just the enlarged head of a donkey but a repeated picture of the original WHOLE donkey. Each separate part of the picture contains the whole picture in an *implicate* form. The part is in the whole and the whole is in each part.

Whatever builds up the beauty and wholeness of the combined physical and psychical unity of, and in, the self-other-functioning-feedback-system of ***Ours*** is good and true and is to be sought after. Each self must contribute, with negative feedback if necessary, to the common good and common wealth of the whole or universal Self-set. This is categorically imperative in true aseistic evolution. One's self can only save its sole-self by union in ones' whole-self. The real self-preservation of unit parts can only be effectively achieved in the self-preservation of the unity of the whole. Whatever militates against this in the singular personal positive feedback of ***Mine*** is evil, being a denial of Aseity's self-other-becomingness and is to be avoided at any cost. Continual growth, through self-centred positive feedback, is the creed of the cancer cell and becomes its own suicidal rite in the accompanying consequent destruction of its host.

The perennial problems arising from the distinction of parts of a system from their union as a whole will only be solved when as in a s-f-f-s, the whole is understood as an essential part of the system itself. This is one of the key themes in the author's unique Thesis of Existential Self-Other Relativity which initiates a new *oneness* and *togetherness* approach to all knowledge in Science, Mathematics, Philosophy and Theology. The logical basis of Cantorian Set Theory in The New Mathematics is restructured and by using the simplest linguistic analysis, the paradoxes from Set Theory are removed, thus providing a consistent foundation for Mathematical Logic. The latter can provide guidelines for economists to have a better understanding of unity, infinity and exponential growth. An in-depth exposition of a new Theory of Sets is contained in the author's book *Achieving the Impossible* and can be read at www.queenofthesouth.com.au

In all social issues, the interests of private property and of private enterprise must be subservient to the interests of the community and society as a whole. The negative feedback in the parts must feed back to sustain the true positive feedback in their common wealth whole. The latter evolves both socially and economically as a set or global unity of distinction's unit sets in aseistic union.

When all citizens are educated to think as plural *We-Us-Ours* and hence to become shareholders or stakeholders in the common global wealth of the human race, then eventually the economy's financial lifeblood will freely flow to sustain every part of the economic body, and all poverty and financial insecurity will be removed. The infectious psychosis of a self wanting to get something for nothing will be cured by preventive therapy. It will be in each self's own real interest to invest all its talent-capital in humanity's great universal

We-Us-Ours Inc. enterprise of which it is a vital shareholder and in turn receive an apportioned dividend. People will love to work for love as long as they are not obliged to work with sweat and-or tears, as fear-driven wage slaves, for mercenary motives.

In the true self-other growth of interpersonal relationships, the individual self progresses through differentiated stages. In infancy, considerations of self-preservation dominate all its relationships. As childhood proceeds, self's awareness of others now slowly becomes more complex until with puberty a whole new set of attractions and dislikes claim attention as possible factors in self-development and distinct self-identity. These latter quests last right throughout the period of adolescence. Formal education is supposedly designed to motivate and guide this phase of human growing up so as to enable each individual self to relate to the collective self of the community in a way that is advantageous to both.

If this is the desirable goal of the Education Industry then it would seem that many, if not most, of its products are in dire need of reprocessing. If society is not to be completely engulfed in a tide of economic capitalist entropy which would throw civilization back to an infancy stage of uroboric self-preservation, at an irrational and detrimental expense to others, then it must be insisted that a self's maturity lies in its attaining a kind of self-transcendence through a cerebral reprogramming. Such a self-transcendence can only be brought about through its singular *I-me-mine* being infused with the immanent spirit of the plural *We-Us-Ours*. If cultural evolution is to proceed, and as sure as Aseity exists, so aseistic evolution will continue, then the psychical realm must learn its ultimate sanctifying lesson from the physical world.

In the past we have been accustomed to think of just three states of matter, namely, solid, liquid and gaseous. In these three phases, there are well defined relationships between free individual particles among themselves and between the free individual particles and their collective whole. Entropy considerations bear witness to a real kind of conflict of interests between the freedom of individual particles and their ordered growth into a whole-some complexity.

There is a fourth state of matter, the plasma state. A plasma is an electrically conducting medium. It generally consists of positively charged ions, negatively charged electrons, atoms and-or molecules.

Of special interest here is the fact that the properties of a system in the plasma phase depend on the collective behaviour of the constituent particles as distinct from their individual identities. It may come as a surprise for most people to learn that nearly all the matter in the Universe still exists in the plasma state. It is basic to and predominates in the sun, the stars and interstellar space. Lightning flashes, auroras and simple welding arcs are plasmas. So also are neon and fluorescent tube lighting. The crystal structure of metallic solids exhibits this same fourth phase phenomenon. Collective behaviour of a very high order, though completely different in nature from the plasma state, is also quite evident in laser and cryogenic or low temperature technology.

Human beings are destined to participate in an advanced form of psychical collective behaviour as conscious and willing units of an aseistic s-f-f-s known as the global community, Aseity Incorporated. A world society, come of age, will know its citizens as intellectually mature individuals who, with childlike simplicity, will deem the personal profit motive to be unworthy of any truly civilized inhabitant of Mother Earth. Only what is profitable to society as a whole is true aseistic profit which in turn will feed back to all its members. Only that which is in the interest of society as a whole, as well as to its parts is wholesome and aseistic. At present a kind of reverse ordering of this collective welfare prevails. Economic entropy exacts that the provision of the interest on money loaned to individuals or groups becomes the responsibility and liability of the whole community. In financial affairs, an uneconomical part infects a now-made uneconomical whole.

A true and profitable use of one's talents is dictated by Nature herself. Making a commercial profit only becomes reprehensible when it is done at the loss-expense of the rest of the community. Industries do not exist for financiers to make profits. They exist to satisfy the needs of the community and their modest profit making is a necessary though secondary concern. There is every reason for those gifted in the Fine Arts and trained sportspeople to be rewarded adequately for developing their talents and sharing them with others. The community as a whole culturally benefits and profits from their activities and this profit rightly flows back to the benefit of all those people involved. Without the community's sanction and encouragement, their talents would be wasted as far as their being shared with others is concerned.

Any profit is good in a s-f-f-s if the whole profits along with the parts, that is, if the community benefits as well as one or some of its citizens. Individuals who profit at the expense of, and-or to the detriment of the community are guilty of treason. The notion of money as financial capital involves the motive of profit. As already pointed out, all such financial profit motive can be considered quite valid as long as the money is debt free and the industry in which it is invested is necessary, useful or is capable of further expansion.

Today, these provisos are generally not met. Firstly, all money is a debt of the banking system. In banking philosophy, the possession of money intrinsically bestows on the possessor the right to get even more money usuriously for nothing from the community at the latter's own expense. Making such financial profit by a relatively few rich citizens is only achieved at the price of an exponentially increasing burden for the rest of the community of unpaid interest on the ever-unpayable interest on the unpayable banks' debt-financed principal. Secondly, most industrial expansion is now only achieved at the continued rape of the earth and the mindless cancerous growth and blind expansion of an economy which knows no self-restraining negative feedback but seeks to exploit the limited resources of the planet for the base greed of a usurious financial system, and to fire the lust of the insatiable avarice of the worshippers of the god of Mammon.

An irrational obsession with economic growth intoxicates the minds of politicians and their economic advisers. In the past such growth was necessary, as necessary as the growth from the state of a child to that of an adult, but once the state of economic maturity has been reached it is crass stupidity to entertain ideas of growth just for growth's sake, so that the rich can get even richer. There is no greater misconception blocking progress to a sane, just and sustainable world order than the blind and illogical notion that all prevailing socio-economic problems can be solved through economic growth.

Almost all political, economic, educational, religious and media leaders and spokespersons are ignorant of the fact that it is precisely this catastrophic obsession with growth's economic obesity that is the very cause of all the troubles in society and hence cannot be the apposite cure. In the short term an increase in economic turnover promises more employment and consequent incomes, but this is only the transitory high of a system based on an addictive greed and which, as with the drug addict, is only a temporary relief to an insatiable and self-destructive appetite which is only terminated in a cancerous suicidal death. A stable zero growth economy does not preclude progressive innovative techniques and social improvements.

A sustainable economy envisages growth in the quality of life for all, rather than the mere unbridled increase in the quantity of possessions and power over others of a selfish few.

Usury or the simple charging of interest on loans whether it be moderate or immoderate is intrinsically anti-aseistic. Being a form of positive feedback in a subsystem, it is detrimental to the welfare of the functioning system as a whole and hence it must be condemned as a socio-economic evil and treated as criminal treason. A mere means to a noble end is prostituted so as to become the very end itself and the former noble end now is enslaved as a means to satisfy the ignoble avarice of the worshippers of the god of Mammon. In much less complex societies it was forbidden by both the Bible and the Koran. In the understanding that Aseistics throws on today's debt-ridden economy, any attempted theological and magisterial justification of even a moderate usury by the present banking system only demonstrates the fallibility of the ecclesiastical masters in the Christian and Jewish Churches.

Usury is still officially forbidden in Islamic religion and its prohibition extends to cover any such form of interest on capital loans or investments. True Moslems obey Shari'a, Islam's holy law in which there is a principle of oneness of religion and life. Whereas orthodox accounting is based on economic rationalism whose basic beliefs are that man has no concept of justice and that self interest is the only consideration, the objectives of Shari'a is to establish social justice so that every individual should receive what is their right and people can fulfil their obligations to their deity and society.

The Qur'an forcefully prohibits the payment and receipt of *riba* or interest. Riba-based transactions lead to paying people without them making any effort, and to a concentration of wealth in the hands of a few. So Islamic banks pay and receive no interest. When financing business, the bank becomes a partner in the business and shares the profits or losses with the entrepreneur. The contract between parties is reviewed regularly. In the case of a house loan, the bank buys, say 80% of the house, and enters into a contract with the 'owner' similar to lease to buy. There are no loans, no debtors, no creditors. "Debt is a humiliation, a worry at night. You can't enter paradise in debt," said a wise religious advisor. Most UK banks have Islamic windows. With about one billion Muslims worldwide and Islam's religious revival, the potential market is very large. A tiny Islamic bank has just started in Australia.

Shari'a prohibits investment in banking, alcohol, gambling, meat improperly killed, and *gharar* (uncertainty) e.g., the insurance business (they only allow mutual insurance groups). In Malaysia now there are now two stock indexes - the ordinary index and the Islamic index. Speculation in currencies 'disturbs peacefulness' and is not acceptable. The Qur'an has no requirement for a central bank, and Moslems appear to have no issue with the banks creating the country's money supply.

Before proposing the necessary economic reforms it may be of use to summarize what has been said already concerning the crises in the global and national marketplaces. The latter crises bear witness to a universal indebtedness of all nations, along with their industries and citizens, to the present banking system for the interest-burdened loan of the banks' own created make-believe financial capital in order to develop and distribute the world's real wealth.

There is a growing disparity between the pool of purchasing power of the community and the prices of industry's products in the marketplace due to the fact that all production costs must be included in the price of the articles for sale. In these production costs, there are capital costs which cannot be liquidated by the community since the latter does not possess the corresponding purchasing power. This disparity is neither due to a shortage of labour nor of materials, but owes its origin to accountancy methods. In the present industrial system it is the real quantity of money available to it as financial capital which determines its productive output.

Any properly functioning economic system has as its purpose the provision of goods and services for a community. It is putting the cart before the horse if money supply is allowed to govern production. The financial needs of production should determine the money supply. Because money is treated erroneously as a commodity with an intrinsic additional purchasing interest factor, financial costing is vitiated at its very source. The cost-measuring operator must first cost measure itself. Credit-extension is restricted by keeping money supply short, since by this means its value as a commodity is increased.

Most individuals and corporate entities seek and obtain loans and overdraft finance from banking institutions in order then to engage in business activities in the marketplace. With profitable commercial enterprise, many are able to regain and repay not only their initial loan or overdraft, but also the financial burden of its interest. This extra money is found only at other peoples' expense and the prevailing system condemns some businesses to inevitable future failure. It becomes the obligation of the community as a whole to pay the interest on its very own members' debts by increasing its own common insolvency. Financial institutions do not accept the physical produce of their dependent financed industries as payment of interest or principal. A wheat farmer cannot pay the interest on his overdraft with sacks of grain. Banks demand to receive back more money than they originally put into circulation. This is partly achieved through the accompanying inexorable inflation and partly through the sale of the capital goods of bankrupt clients. What further remains unpaid in this overall impossible task is written off as tax-reducing bad debt.

With the perfecting of industrial automation and new progressive labour-saving technology there is a continual replacement of humans in commercial and manufacturing enterprises by machines. Soon it should be possible that just a quite small percentage of the population will be able to control and maintain the productive system, whilst the rest of the community should be blessed with increased leisure time. The latter will have to obtain their income-share of the commonwealth cake from a source other than the distribution of wages from industry.

At present, the advances of science in the production and distribution of goods and services are proving negatively more of a social disaster than a positive benefit for the vast majority of ordinary citizens. It is not necessary to have full employment in order to produce enough real wealth of consumable goods in order now to satisfy the needs of a whole population. Full employment only becomes necessary if a nation's whole population are to be treated as wage slaves.

The solution to the above problems does not lie in any kind of anarchical social revolution, but rather in a rational evolutionary eradication of the defects of the present monetary system. It is not the actual use of money in bank-functioning that is the root cause of the problems, but rather the usurious abuse of money in the bank-owned monopoly of credit and the resultant enslavement of the community with increasing debt. To remedy this situation and to remove all obstacles to global prosperity it would be sufficient to implement the following procedures.

Just as the healthy human body's s-f-f-s automatically puts into circulation as much blood as is necessary for the well-being of the whole body's exchange and distribution system, so also the supply of money should reflect the community's real wealth and productive capacity. The quantity of money in circulation should not be subject to any arbitrary restrictions and to the whims of unscrupulous moneylenders. Because whoever controls money, as the only vehicle of the community's credit, also controls the lifeblood of the nation's entire economy, it is imperative that financial policy be planned and administered by some intellectually competent national authority, politically responsible to all the people in the community.

If money is to function economically in the whole community as a meaningful intermediary and economic catalyst for the exchange and distribution of goods and services and as a relative costing-operator for all commodities, it is essential that money itself be not an element of the set of all those things which money can buy. A commodity must possess a certain intrinsic value and be understood as anything other than money which money can buy.

In order to equate the inadequate pool of purchasing power of the community with the higher prices of available goods and services in the marketplace, it is necessary that the required amount of money be made available and distributed to the members of the community in an acceptable form of an increase of currency or of national financial credits or both. This national credit fund should also provide the finance for adjusting the economy as technology takes over from human labour in industrial systems. It would also permit drastic taxation reductions from which the community would benefit enormously. Some benign form of taxation might be necessary at times to reduce the amount of surplus money in circulation.

Taxation, as we know it today in feedback economic systems, is for the most part evil and immoral. It is unnecessary, being the legalized robbery of the community by the banking system which makes its costlessly created make-believe counter-feat financial wealth available to governments on the loan-condition that the usurious interest be paid out of poor taxpayers' pockets for all eternity. Already we have alluded to today's absurd inconsistency, when so-called banks of the people charge the very same people high interest on loans enabling them to use their own financial credit and develop their physical and psychical resources. Not merely are these individuals in the community charged a usurious interest for their own personal loans but they are also taxed to pay back to the community's own bank the interest on the ever-increasing loans that the community as a whole contracts to itself for public works and the like. What should be a mere civil servant has now become an uncivil slave master. The Natural Law knows neither debt nor usury nor taxation.

There is a place for a special form of prudent taxation of the community by the appropriate government authority. This would not be to meet the financial obligations of a Treasury in bondage to private banking institutions but to reduce, if necessary, consumption expenditure to a desired level.

If the community has the responsibility of finding the interest on the loans and investments of its members, both as individuals and also as a community, it must of necessity have the right to create the requisite amount of money, debt and interest free, in order then to liquidate this added burden. Some of the methods by which this money would be introduced have already been elaborated on in Chapter Four when dealing with the Plagues. Subsequently in Chapter Five it was asked, Can money be created and introduced into an economy in a way that reduces costs rather than increasing them?

It is the answer to this question which will ultimately determine the fate of all nations. The obvious key is to create the limited expansion deemed necessary for a healthy and sound economy without debt. This can only be done if the sole right to create money is returned to the Sovereign State or National Treasury. Private trading banks would still operate, without government shackles, but they would have to borrow, at a nominal rate of interest, all their money supply from the Government Treasury or from shareholders and private depositors. They would not be allowed to engage in the legalized counterfeiting of private money-creation and their only role would be that of service to the financial needs of the community. It is the latter which gives catalytic financial value to money as the means of exchange and distribution of its citizens own real wealth. This finance-energy belongs to the body-economic as its lifeblood. It should be created by the community, both debt and interest free, as the community's credit. Banks should be the altruistic heart of this social body, serving only to circulate its blood. In its orderly service to all other businesses in the marketplace, lies the true reason of the banking system's own existence and the justification of its real place in the existential relativity of aseistic evolution.

The creation of such debt-free money would enable a situation to be reached where the need for any increase in the volume of money was reduced, without any of the restrictive effects currently being generated. The increase could be used to reduce costs, starting with taxation as a first necessity. If all taxes could be reduced without a squeeze, wage demands would immediately be moderated, and the pressure would in turn be taken off industry, allowing the whole economy to be diverted from its present self-destructive course.

There is an ever-growing body of intelligent people who are aware of the world's financial problems. Their voices are stifled in the bank-controlled media. Scoffers say that greed is too ingrained in human nature for the system to be changed. The system will be changed, either through sane self-reform or tragic self-destruction. It will not be changed for the better by the irrational absurdities of the protagonists of an Economic Rationalism whose gospel preaches privatisation for personal greed, competition for corporate bullies and absolute human liberty to do whatsoever you fancy. For the most part in Academia, the taught Consensus Economics advocates financial deregulation, free trade and the unrestrained interplay of market forces freed from all restrictions and governed solely by the motive of individual greed and profits before persons.

Already on Page 90 there has been elaborated a *single tax* system and an extract from it is repeated here.

“It is not necessary to confiscate land: it is only necessary to confiscate rent." The rent to be confiscated was the amount the owner could collect by renting out unimproved land, or if he had improved or built on it, that part of the rent attributable to the land alone. George argued that the owner should not be taxed on the improvements because they were the products of his own efforts. Thus society would recapture the land values society itself had created and the owner would be forced to put the land to its best use or give it up, since hoarding land would no longer be profitable.

The rent or tax should, in George's view, be high enough to cover all government funding so that neither capital nor labor would have to be taxed on their just earnings. The "single tax" would solve all of society's problems. It would, he said, "enormously increase production, secure justice in distribution, benefit all classes and make possible an advance to a higher and nobler civilisation." Today there is some evidence of awakening interest in George's teachings.

Complete absolute human liberty is psycho-dynamically entropic and incompatible with social interests and national order. Markets are dominated by all-powerful transnational corporations and financial institutions and these, being driven only by the quest for maximizing profits, treat persons solely as means to an end in an industrial cycle. Their labour is exploited in the production phase and their needs, real or imaginary, are likewise exploited by an often deceptive and irresponsible advertising in the consumption phase. Unregulated markets tend to destroy people through unsafe working conditions, child labour, unemployment, starvation wages, race and sex discrimination. The environment too suffers and is destroyed by toxic waste pollution, forest destruction and depletion of irreplaceable resources.

Transnational corporations champion free trade because they want to be free to make those goods, whose production is environmentally polluting, in those countries which have only the minimum protection laws, or none at all. They want to be able to make those components which are the most labour-intensive in nations where there are the fewest occupational health and safety rules and labour is the cheapest. Their aim is to sub-assemble in one place and to effect the final assembly in another and all the while to manipulate the accounting procedures so that profits are made to appear under that sovereignty where profits are least taxed. Corporations can thus shift their money, investments, or production from country to country, sovereignty to sovereignty, with little impediment due to the so-called mobility of capital. Unfortunately, for those people who must make their living by working there is no analogous mobility of labour.

Industrial corporations profit by creating unnecessary wants as much as by satisfying needs and their media-controlled power to manipulate consumer response is unprecedented in economic history. Financial institutions have no qualms about lending at high interest rates to multinational companies for industrial enterprises in which domestic factories are moved to foreign lands. They are also only too willing, through loan-finance, to promote domestic mergers that result in job destruction and increased unemployment, whilst they also create the very money that they loan to their own subsidiaries for speculation in the money-market itself.

Those economists who proclaim that under free market conditions there will be no place for unemployment blind themselves to the fact that it is the same big corporations, which not only sponsor them and their economic illusions, but who also encourage quite a high rate of unemployment as a necessary labour disciplinary weapon against better working conditions and higher wages.

There are two sources of investment finance other than that arising from personal savings. There is money created by a properly constituted sovereign government. This should be interest free to the community who give it its credit and for whom the money is created to serve. There is money created by a legalized banking system which brings money into existence from nothing and with the added burden of compounding interest. Governments as Sovereignties should finance all their capital investments by money they create for themselves. Intrinsically, this is far less inflationary than the banks' creation of debt-money, whose principal is never paid off and whose shackled interest increases exponentially. It is not true to say that government deficits can only be eliminated by cutting expenditure on essential services or by raising taxes. Governments should prudently create the necessary money themselves instead of being conned or hoodwinked by the private banking system to borrow (and never repay) high interest-burdened money from them. The History of the

Commonwealth Bank of Australia illustrates what can be achieved in this regard. It can be read in the Website Articles. It also reveals how treacherous a government's politicians can be.

This prudent and proper Government Sovereignty financing of capital expenditures is not just a Utopian but otherwise unrealizable situation. The Maine-Danube Waterway has been constructed using no-interest loans from the governments of Germany and Bavaria to the RMD Company to build the canal and hydro-electric system linking 13 countries along the Rhine. This waterway connects the North Sea to the Black Sea, and the loans will be repaid from the sale of electricity by the year 2050.

As recently as 1991 the Swiss government passed legislation to write off the debt owed by poorer developing countries and required that part of the debt be converted to counterpart funds by creating local currency for small scale development projects under the control of community based organisations. This local currency creation is an application of the Sovereignty solution. Such provisions could end Third World debt and ensure sufficient money exists for local government.

In the Great Depression of the nineteen thirties, there were endeavours to introduce interest-free money in Austria, France, Germany, Spain, Switzerland, and the USA. One of the most successful was Worgi in Austria where there is a plaque commemorating the bridge built on debt-free locally created money. There was also a 12% fee on money withheld from use in the local money supply, so that people kept their money circulating. A similar use of money was attempted in Swanenkirchen in Bavaria. Both these towns were transformed temporarily from being poverty-stricken to becoming prosperous communities, but both were forcibly prevented from continuing such by their bank controlled governments. The Social Credit government in Alberta, Canada, was also prevented from issuing its own money by the Canadian Government. New Zealand was the only nation in the world to end the 1930 Depression by the process of using its sovereign right of issuing its own currency. Its prosperity was not to last, as private financial institutions eventually succeeded in gaining their former control of debt-money creation.

It is instructive to consider two historical situations which give the lie to the private banks' insistent but completely erroneous criticism of Government self-funding as being inflationary.

There is an aberrant consensus among historians that the US Congress financed the War for Independence between 1775 and 1783 "in the worst possible way - by the issue of printing press money". It is said that the US provided an example of fiscal irresponsibility "of the most deplorable sort" and that this method of war finance "polluted the equity of our laws, corrupted justice and went far to destroy the morality of the people."

There is likewise a consensus regarding the way Britain financed its attempt to suppress the War for Independence. The consensus is that Britain adopted only those measures in accordance with "the principles of sound finance" and showed most praiseworthy fiscal responsibility.

The actual facts suggest that agreement among historians and orthodox economists might be brought more up to date respecting the best methods of financing a war and be worth reconsidering.

To the extent that the War for Independence was financed by the printing of paper money, the United States incurred no war-debt. It is a fact however, that the exigencies of war occasioned the issue of such large amounts of paper money that there was some depreciation of its value. But as Benjamin Franklin wrote "The general effect of the depreciation among the inhabitants of the States has been this, that it operated as a gradual tax upon them. Their business has been done and paid for by the paper money, and every man has paid his share of the tax according to the time he retained any of the money in his hands, and to the depreciation within that time. Thus it has proved a tax upon money...and it has fallen more equally than many other taxes, as those people who paid the most, were those who, being richest, had most money passing through their hands".

Instead of financing its war against the United States in such a way as to minimize the amount of debt owed at the end of the war, Britain relied almost entirely on borrowed money. By 1783 the British national debt was roughly $500 million greater than it was in 1774. But, here is the really interesting fact - Britain's national debt since 1783 has never been less than that amount. The conclusion that can be drawn from this is that Britain has not yet paid for the war it fought to suppress the emerging United States. In other words, to the extent that the United States financed the war by paper money, it did so by a *tax that fell more equally than many other taxes* and to that extent it emerged from the war free of debt. The US paid for the war ONCE and only ONCE

British taxpayers however have been paying annual interest on the $500 million cost of their war for more than 200 years. It would be tedious to attempt an exact calculation of the interest paid, but even at the modest rate of 4%, the interest on the debt for 25 years would equal 100% of the debt. This means that to date the $500 million war debt has required the payment of over $4,000 million in interest, yet the debt is still owed in full. Put in this way, this means that the Brits have paid for the war eight times over and yet today still owe every farthing in respect of that war.

This supposedly is an example of *fiscal responsibility* and *sound finance* and those definitions are still current among mainstream orthodox economists.

The second historical situation worth examining is the real cause of the German inflation of the early 1920s. That inflation is often quoted by people to erroneously support the theory that inflation is caused by too much money chasing too few goods.

During 1921 and 1922 the German domestic budget was almost balanced. However, there were two serious problems. At any time in most countries there is a considerable quantity of spendable assets of influence in the marketplace. Bank deposits, savings deposits, government bonds, and other securities can all be converted and spent if necessary. During the war these spendable assets increased greatly. Government debt, for example, had increased from 5 billion marks in 1914 to more than 105 billion in 1919, resulting in huge increases in public holdings of government bonds.

The second major problem was that war reparations had to be paid under the Versailles Treaty. These amounted to the massive sum of 132 billion, payable in gold or pre-war marks. There were some price rises in 1919/20 resulting from a scarcity of goods caused by the continuing Allied blockade, and many Germans became convinced that future prospects were hopeless. They began using their spendable assets to purchase goods which would better hold their value. However, prices began to fall and the United States' recession brought a sudden glut of farm and other products which kept prices down. A growing deficit on combined foreign and domestic accounts with huge tax rises was also making itself felt. Domestic prices went from 14 times the 1913 level during 1921, to 35 times that level a few months later. In 1923, economic conditions became really serious. Domestic prices had risen to over a million times the pre-war level! The situation deteriorated rapidly. All bank deposits had been withdrawn in cash, and no-one would accept a cheque. The banking system had virtually collapsed; thus there was an enormous demand for paper money as being the only medium of exchange.

The reason why it was necessary to print such vast quantities of notes was of course that the German money supply at the time consisted of notes and coin, plus as here in Australia, bank deposits. In Chapter 1, Page 11, figures are given which show that notes and coin constituted only 5.9% of the money supply in Australia in 2001. The other 94.1% was made up of bank created deposits.

The percentage of notes to bank deposits in Germany in 1922/23 is not known of course, but had it been similar to that in Australia in 1999, for example, for all bank deposits to be withdrawn in cash would have required the printing of more notes to the value of approximately 16 times the value of those already in existence! Besides this, many German people were forced to sell bonds and shares, art treasures, real estate, and every other kind of asset just to get the cash to buy food to stay alive, and this too required the printing of even more notes.

At the time, all new loans, Government and private, were taken in cash. Hence the demand for paper money was enormous. Complete collapse was imminent.

This crisis illustrates all too clearly what could happen in this country if inflation really gets a hold, and bank depositors demand to withdraw their money in cash as they have a right to do. The Reserve Bank to honour its responsibility as a "lender of the last resort" would have no alternative but to supply new cash to the banks to meet the demands of depositors or the banks would have to close their doors. The country could become flooded with notes. This is probably what happened in South America where the note printing presses have run hot in past years. The prime cause has been a run on the banks and a demand for cash which has been met only by the issue of vast amounts of new currency. The underlying cause is clearly the system itself, whereby the banks issue more money into circulation far in excess of their cash and reserve holdings. It was inflation itself which caused the explosion in the note issue - not the reverse.

There is no reason whatsoever, except in the minds of many powerbroking influential orthodox economists, for any country in the world to borrow and pay interest for money created by a private bank from nothing, when any central bank or government has a Sovereign right to create, in accordance with their constitution, their own currency and credit, and spend it into circulation for works helpful and beneficial to it's people.

It is logically less inflationary because it is virtually costless, and does not ever have to be repaid. Then why don't we do it? It could be done if a tight rein were applied to the private banking institutions and other credit creators, by reimposing the legal tender reserve system that worked reasonably well in the past. However, Governments have been duped into a cancerous and treasonable privatising of the creation and distribution of financial purchasing power. There is one exception. It is very small but nonetheless most significant.

At the beginning of the 19th Century, after the Napoleonic Wars, the Island of Guernsey was in dire straits. Apart from the natural beauty and pleasant climate, there was precious little else to attract visitors to the Island, or indeed, to keep her inhabitants from removing to the mainland. The deep roads were mere cart-tracks, only four and a half feet wide, which in wet weather became muddy rivers between steep banks. The town was ill-paved and unattractive, and there was not a vehicle for hire of any kind on the island. There was no trade, nor hope of employment for the poor. Worst of all the sea was encroaching on the land and washing away large tracts of it, thanks to the sorry state of the dykes. The States Debt of £19,137 bore an annual interest charge of £2390; the annual revenue was only £3000.

This meant that whilst vast sums of money were required to save the land from the sea and make the island fit to live in, the net revenue from all sources was only £600 per annum. On the other hand, the dyke project alone was estimated at over £10,000.

In 1815 it became imperative to improve the Public Markets which then provided neither cover nor shelter. A Committee was duly appointed to examine the matter. Fortunately there were no financial experts nor professional consultants among them. They were just ordinary common sense people. It was found that further taxation of the impoverished island was impossible. The alternative was to borrow money from the banks, but this would incur debt charges at a high interest rate and this they could not afford. It was abundantly clear that whatever they might borrow, although they paid interest charges for years, would never be repaid.

After grave deliberation, the Committee in 1816 proposed the historic recommendation that property should be acquired and a covered market erected. The expenses were to be met by the Issue of State Notes to the value of £6,000. The Channel Islands had been allowed to keep their ancient laws and privileges for showing allegiance to King John, which meant that they were allowed to govern themselves, without outside interference from the English Parliament. Because of this, the civic authorities of Guernsey and Jersey persuaded their respective chief civil officers, to allow the printing of their own legal tender without a backing of either gold or silver. The money was to be spent on their islands to restore full employment and carry out the necessary works to enable commerce to flourish. Buildings would be erected, decent roads constructed and dykes made to protect the islands from tidal erosion.

The arguments put forward at this time in favour of a States' issue are interesting, as shown by this extract from the Committee's report: "The Committee recommends that the expense should be met by the issue of States Notes of £1 sterling to the value of £6,000 ...and that these notes will be available not only for the payment of the new market, but also for Torteval Church and to construct roads and other expenses of the state". The Report went on to consider that the banks already have their notes in circulation for more than £50,000, whereas it is now proposed to restrict the States' issue to a mere £6,000. There was also the argument that the issue would provide a permanent revenue to the States, sufficient not only to provide for the erection of the market, but also to create an amortisement fund to extinguish the debt of the States.

These proposals were not implemented until later in the same year, when the first issue of States notes was authorized for a sum of £4,000 for coast preservation works and for Torteval Church and Jerbourg Monument. These notes were issued subject to redemption in three stages, April 1817, October 1817, and April 1818, and not for reissue. The Committee's report recommending the issue states: "In this manner, without increasing the States' debt, it will be possible to finish these works, leaving sufficient money in the Exchequer for other needs."

It was not until 1820, after another abortive attempt in 1819, that the Committee were successful in their attempts to finance the building of a new market, and were at last given authority to issue States Notes for this purpose to the value of £4,500, redeemable in 10 years out of import duties and the revenue from butchers' shops. This issue was quickly followed by others and in 1821 the number of notes in circulation was increased, on the committee's recommend-attain, to £10,000, as being the most advantageous method of meeting debts, from the point of view both of the public and the States finances. Indeed, the public seemed to realize this fact and far from being adverse to taking the notes, they sought them out eagerly. The new markets were finally opened in October 1822. In 1824, a further £5,000 was authorized for the markets and in 1826 the issue was increased up to a total of £20,000 to erect Elizabeth College and certain parochial schools. It was in this year also, that the first States of Guernsey £5 notes appeared.

By 1829 the States' notes issue in circulation exceeded £48,000 and by 1837 over £55,000 was the grand total. In State correspondence it was a frequent subject for congratulation. It was stated over and over again by eminent men of those times that without the issue of the States' notes, important public works such as roads and buildings, could not possibly have been carried out. By means of the States' issue, not only were these works accomplished, but the Island was not a penny the poorer in interest charges. Indeed, the improvements had stimulated the flow of visitors to the island, and with increased trade the island enjoyed a new-found prosperity. The increased money in circulation stimulated employment and trade to an undreamed of degree of prosperity

During the first ten years of the great experiment there was no opposition. However, in 1826 certain persons made representations to the Privy Counsel, and laid complaints that the States had no right to exceed their annual income without royal consent. An explanation was demanded by Privy Counsel, and was supplied by the States Financial Committee to such good purpose that the matter was closed. The real danger to the Guernsey experiment came from the quarter one could well have expected, from two private banks on the island, namely the Old Bank, and the Commercial Bank.

Attracted by this new real wealth on the island, these two banks saw the opportunity to cash in. The first was founded in 1827 and the second in 1830. These private banks were not pleased when they saw their most affluent customers turn away from their entreaties to rent their money, and so decided to flood the island with their own paper money distributed by way of private loans. The States, fearing that their own notes issue would be prejudiced if this continued, appointed a Committee to confer with the banks. Truth is stranger than fiction. What happened then is hard to understand, but the facts are that it was the States who eventually withdrew £15,000 of their notes from circulation, not the banks. In addition, the States had to agree to limit their issue in future to £40,000. No light can be shone on the reasons for this mysterious decision as there are no records extant other than the bare facts. The private banks effectively stifled all further States Note Issue.

This agreement remained in force till 1914 when States notes in circulation were valued at £41,206. During all this time only one forgery had been attempted and, as it was very crude, it was immediately detected. As a result of this, it was felt necessary to withdraw the entire issue, which was replaced by a new issue of "greenbacks".

For over 50 years, until the first World War, the position in Guernsey remained static with a limited States' issue of £40,000. But in 1914, the Guernsey States were able to turn the tables on the private banks, and once more to issue money according to their own requirements.

The reason for this was the restriction imposed upon the banks during the first World War. The demand for money was enormous, but the banks were prohibited from issuing more than the amount at that moment in circulation. The Guernsey States, however, were under no such limitation, and they made such good use of their opportunity that by the end of the War in 1918 the States issue had risen to £142,000.

There were further increases in the post-war period and they were not unduly affected by the Depression, so by the time of the 1940 German occupation in World War 2, the interest free circulation had increased to £249,478 . Due to the islander's distrust of the German currency, most of the Guernsey notes were hoarded in private homes. Though they disappeared from the banks, they had gradually been increased to £433,626. When they knew that they were to be liberated by the British in 1945, a further amount had been printed to substitute for the *filthy* German paper to which perforce they had become accustomed., so that there was now a total amounting to £778,148

The author's source book is dated 1980 when the amount had grown to 18 million pounds (approx.) of Guernsey notes and coins currently in circulation which constituted an interest free loan to the Islands' government. Currency is issued to local private banks on demand for which the banks pay face value. This money in turn is then invested and income derived from those investments. Excess or dirty currency is returned by the banks as required, and the States of Guernsey likewise pay face value for the returned currency. Bank of England notes and coins are legal tender in both Guernsey and Jersey, and no distinction is made. However Guernsey notes and coins are not acceptable in Britain; a small fee is charged by the banks for changeover. The current value of the note issue to the Guernsey Exchequer was around one million pounds per annum.

Now the local Guernsey Banks have amalgamated with English banking concerns and there are no longer any private bank notes on the island, but simply States notes side by side with British Treasury notes. Naturally, there is a greater demand for States notes. No sane citizen of Guernsey wishes to have his taxes increased to pay debt charges. To enlarge on this theme - In 1937 the States note money, about £175,000, cost the States only £450 for printing and handling.

A loan of the same dimensions would have cost in interest alone about £11,383 annually. So can you blame the Guernsey tax-payers for preferring their own money since, under their sensible and benevolent financial system they pay hardly any income-tax.

During the entire experiment in Guernsey, from 1817 to date, there has at no time been a threat of inflation from the creation of States notes. At all times, the States were very careful in the issue and cancellation of notes according to their ability and requirements. Guernsey's inflation rate is about the same as Britain and can afford to leave worries about inflation to the debt-ridden mainland.

Today they have an immensely prosperous community, two and a half cars per person, no Government Debt, no G.S.T or V.A.T., no inheritance tax. Income tax is a flat rate of 20%. Only 91 people out of 64,000 on Guernsey, and virtually none on Jersey are unemployed.

A story of this nature would not be complete without reference to a situation much closer to home. Had its own Commonwealth Bank been allowed to function as it was intended at the commencement of its career, Australia would have enjoyed a prosperity that would have made it the envy of the rest of the world, a veritable Palace in Wonderland. The all too tragic saga of the progressive emasculation and eventual treacherous privatisation of the Commonwealth Bank of Australia is outlined in the Website of www.queenofthesouth.com.au Articles, The Story of the Commonwealth Bank.