

Peter Lock. Spring 2008

In Western Economies, most money comes into existence simply as a make believe deposit in a bank's computer. It is put into marketplace circulation, with compound interest, as an exponentially growing debt of the commercial world to the privately owned financial system. Banks are not allowed to on-lend any part of the public's deposits to other members of the public (although they are able to on-lend their reserves to other banks). If they tried to do so, they would be sued for theft. All bank loans to members of the public involve newly created credit deposits of purchasing power money.

There is a fundamental question arising from this marketplace situation which is the concern of social morality and justice. Who is the rightful owner of the financial credit or monetized estimate of the real wealth of a community or nation? Does it not belong in justice to the people by whose toil of mind and body, sweat and tears, the real wealth was produced? Have they not an intrinsic title to its ownership? Or does it belong to the banking system by whose virtually costless signature the money or make-believe ticket entitlement to real wealth is begotten out of nothing, and put into circulation as their very own price-inflated commodity and their monopoly in the financial distribution of all wealth?

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. This claim of ownership of money and the demand that it be repaid to the banking system is equivalent to the demand of the printer of a book of train tickets that he is the rightful owner of the transport system serviced by the tickets and that he is therefore entitled to repayment of the face value of the tickets.

Bank loans, for production not speculation, are only begotten on the strength of the community's capacity to produce and

deliver consumable goods and services. They charge the community interest for the community's use of its own real basic wealth and turn the true credit of the nation into a catastrophic suicidal debt for all, except their international selves who profit handsomely by this fraudulent trick of interest burdened debt. In such a procedure there is something intrinsically unjust and unnatural.

The banks only create and lend their purchasing power 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 create an extrinsic title to the financial credit which serves as a sign of the real credit originating in the joint operations of producers and consumers.

A nation's financial credit should be a reasonably correct reflection of real wealth credit. Since purchasing power money is merely a convenient token in a community's economic system to enable people to purchase goods and services, it should be issued as a commercial catalyst at the same rate that goods and services are produced, neither more nor less. This is far from the case at present. The banks issue and cancel credit-money without any regard to the total production of goods and services. By manipulating financial credit in an arbitrary and unscientific manner, they sometimes engineer inflation and sometimes deflationary recessions and depressions. Their sole consideration and motivation is to maximize profits for their exploitative owners and shareholders. The ownership of the real credit of a community and also 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.

Perhaps the greatest contradiction in today's political arenas is the situation that whereas Governments rightly legislate against counterfeiters 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 Bank, 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 corporations and avaricious 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 and perennial inflation. 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 most powerful monopoly of credit by which it is able to wield the greatest power without any responsibility whatsoever.

We go to market places and find that we now pay \$11 for a quantity of goods for which a few months previously we only paid \$10. We are told this 10% increased price is the effect of inflation. We go to a bank to purchase the use of one thousand dollars of purchasing power credit, in other words, a loan of \$1000 for a year at say, 10% interest. We have to pay \$1100 for the loan of \$1000 of purchasing power. The 10% increase in cost is not the effect of inflation - it is both the CAUSE and the VEHICLE of inflation. In its own self-interest, it is self-inflating. It costs extra money to buy and use money. It is not economical. Money has become a price-inflated commodity as well as an artificial store of make believe counterfeit wealth.

People go into business in the marketplace, producing goods and services. They hire their own necessary purchasing power (capital) from financial institutions by means of overdraft-credit. A significantly high rate of compound interest is charged for used credit. At the end of a period of trading in goods or services, the debtor is required to pay the creditor for the overdraft which has been used plus its compounding interest. How is the debtor supposed to get the extra money to pay the interest? Consensus Capitalist Economics advocates increased productivity obtained from employing fewer people who are made to work longer hours for less wages. Inevitably, business persons have to continually charge more and more to accommodate the compounding interest payments to their creditors. In the interconnected marketplace network, all capital expenses have to be anticipated and incorporated in the selling price of goods and services. For home owners with mortgages, they must try to obtain wage increases which then find their way into production costs and regained by further price inflation.

We deem it absurd if the length-measuring device called a ruler should contract or expand according to the whim of the builder or engineer using it. Owners of banks and their shareholders demand that the price-measuring device called money should cease its only proper and intrinsic altruistic function as a stable bartering intermediary. With autistic mindsets, they constrain it to contract or expand selfishly according to what gives them the greatest individual profit and power.

As long as the lifeblood money of the economic body remains subject to interest bearing debt, increasing INFLATION must result. If money were solely a catalyst, perennial inflation would not exist. Neither would there prevail the absurdity of continual growth. A just and sustainable society would easily and quickly be achieved. When Reserve Banks and economists talk about curbing inflation by raising

interest rates, they are trying to put out the fire by dousing it with petrol.

The modern monetary system is a most convenient method of transferring and utilizing purchasing power. Because of its strategic role in bestowing purchasing power upon those who in some way, possess or manipulate it, it is necessary that such money itself be put into its own very special category of economic entity as a commercial and industrial catalyst of marketplace activity. In Chemistry, catalysts are substances that increase or modify the rate of a reaction without themselves being consumed. Enzymes are naturally occurring catalysts responsible for most biochemical reactions.

Money, as catalyst capital, could be a very great blessing for the commercial benefit of Earth dwellers. Public and private financial institutions should exist, as stakeholders, for the provision of catalyst capital for domestic and industrial needs and public works. They would justly exact a reasonable service fee and an equitable share in the profits of trading. Bringing money into existence as a price inflated commodity on which never ending compound interest has to be paid is at the root of all economic disorder. As in the Chemistry of life, money should be a priceless catalyst. There is nothing in Nature analogous to the man-made interest burdened debt which infects the business world's money life with terminal self-destructive cancer. To exploit the real needs of Earth dwellers, as a whole, for individual greed is unjust, unnatural and a malicious crime of plundering against humanity. The banks have usurped the business function of both monetizing and demonetizing the real wealth of the community. In claiming that the purchasing-power money they create out of nothing is their own and must be repaid to them, they are perpetrating a fraud which differs in no respect from treason's counterfeiting. In demanding repayment, they are holding both industry and the community to ransom. In taking possession of the real wealth goods of others in default of the payment of credit-

money loaned and created out of nothing, banks become legalized robbers.

There can be no adequate understanding of the suicide or survival alternative facing humanity, without a proper perception of the financial reality that it is the abuse of the role of money which is the root cause of all economic evil, and hence of most of the social disorders threatening the future of society. Once a nation loses control of its currency and credit to selfish privatized interests, it matters little what political party is in power or who makes its laws. Usurious banking, by its intrinsically evil and antisocial nature, will wreck any nation once it usurps power and will ultimately destroy itself, as will any finite self-centred positive feedback evolutionary system. Until governments of countries resume control of the issue of their currency and credit and understand that the creation of the lifeblood of the economic body is its most sacred activity and responsibility, all talk about real democracy is just hypocrisy and deceit.

There are a few simple commonsense rules which should determine any Government's fiscal and monetary policies. No sovereign government should ever, under any circumstances, give over democratic control of its money supply to bankers or bureaucrats, nor under any circumstances borrow any money from a private bank. Governments, like businesses, should distinguish logically 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.
