

The Grand Madam of Babylon was in a state of deep depression. A sense of fear aggravated the forebodings she was having about the future. She called for her loyal and obedient consort. He was her adviser and chief economist and had been her procurer from earliest times. Long ago they had been in the precious metal business together as Madam and Con. The mercantile world was but in its infancy when they had the brainwave to set up their Innovative Money Function, I.M.F. for short. Through them, the abuse of the role of money in the marketplace soon became the world's oldest professional corporate business racket.

Her melancholic reverie was interrupted by Con's arrival. He was silent for several moments. He too had his own presentiments. The writing was on the walls of the empty shops and in the sand of the once green and fertile land, now turned into desert. It was spelling out the end of an era of treachery, injustice and deliberate deception. More and more awkward questions were being asked. There had been a time once when the masses of people were just plain innocent and trusting. As new situations developed which they had not envisaged, their voices had risen in dissent, but their steady state of general ignorance had been cultivated and crises had been averted. Now they were demanding simple logical answers to the very grave financial problems which beset the economic system prevailing in their society. Scientists and Mathematicians were daring to question and denounce the sacred financial traditions of sound banking practice.

Madam spoke. It was to boast over the way they had first pulled the wool over their fellow humans' eyes. The former old system of bartering had been fun in its own way but it had had its limitations. It was a most cumbersome way for the citizens to exchange their goods and services. On market days there were always the perennial problems of what comparative values to place on these goods and services. How many sheep were equivalent in value to a good cow? How many potatoes or melons made a reasonable exchange for a wicker or a cane basket? How much grain should be received in return for a day's labouring in the fields? There was natural wealth in abundance and no shortage of talented people, but a change was needed in the mechanism of commerce and industry to cope with the expansion of the economy. Goods and services were almost

unlimited, but their practical exchange and distribution were being done in a most inefficient way.

It was in that distant past that Madam and Con, who were in the jewellery and ornamental smithery business together, had had their first bright idea. What the commercial world needed was something akin to the wheel in the transport industry. Some kind of go-round-between was required to allow the smoother flow of activity in the marketplace.

They recalled the story of their novel solution to this problem. It became one of the greatest deceptions in human history. They were dealers in the noble metals, copper, silver and gold. The latter were called noble by alchemists because they did not corrode very readily although they tarnished easily. Now they would be made nobler still, more or less, in a commercial rather than a scientific sense. They would be stamped into things called *coins* and used as a quick and efficient means of exchange and distribution. A new name was given to this innovation which was to serve as a commercial intermediary bartering function. It was *money*. Madam's novel financial system was called the *Innovative Money Function*, or just, the *I.M.F.* It had taken quite some time to sell this idea of money to the citizens and their leaders. Some quick thinking folk pointed out that anybody could dig up precious metals and make them into coins, so they finally agreed that all coins had to bear the seal or special government imprint on them to make them legal. As the original idea had come from Madam and Con, the governing body was persuaded to give them the contract and allow them to produce the first lot of coins on an experimental basis. The I.M.F. i.e., Madam's novel financial system would make and own all the coins and they would be hired out to anyone on a loan contract.

The next problem had been to work out different values for these coins and how to distribute them among the citizens. Madam had thought of this as well. Ten copper *dulls* would be worth one silver *dill* and ten silver dills would be equivalent to one gold *doll*. The producers of different foodstuffs, merchants, artisans and labourers were all to meet together and to work out a scale of values for their goods and services. *Value* was really relative value and was an expression of exchangeability or barter-ability. Value was associated with the worth of things due to the amount of time required to make

an article and also to take into account the relative scarcity of the materials used and the degree of difficulty in obtaining them. The word *price* was introduced as a convenient term for estimating how much barter-money could be obtained for various goods or services in the marketplace. Every citizen in the community was then to receive on hire as many coins, that is, as much money as they needed to carry out their different occupations. Some would need more and some could manage on much less.

So much for the community's part in the new venture, but what was going to be in it for Madam and her consort, Con. The pair had suggested that as the idea was theirs and that they were doing all the work of manufacturing and distributing the coins, they should be allowed a modest profit from this new financial enterprise now to be known as Babylon's Innovative Money Function. They estimated that a simple ten percent per annum in extra repayment would be adequate reimbursement. The elders and community councillors were not mathematically minded. They had always been simple swappers of things and not used to acting with financial foresight. As there were no legal precedents to the contrary, they naively agreed. After all, the priests in the various temples of worship demanded from their followers a tithe or ten percent of their crops and produce each year.

After twelve months' trial, the citizens would have to pay back to the I.M.F. not only the amount they had on loan, but an extra dill for every dill and an extra dill for every doll they had been issued with. The inexperienced leaders and elders could see no fault in the new system and agreed to give it a try. Madam and Con were called *moneylenders* and their type of money-hire business transaction was known as a *loan*. The extra ten percent was euphemistically referred to by the I.M.F. as *interest* and the process of lending money as an interest-burdened debt was called *usury*.

A date was fixed when the monetary system would begin. Right from its inception, it had been a tremendous success. It made everything so simple and encouraged a healthy competition. People could choose to buy the cheaper article if the quality were comparable. The abundance or scarcity of various goods determined their price now in the marketplace. The demand for such goods also tended to influence how much one had to pay for them. The citizens

were delighted with such economic progress and wondered why they had never thought of money before. Very soon this new monetary accounting concept in business engineering and domestic economy became the lifeblood of all marketplace activity.

The year of trial came to an end. Each borrower was invited to interview personally Madam's procurer and to report on the success or failure of the novel financial system. The day before settlements were due, Madam and Con had gone through their accounts. The loans they had financed amounted to 10,000 dolls altogether. They had provided the initial copper, silver and gold for the coins. The overhead expenses of the I.M.F. came to 100 dolls which they had paid out during the course of the business year. There should thus be in circulation some 10,100 dolls. Tomorrow, by their hire-repayment contracts, they were due to receive 11,000 dolls as had been agreed, that is, the principal of 10,000 dolls plus its ten percent interest of 1000 dolls.

Con, as business manager, was good at arithmetic and scratched his head. Where were the extra 900 dolls to come from? He turned to Madam for enlightenment pointing out that under this arrangement there was no way in the world the people could pay back all that they now owed. The debt of the community must always be greater than the amount of money in circulation. She winked knowingly back at him and told him not to worry. She had already figured out that such a situation would arise. In her new profession of hiring out coins for her own personal gain, she would abuse the community's newly created need of her invented functional lifeblood-money. Her latent selfish lust for power and possessions would never know limited satisfaction. Her intuitions for the future were nothing short of complete global domination.

The hour for settling the loan arrangements came. Some of the townsfolk were rubbing their hands with glee. They had borrowed quite a lot of money but had been astute in their trading. They found that after paying the I.M.F. what they owed in principal plus interest, they still had a surplus of dolls and dills which they returned and were given credit for at the moneylenders. They could hardly wait for the next financial year to begin.

Other citizens were not so fortunate. Some had started business enterprises which were promising enough ventures but had not yet

begun to make a profit. Indeed many were still running at a loss. Madam and Con put the hard word on them. If the money scheme were adopted as something permanent, they could be given another chance and could be allowed to borrow more in order to pay up all they owed at the end of next year, or later if necessary.

There were those who were downright failures. Some had lost the money they borrowed. Others, inexperienced in financial affairs, made mistakes in pricing and purchasing and finished up owing money to some other citizens as well.

Most of the ordinary workers had thought the system worthwhile. They preferred to be paid in cash rather than in kind. Employers on the whole resented having to put aside one dill a year for every doll they had borrowed to pay the wages of their employees, but they soon realized that they could make the latter pay indirectly for this by including this ten percent in the adjusted inflated price of the articles they manufactured. It did not occur to them that as long as money came into existence as an interest-burdened cost in the actual production of goods and services, the total of costs would always have to exceed the total sum of money existing in circulation to pay those costs and hence to buy the products of their industry.

The community had debated at length the superficial pros and cons of this extraordinary Innovative Money Function. Having no idea how a complex self-functioning feedback economic system worked nor aware of the technical evil of cancerous positive feedback in any of its own subsystems, they were easily persuaded by Madam and her consort and by those who stood to profit most, that they should continue as before but with some added legislation concerning money debts. If borrowers could not repay their I.M.F. commitments, they would have to mortgage or, at worst, forfeit some of their own personal assets. Madam and Con would not stand any more losses in the future. There would be no wiping off of debts without payment in cash or the latter's equivalent in real wealth of goods or services.

Con had remained still somewhat mystified as to how the scheme would evolve. After the first year they had received back 9000 dolls' worth of loans plus the latter's 900 dolls of interest. They had put 100 dolls of their own into circulation to pay their own business expenses. Successful business folk had brought back some 200 dolls over and above their agreed repayments. They had gained this extra

money from their own profitable trading with their fellow citizens and they were credited appropriately with such for next year's business if required. In its accounting system, I.M.F.'s bookkeeping showed 10100 dolls put into circulation and the same amount returned to them, with a further 1000 dolls of outstanding debts still owing to them with their own ten percent interest.

There were private debts between citizens too, but they were of no concern as yet to Madam and Con. They had been quite resigned to the fact of there being 1000 dolls of bad debts and the consequent missing out of their 100 dolls of interest. They realized that there was no hope of getting all the loan money plus interest back for last year or for any future year because the extra money as interest for the hire-money in circulation could never create itself. It was good for public relations to let the people think how generous the I.M.F. was in standing this initial loss and as a result, the citizens could raise no valid objections to the new legislation concerning future debts.

Actually their moneylending business had shown a considerable profit. They had minted coins worth 10,000 dolls from out of their own resources of noble metals. They estimated the raw materials they used, to be priced at 7,500 dolls under the new accounting system and the value of their labour to be another 400 dolls. Other overhead expenses were 100 dolls. So when all was told, it had cost them 8,000 dolls to get back 9,900 dolls. This was not really a bad beginning to their money making business and they were ever so much wiser now than before. They would never let themselves be seemingly caught out of pocket in the future because they would receive the real wealth of goods or services back in default of the repayment of substitute financial wealth.

After another year, the people had become more used to this novel turn in the economy and the I.M.F. did much more moneylending than before. Professional people, business entrepreneurs, merchants and wise investors considered money to be a *capital* idea. Again the annual time of reckoning had come around. The successful paid the amounts they had borrowed plus the one dill for every doll, the ten percent of interest to the moneylenders. The unsuccessful bowed their heads in shame and submitted to having some or all of the fruits of a year's toil taken as payment as the laws now decreed. There were a few farmers who had lost all of their stock and crops in a flood.

They had borrowed money previously to improve their herds and buy good seed. Now they would not even own their land. Madam and Con would take the title deeds in forfeiture whilst the farmers and their families could work as unpaid servants to pay off the rest that was owing.

By the time a few more years had passed, Madam and her consort, Con had become very rich citizens, not simply owning the goose that laid the golden eggs, but because they obtained by forfeiture the possessions of all those borrowers unfortunate enough to fail in satisfying their financial obligations. There would necessarily always have to be plenty of these because if the system guaranteed other winners than Madam in the marketplace, it necessarily would require its full complement of losers. The haves would always benefit and grow richer at the expense of the have-nots who must inevitably grow even poorer. The I.M.F. was held in the very highest esteem and was consulted by the governing officials in all matters of economic importance. The system was working so well now that it was there to stay, at least in the minds and wills of those who, having grown rich, were the dominating and influential members of the community and were thus able to dictate all domestic economic policy.

Madam's commercial and civic genius was acknowledged and she became in time the recipient of the highest national honours. She was known now as The Madam or The Grand First Lady of Babylon and Con, her consorting unscrupulous pimp and merciless procurer, was rewarded with the title of The Count.

However, a change had begun to come over the attitude of mind of the citizens. The real wealth of their country's natural resources and the intrinsic value of their own skills and expertise were rapidly being lost sight of now. Money had fast become the idolized dominant factor in community affairs. Money which had been introduced as the servant of the economy was now dictating its harsh terms as master and mistress. By having itself hired out for Madam's base personal profit, it was making the community pay to use its own real wealth of physical and psychical resources. Using reprehensible standover tactics, Madam's I.M.F. exacted a hire-charge if citizens wanted to develop their own talents. A kind of protection fee or forced donation to their racketeering money-lending patron was

imposed on ordinary people in order for them to use their own brains and brawn. To utilize their own real credit they were being chained and enslaved to inescapable debt. Money, this new means to facilitate the exchange and distribution of goods and services, had had its role so abused that the acquisition of money had become the end of human activity. The Grand Madam was securely enthroned as the High Priestess in the worship of the demon of cupidity, Mammon.

She and Con had often philosophized about this. It quite intrigued them to contemplate the situation of how this new invention of theirs, money-hiring, had something very special about it. It incorporated into itself something that smacked of both the divine and the diabolical. It was both creating and uncreating itself and also growing at the same time. What had begun as a means to put an intermediary cost or functional price on other things was now an end in itself and was costing itself more than its own face value. The created was dictating its own terms to those who had had it created.

Money had become now a commodity in itself. It was *The Commodity* which gave the value to all other commodities. Costing goods with money put an extra cost on the goods. It cost money just to use money. It cost more money to buy less money. For all others except the moneylenders themselves who always got something for nothing, it was paradoxically costing 110 dolls a year to buy and use 100 dolls. There was so much money in circulation now that people thought that the money supply was virtually endless and hence this absurdity never entered into the citizens' heads. If folk had found themselves in the situation of having to bring along six loaves of bread in order to repay for their prior purchase on credit of five loaves of the same bread, they would soon have seen through the moneylender's trick. But money was magic for them. It was different from everything else. With money you could now buy anything you wanted and hence the whole purpose of existence was to amass as much money as you could in order to buy all you desired. When ordinary citizens spoke of making money, it was in a much different sense from Madam's methods. In marketplace activity, citizens with money could only make extra money by obtaining such extra money from others who had borrowed it some time before, somewhere along the line from Madam and Con.

As commercial life prospered, a new phase had entered into the I.M.F.'s affairs. Madam and Con in their smithery business had possessed a very large strongroom on their premises. People often brought valuables to them for safekeeping. They were given receipts and a modest charge was made for the service of custodianship. Later on when they presented their receipts, they received back their goods. With the advent of money, a whole new avenue of business had been opened up. Citizens did not want to have to carry bags full of coins around with them. It was much more convenient for those who were in the money to deposit most of it back with Madam for safety reasons and receive in turn an official receipt from them. There would be some small charge for this service, but the convenience was well worth it. These receipts had a special magic all of their own.

Shopkeepers were easily persuaded to accept them instead of coins in payment for purchases. They knew they could exchange them for the real thing back with Madam if necessary. It was not long before more and more business was being done with these receipts than with the actual coins which the receipts represented. Madam had noticed this. Fewer and fewer people were coming back for their coins and most preferred to conduct their commercial affairs with these new chits of paper receipt money. There was hardly any need now to make more new coins at Madam and Con's own expense. Why not use these idle coins of other depositors who never seemed to want to come back and repossess this noble money of theirs? The coins were virtually useless in the strongroom and were taking up much valuable space. Why not hire out these uncalled-for coins to new would-be borrowers of coined money? Without altering the deposit accounts of existing clients, they would create fictional deposits in the accounts of new customers. They did not have to tell anybody. When the new loan plus 10% interest was repaid, this added make-believe deposit money now in the account books would be squared off. These created deposits would thus automatically undo themselves and become relics of the past. As long as they proceeded cautiously there was nothing to fear. What had started out as an experiment and with not a little apprehension became something very much more lucrative still as the operators of the I.M.F. slowly grew bolder and bolder.

It happened one day that the owner of a thriving commercial enterprise called in to discuss his business affairs with Madam and Con. He wanted to borrow quite a large sum of money in order to construct a new factory. They had suggested that instead of taking away a large bulky quantity of dolls, he should allow them to create a make-believe deposit in his name and issue him with a package of special chits to the same value. He was happy to get his loan this way and he was quite confident he could repay it along with the added 10 percent interest. After he had left, Madam and Con had rubbed their hands with sheer delight. Now they could both have their cake and eat it as well. They could lend out make-believe ticket money and still keep the dills and the dolls safe in their strongroom.

Word soon got around about this new way of doing business and it was not long before it had become an accepted part of commerce in the marketplace. These special tickets had been given the name of *cheques* and were like notes instructing the transfer of one person's deposits to another.

The premises from where Madam and Con now operated was called a *Trading Bank*. It was truly the most ornate building in Babylon. The site, the building, its marble floor and walls, its gold ceiling, the paintings and sculptures everywhere displayed, its polished wooden tables, everything, had been paid for with the extorted interest demanded by their usurious I.M.F.

Along these same lines there had been another very interesting and more far-reaching development in the evolution of Madam's I.M.F. At first people had been charged for the use of her strongroom facilities when they brought their coins for safe keeping. Later Con had suggested that citizens be invited not merely to deposit their excess coins with Madam for safekeeping, but instead of their paying for this service, Madam and he would start another kind of financial institution called a *Savings Bank* which would pay them a modest interest on these same deposits. The official rate of money hire was still ten percent with the parent trading bank. Depositors would be paid five percent. The Savings Bank would invest this money for them at the conventional rate of ten percent through its money-lending outlets and thus the Bank itself would seem content just to take a modest five percent for its share. The Savings Bank would seem superficially as just a shop that bought money cheaply and sold

the same money for more at a profit. That was the way the people in the community and their leaders were encouraged to understand the I.M.F.'s new venture. The reality was far different.

Madam and her consort had by now become very experienced in all financial affairs. They observed that as before, only relatively few people came back to draw on or take out all their deposits. Con had gone over and over his figures and now came to the conclusion that no more than one person in ten, on average, ever came back for his or her hard cash in coins. Here was an opportunity not to be missed. When a customer deposited 100 dolls in Madam's strongroom, it would be quite safe to create make-believe deposits of 900 or even 1000 dolls more and issue cheques to this value as loans. The customer would receive 5 dolls as interest for the year, whilst 900 dolls at ten percent would bring in 90 dolls. Paying the simple-minded citizens 5 dolls for the I.M.F.'s use of their 100 dolls was chicken feed compared to getting 85 dolls for absolutely nothing. This was money magic, making more money out of making money. .

Quite early in the evolution of the financial system, Madam had come to a satisfactory arrangement with the various governing bodies as regards their individual monetary needs. A little lobbying here and there, a little bribery, a few personal debts wiped off and Madam soon convinced the leaders of the community that sound finance was far too complicated for even their astute political minds. It was best left in her most capable and experienced hands. They only had to come to her when they needed money to pay the expenses of government and she would be only too happy to hire them the finance. Of course, there would be interest to pay. They need never worry about paying off the principal and all that was needed therefore was to tax the citizens to pay the increasing compound interest. By way of an extra concession or two, she had asked them to allow her to call her I.M.F.'s Banks by the new name of the Bank of Babylon (B.O.B. for short). Since the governing bodies used it for their financial operations it would also be in the community's best interests to let everyone believe that it belonged to the government and the community. It was indeed in the community, but it functioned from outside the community and its selfish interests militated against the welfare of most of the people in the community. A few dolls had been passed around and once more The Grand

Madam had her way. Her favours were absolutely irresistible. Everyone had been so well trained to implicitly trust Madam that her banking institution became part even of their language. Her public relations division coined the expression, *as safe as the safe of the Bank of Babylon*.

In the past the community had managed without money. Without the community's need for a better, more efficient means of exchange and distribution of their goods and services, there would never have been any need of money. Money needed a community in which to function more than such a community needed money with which to function. Without the community's sanction for its goods and services to be exchanged and distributed through the means of money, money itself in the form of coins had but ornamental value and paper money was only worth the cost of the paper that it was printed on. Now however, the tail was wagging the rest of the dog.

Another of these concessions or privileges had been the introduction of new types of money tickets. These were bits of special paper, called *banknotes*. Gold had high value in itself for ornamental purposes and gold coins were really too noble and expensive to make just for base common use in the marketplace. Paper was much cheaper and easier to handle. The government would organize the printing of large numbers of these banknotes with face values of 5, 10, 20, 50, 100, and 1000 dolls. The Bank would either pay for these notes with its own cheques or accept them in payment of interest owed and then would hire them out as before in the place of coins. Once again Madam would not have to pay for and use her own metals for moneylending purposes. From now on coins, mainly dulls and dills, would only be used for small change transactions. Banknotes would find considerable use in the marketplace but all big business would most conveniently still be done with cheques.

Coins and banknotes were called legal tender, but they only amounted to less than ten percent of the money currency in circulation. Cheques and their like formed the rest. These had their genesis in the make-believe deposits created for loans, and represented from eight to ten times, or even more, the legal tender held in the bank's strongroom facilities. The cycle of the I.M.F. in the marketplace had become very simple. Every loan, every bank

purchase created make-believe deposits and every repayment of a loan, every bank sale uncreated or destroyed them. The ogre lurking in the shadow of every debt-financed commercial venture was the usurious ten percent interest. Money had the task of either getting itself created some way or another, or having I.M.F.'s voracious appetite fed, like that of a great primaeval dragon, with the real wealth of goods or services.

Because Madam had been able to twist financially all the civil leaders to her own advantage, she had ensured that the interests of the Bank of Babylon were safeguarded by getting the most strict laws passed against anyone trying to copy her own moneymaking act. **Counterfeiting**, as it became called, of coins, banknotes and cheques would be punished with the severest penalties, like treason. Only the Bank of Babylon's moneylending system was allowed by law to obtain something for nothing. This was their counter feat. Any person trying to get something for nothing by stealing or other means was acting contrary to the law and punishable if found guilty.

It had been a masterful stroke of Public Relations to have coined the phrase *As safe as the safe of the Bank of Babylon*. It was another brilliant but thoroughly deceitful idea to invite those citizens with savings, to either become shareholders in the Bank of Babylon or just to deposit them with Babylon's Savings Bank and to **Watch your money grow**. Everyone knew what natural growth was. Crops and trees grew and bore fruit. Animals bred and increased in numbers. Now, if you had money you could get even more money for nothing without doing anything. **The monied have now had the legal right to exact more money for nothing from the unfortunate have-nots who needed the very little they had, merely even to survive**. This something for nothing without one doing anything was the stuff that fairy tales were all about. The Grand Fairy Madam would wave her magic wand and those who already had money would now have even more. It was too good to be true, almost unbelievable. There had to be some catch in it. In the shadow of this Fairy Madam Godmother with her magic wand, there was a Wicked Witch. In one hand was a whip, in the other the chains of slavery.

For the fortunate rich, this extra money did not go amiss because the prices of the goods for sale in the marketplace were continually rising. It did not occur to them that they were paying through cost

inflation for their own five percent interest at the Savings Bank. The users of loans had to operate profitably if they were not to finish up losing their real assets and possessions in forfeiture to the Bank of Babylon's financial Fairy-Witch Madam and her evil Elf-Wizard, The Count, with their treacherous usury. The operators in the marketplace had one dominant consideration and rule. All extra costs like bank interest and government taxes must be recovered through increases in prices.

This evolutionary leap forward in economic management was soon to have far-reaching consequences. Under the prevailing system, all the money in circulation had come into existence as hire-contract debts, except that which the Bank of Babylon had used to pay for its own purchases. This latter amount was relatively small compared to what was in circulation and so it could be readily understood that almost all the money in the community was really of bank debt origin and subject somewhere along the line to compound interest charges. Even when citizens had dills and dolls in their purses or pockets and declared it was their own money to spend as they wished, in the ultimate analysis the coins had been obtained from some others who in turn had obtained them in a kind of interest burdened hire-never-ever-purchase moneylending contract. ***The community, as a whole, incurred the responsibility of trying to satisfy the financial debt obligations of its member-parts.***

Using money now as a means of exchange in the marketplace, meant that though relatively few citizens would grow richer, the community as a whole would be shackled with a compounding interest debt since the community as a whole could never ever pay in full with money for the amount of money its individual citizens had borrowed and now owed. Annually, it was costing 110 dolls for every 100 dolls of loans. To get the loan of 100 dolls for some business enterprise in the community, an individual citizen would have to enter into a contract which he himself might eventually be able to fulfill with 110 dolls. ***But, from the community's point of view the seeming valid loan contracts of individual citizens involved the whole community in their functional operation as money. and essentially could never be fulfilled.*** The interests and common good of the community as a whole declared these legalized individual contracts to be vitiated. They were fraudulent since it was

ultimately the community as a whole self-functioning system that would have to repay with that of which it did not yet have enough, in order to purchase less now of the very thing of which it had to get more to survive. It was like the community having to get 11 measures by weight of flour from its mill out of every 10 measures by weight of grain that was ground. It was trying to water parched crops now with the rain they hoped would fall next year. There was much real wealth in the community but inexorably this was passing as assets into the Bank of Babylon's greedy parasitic hands as more and more people were unable to achieve the impossible liability of making 100 dolls self-generate 10 more.

When some thoughtful citizens had tried to argue this aspect of I.M.F.'s activities with The Count, the latter deliberately and continually confused the issue by not distinguishing between real wealth and its virtual make-believe financial counterpart. He went to great pains to point out that it was the Bank of Babylon's money which had made possible such enormous economic development that no person in their right senses should even dare to criticise it. Financial capital was making extra real wealth for the community like factories and machinery. If there were some problems, it was due to the incompetence and inefficiency of those who used the system not the system itself. It was base ingratitude on the part of the community to complain about its debts to the Bank, when it had roads, dams and the like as real positive evidence of what this I.M.F. could achieve for the people. The more thoughtful citizens shook their heads. *It was their raw materials and their workers' labour that had built the new buildings, the roads, the dams and the bridges. All that The Madam and The Count had done had been to pass around some handfuls of tickets, called money.* But now, the community would be forever in compounding interest debt to their I.M.F. patrons. The citizens would always be paying out money through debt-interest and government levied taxes for the permission and privilege of merely using their own real wealth of resources and talents together with the utilities these things had combined to effect.

The Count had resolutely avoided being drawn further into any real debate, knowing that Madam's I.M.F. operations were just a colossal moneymaking power-seeking racket that aimed at total world control. His final advice had been that the solution to the

citizens' problems lay in raising the rents of buildings, increasing the price of water and charging extra taxes from those who used the roads and bridges.

In the marketplace you could barter your goods and services for money. Afterwards, the money was yours to spend as you wished. Eventually however, the spent money would find its way back to the Bank from which it had started out as someone's loan and that much overall money would be cancelled out of circulation. It would have left behind an unpayable ten percent of compounding interest. The only way this could be eliminated from the Bank's point of view was either by the creation of new interest-burdened-debt, or by the Bank's accepting of some real wealth in a kind of counter-feat-barter, or by the Bank generously forgiving its debtors. There was no sentiment in the business world now and the Bank of Babylon had no shy looks when it always demanded its pound of flesh. From the point of view of the merchants in the marketplace, the only way to get around the situation was to artificially inflate the prices of goods and services and hope that the economy would keep expanding with further interest-burdened capital debt.

Madam had always been aware of this scarcity aspect to the monetary system which could never be resolved whilst it remained in its present form. She had known right from the beginning that this factor called interest was certainly not in the general interest of the community. The Bank of Babylon and its Savings Bank depositors were the beneficiaries of an insidious positive feedback system from which there was neither redress nor return. The simple interest of the initial system had now become compounded as each year new interest money had somehow to be found to pay the interest due on the previous years' interest as well as that on the original hired money debt. The principals could never be paid off fully in money because there was never that much actual money in circulation. What was circulating was being used for exchange and distribution of goods and services among the citizens and only a very small fraction finished up as savings either to pay past debts or as deposits with The Grand Madam.

There were other social aspects to this interest charge. It has already been noted how, right from the inception of this I.M.F., the employers who had borrowed money to start manufacturing goods

and to pay wages overcame the ten percent hire charge by including an extra dill for every doll in the price of their completed articles. A saucepan that would otherwise have sold for 100 dills was now priced at 110 dills. People were having to pay an inflated price and this made an already limited amount of circulating money even more restricted. Dissent eventually had arisen in the community about the general steady increase in prices. Housewives could not manage their domestic budgets and staged angry demonstrations accusing shopkeepers of profiteering. Employees demanded more wages and the management in industry argued for longer work time and increased production. The government leaders decided to consult Madam and her very select group of economic experts at her Bank of Babylon. They wanted her wise advice about the financial and social problems that were plaguing the marketplace.

The answers which they had received had left them more confused than ever before. They were submitted to a barrage of ideas and words that they had never heard before. Her economists seemed to contradict themselves continually as they glibly spoke about circulation velocity, about the laws of supply and demand and the law of diminishing returns, about the fundamental necessity for privatisation and for increased competition and manufacturing efficiency with an attendant increased and faster cash flow. They referred all the time to demand inflation and seemed completely oblivious that the real cause was the cost inflation of which they were responsible. The government, they said, would have to set up industrial tribunals to study and decide how to maintain amicable relations between employers and employees and to keep a watchful judicial eye on prices and profiteering. As for the I.M.F. and its hire-money with interest system, that was the banks' business. It was so complicated that only a few of the brainiest economic experts understood anything about it. The ordinary person could not possibly fathom the intricacies of monetary growth. They were told to go back to the marketplace and make money as best they could by exchanging their goods and services more profitably or at least less unprofitably. Industry needed more rigid workplace labour reform and wages control, accompanied by increasing privatisation and competition.

In front of all the assembly, The Madam and The Count had shed crocodile tears as they recounted all their own sad experiences of bad debts. They might even be forced to raise the interest rate in order to compensate for their losses due to those bankrupt citizens who had breached their loan contracts. When some business people had pointed out that there always seemed to be a scarcity of money and that there never was enough to go around to satisfy marketplace activity, they were told by the economic experts that the real solution lay in a more rapid circulation of the already existing money. Passing it around twice as fast would produce the same effect as doubling the existing supply. One of the leading citizens objected that the marketplace was not like a gambling casino where money passed from hand to hand as the games progressed. In the business world, debts to banks and their interest obligations were not uncreated by being passed from one bank-debtor to another, no matter how fast this was done. Another observed that if you had six leaking barrels and only had one bung to stop the leak, it would be better to stop up one barrel and save that one, rather than pass it successively from barrel to barrel as fast as you could and finish up with next to nothing. When a third had interjected that no matter how fast one plate of food enough for one person's meal was passed around a table at which several hungry people were seated, the latter's hunger would never be satisfied, an indignant Madam had risen to her feet. Such impudent boorish ignorance could never be tolerated. What did these cretins, these bank-bashing peasants know about high finance? She nodded to The Count who had the police called in to have them ignominiously ejected.

Once the meeting was over and the leaders of the people were out of earshot, Madam and her business chiefs had burst into uncontrolled laughter. What suckers these citizens were! The bankers filled their glasses with the best vintage and drank a toast to making money, their divine almighty money, the easy way by creating make-believe deposits and paper cheques out of virtually nothing and then to make more money still out of making money by charging interest on their creation. The gods and goddesses in mythology were never as smart as this.

Commerce and malice had continued generally to flourish in this plunderland. Greed and competition grew among the citizens in each

town and between towns and then states and whole nations. Trade wars broke out and these were inevitably followed by military wars. The services of Madam and her Bank of Babylon were in more demand than ever. Under her tutelage, branch and other associated banks sprung up everywhere. Madam and Con loved wars, indeed they thrived on any sort of conflict. They always had abundant loan money available to make the instruments of war and pay the combatants. They would financially back both sides in the struggle. They could not lose. They loved economic depressions too. Every now and then they would initiate a bank-credit squeeze when numerous businesses would go bankrupt. As a result of the latter's forfeiting the real wealth which they had put up as security for the hire of make-believe financial wealth, the Bank's assets were increased effortlessly and enormously by the waving of the magic wand of sound finance.

There had been times when people had wanted money in a hurry or for some very special personal reason or even for some rather dubious purpose. Inevitably Madam and Con felt themselves constrained to have variable rates of interest when a risk factor was involved. Their practice had always been to demand some security for the hire of money but some situations dictated otherwise. In wartime, leaders needed a great deal of borrowed money and the risk of financial loss had to be offset, not only by the gaining of considerable privileges, but also by higher rates of interest. It was not long before commercial interest rates in general were increased to fifteen percent, then to twenty and even higher. The monopoly of debt-manufacture was so firmly held by the Bank of Babylon and Associates that they were the real powerbrokers in both politics and economics. As long as they had control of all aspects of money, its source and sink, its scarcity, its supply and demand, it did not matter who else tried to rule. Those who aspired to rule had first to learn to do as the Bank of Babylon dictated.

Money was eventually able to buy just about everything. In the media's dissemination of information and in all the halls of learning Madam exerted a quasi-almighty influence. Academic establishments, with their professorial and lecturing staff were dependent on her largesse and financial patronage. No word against her rule would be tolerated. Any scientific investigation of the banks' gimmick of

hire-never-ever-purchase interest-burdened money would be treated with absolute disdain and blocked at every turn. Even though it could be proved with simple mathematical logic that the prevailing perverse way that the I.M.F. was operating was contrary to justice and the common good, very few voices in Academia were ever heard in protest. The experts in matters of the law were silent. Anyone who could not distinguish between justice as related to the banks and the rich, and justice as applied to the poor had no business in the legal profession. It was contrary to all common sense as well as against legal pragmatism and academic ethics to bite the hand that fed you. If you could not ride two horses at once, you had no standing business in the high finance circus of the marketplace.

The Madam of Babylon and her procurer Count did incur some opposition at times from people whom she described as stupid unenlightened cranks, particularly those associated with the queer phenomenon of religion. A few had the temerity to declare her usury unlawful and forbade their members to practise it because it was contrary to the ordinances of their various gods. There was one religious group whose sages had held out for quite a long time, but finally toadying clerical experts in legal and moral matters thought up ways to baptise usury with seeming plausible excuses which would take away its bastard illegitimacy and make it a good thing if kept in moderation. Not merely did the leaders of this religion give their blessing and absolution to the operations of Mammon's Bank of Babylon, but they now gave it the greatest possible recognition by allowing Madam to triumphantly start one of her associated branch banks right in their very own temple headquarters. This last sacrilege had been the most disastrous plundering and desolating abomination of all time. It was selling the body of its members into debt-slavery to the global usurers.

Their reminiscences faded away into silence. Once again The Grand Madam and her Count were the prey of fears and doubts. What would happen to them if the common poor ordinary people of the world ever found out how they had been and were still being deceived by Madam's I.M.F.? What if information about her banks' usurious monopoly of credit and consequent social injustice should become public knowledge? The truth must never be allowed to be told. Ignorance must be maintained at any cost. More and more

people were around now who refused to be seduced by Madam's abuse of the role of money for mere selfish gain and for the power and prestige associated with financial wealth. If their numbers grew and their concern for the deflowered earth became a force in the community, they might eventually initiate such financial reform as to remake Planet Earth into a veritable Palace in Wonderland.