"All that is necessary for the triumph of evil is that good men do nothing . . ."
— EDMUND BURKE.

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NEITHER CONFOUNDING THE PERSONS NOR DIVIDING THE SUBSTANCE By Betty Luks

The 'blurb' reads: "From about 1500 BC to 1200 BC, the Mediterranean region played host to a complex cosmopolitan and globalized world-system. It may have been this very internationalism that contributed to the apocalyptic disaster that ended the Bronze Age. When the end came, the civilized and international world of the Mediterranean regions came to a dramatic halt in a vast area stretching from Greece and Italy in the west to Egypt, Canaan, and Mesopotamia in the east. Large empires and small kingdoms collapsed rapidly. With their end came the world's first recorded Dark Ages.

"It was not until centuries later that a new cultural renaissance emerged in Greece and the other affected areas, setting the stage for the evolution of Western society, as we know it today. In a public presentation Professor Eric H. Cline of The George Washington University explored why the Bronze Age came to an end and whether the collapse of those ancient civilizations might hold some warnings for our current society."

Watch: 1177 BC: The Year Civilization Collapsed (Eric Cline, PhD)
https://www.youtube.com/watch?v=bRcu-ysocX4
NCASVideo: Published on Oct 12, 2016

Various separate civilisations flourished during the 15-18 Century BC in the region of the Aegean and Eastern Mediterranean, from the Myceans and Minoans to the Hittites, Egyptians, Babylonians, Assyrians, Canaanites and Cypriots. The professor saw them as independent societies but they consistently interacted with each other, especially through international trade routes. He listed the reasons archaeology had discovered for the collapse but one significant institution was missing in the list - but we will come back to that later.

REASONS GIVEN FOR COLLAPSE

Such disasters as drought, famine, earthquakes, invaders, internal rebellions. Each disaster forced people to react in different ways to accommodate the changing situation(s).

SYSTEMS COLLAPSE

He spoke of the fact that it might have taken as long as a century for all aspects of the collapse to be completed and there is usually no single obvious cause for the collapse.
In the aftermath there was frequently a transition to a lower level of socio-political integration and the development of 'romantic' Dark Age myths about the previous period. This fits the Aegean and the Eastern Mediterranean after ca. 1177 BC

GENERAL FEATURES OF SYSTEMS COLLAPSE

- Collapse of central administration, of administrative organisation.
- Disappearance of traditional elite class.
- Collapse of centralised economy.
- Settlement shifts and population decline.

WHAT LESSONS CAN WE in the 21st Century TAKE FROM THIS COLLAPSE?

The good professor was asked: Are we currently facing a similar situation to that faced in 1177BC? He answered: The only thing missing from today's scenario are the Sea Peoples, unless the forces of ISIL/ISIS are our version of the Sea Peoples.

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Did they use money coins in their trading? They didn't have coins at that stage in history, but they did have other things. They traded food-stuffs, manufactured goods, and precious metals; oxide ingots, as an example, were the equivalent of currency.

What was NOT discussed was the presence and operation of banks and bankers in this Bronze Age civilisation, and the fact of the Pyramidal structures of the City/states.

House of Egibi - Wikipedia
https://en.wikipedia.org/wiki/House_of_Egibi

The House of Egibi was a family from within ancient Babylonia who were, amongst other things, ... were involved in selling, buying and exchanging houses, fields, slaves and banking operations; as creditors .... being English translations of the *Assyrian and Egyptian monuments* ([1873-1881]) London: S. Bagster and Sons.

AND THE ROMAN CIVILISATION?

Bear in mind, the Old Testament is the original Hebrew Bible, written at different times between about 1200-165 BC. The New Testament books were written in the first century AD. The final collapse of the Roman (western) civilisation was around 500AD – the (eastern) Roman civilisation lasted another thousand years.

BABYLON: THE GREAT HARLOT

Peter Lock paraphrased and interpreted Chapters 17, I8 and I9 of the last book of the Bible, known in its English translations as The Book of Revelation or The Revelation of St. John the Divine in "The Great Harlot." Please note: The Book of Revelation was written BEFORE the final collapse of the Roman (western) Civilisation. But obviously the writer could recognise the similarities and the historical links between the Babylonian Civilisation and the Roman Civilisation although thousands of years apart.

"The Grand Madam of Babylon was drunk and in maudlin mood. She sat on her throne beside the meeting-place of the abundant waters from many rivers. All peoples, all nations of every language congregated here in submissive obeisance to her. All the kings and rulers of the world had come to her and committed fornication with her. All the dwellers of the earth had offered tribute to her and become drunk with the wine of her dalliance and adulterous deceit.

Once more she would go in triumph through the streets and receive the adulation of her worshippers. Once more she would ride out into the desert and survey the wilderness her greed and financial follies had created. She called for her scarlet beast with its seven heads and ten horns and trappings scrawled all over with blasphemous graffiti.

Clad in purple and scarlet and glittering with every kind of fine jewelry and precious ornament she ventured forth, holding up a golden winecup filled to the brim with the filth of her abominations and her harlotry's lewd ministrations. A broad gaudy band was tied around her forehead. On it was inscribed her enigmatic name, Babylon the Great, the Grand Madam of all Whoredom's Abominations.

Her journeying complete, Madam returned to her royal seat by the meeting of the waters. All the world was hers. All peoples bowed down before her throne and worshipped her. Every language sang her praises. Why then did she have forebodings for the future? Why were her dreams now plagued with visions of impending doom, of disease and death, of sadness and mourning, of famine and fire? Was not every nation drunk with the intoxicating wine of her fornication?

Had not every king and ruler of the earth sought her dalliance and enjoyed the favours of her prostitution? Were not all the merchants in the world's marketplaces delighted with their riches obtained through her debaucheries?

She reassured herself that her throne was secure. She was Queen. She would never be dispossessed. She would never be as a lonely widow and know tears of sorrow. Last night she had visions of dense smoke clouds everywhere, whilst fire raged in her Capital, Babylon, totally destroying it in the space of a single hour. She had seen the traders and merchants whom she had sponsored. They remained standing at a safe distance, mourning and weeping in distress at the destruction of her city and their massive loss of merchandise and trade. They had feared to become involved in her own agony as she watched all her finery, her gold, her jewels and priceless pearls, her linen, her works of art, her adornments, all that made her life of luxury the envy of all other rulers and inhabitants of the earth, all destroyed in one single hour of raging inferno.

She had seen, too, trading boats keeping well clear of her port. All their captains and sailors watched the billowing smoke and loudly lamented the demise of that magnificent city which had brought such wealth to those who owned fleets at sea.

Gone, in her dream, was the sound of the music and songs of her harpists and minstrels, of her flute-players and trumpeters. No more were craftsmen in her employ, no more grinding at her mill, no lights, no voices of newlyweds. There had been a time when the princes of the earth were her traders and all the nations were under her spell. Now, in her nightmare, she was being doubly repaid in her own coin for all that she had exacted unjustly from others. Torture and anguish were outmatching by far her former orgies and proud displays. **She was being made to drink a double dose of her own poisonous mixture.**

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Metaphysical Roots Are in Thoughts – Not Things

Hewlett Edwards, father of Geoffrey Dobbs' wife Elizabeth, wrote that Social Credit "reverses the prevailing materialistic assumption of the modern world by insisting that society is primarily metaphysical; that its roots are in thoughts, not things. By 'metaphysics' he explained, "the word was used in the wide sense of other than physics; (i.e.), the working of the mind: thought: ideas: belief."

He continued: "This necessary metaphysic is threefold, holding that Truth, ascertainable but unalterable, exists; that Truth is accessible to human beings (however difficult its verbal formulation may be); and that Truth, ascertained and sustained, provides the common focus necessary to joint activity. Without adherence to this triple belief – and enough adherence to cancel out the opposing metaphysic – society must fall apart; or be held together only by some form of arbitrary tyranny.

These beliefs, which are basic in Christian doctrine, form the prototypes of a stable society, the degree of whose stability varies directly with the presence, quality and strength of this metaphysic. Social Credit holds that society must have regard for the organic relationships of its prototype, its original model. This is imperative rather than optional. As gravitation sustains the bricks and beams of a building so long as their constitution and arrangement conform to gravitation's own laws, **so, inherent in the prototype there are organic relationships which govern the development and stability of society, the disregard of which carries certainty of damage to society and the perversion of its individual members . . ."**

"Out of the one prototype stability grows; an organic growth primarily intensive in respect of quality; and out of (the materialistic/humanistic assumption...) instability is organised; primarily an extensive organisation in respect of numbers and equality (without quality)...

The organic relationship which in the *prototype* supersedes all others is that laid down in the doctrine of the Trinity: a statement of the 'structure' of metaphysical reality. Social credit, must have regard for this relationship in and throughout every phase; each drawing *Authority,* engendering *Power,* and performing *Works . . ."*

Luke 12:22-32 (ASV)

And he said unto his disciples, Therefore I say unto you, Be not anxious for your life, what ye shall eat; nor yet for your body, what ye shall put on. **For the *life* is more than the *food,* and the *body* than the raiment.** Consider the ravens, that they sow not, neither reap; which have no store-chamber nor barn; and God feedeth them: of how much more value are ye than the birds! And which of you by being anxious can add a cubit unto the measure of his life? If then ye are not able to do even that which is least, why are ye anxious concerning the rest?

Consider the lilies, how they grow: they toil not, neither do they spin; yet I say unto you, Even Solomon in all his glory was not arrayed like one of these. But if God doth so clothe the grass in the field, which to-day is, and to-morrow is cast into the oven; how much more shall he clothe you, O ye of little faith?

And seek not ye what ye shall eat, and what ye shall drink, neither be ye of doubtful mind. For all these things do the nations of the world seek after: but your Father knoweth that ye have need of these things. Yet seek ye his kingdom, and these things shall be added unto you. Fear not, little flock; for it is your Father's good pleasure to give you the kingdom.

Let's 'unpack' one of my favourite lessons from Jesus' teachings:

"Consider the lilies, how they grow: they toil not, neither do they spin (Natural Law growth and mankind's activity in toiling and spinning). The lilies pass from one phase of life to another…. From plant to flowering , from flowering to maturity and eventually dying, becoming grass in the field which is then used as fuel to fire an oven."

"Consider" means to: think about carefully: to take into account: to regard or treat in an attentive or kindly way: to gaze on steadily or reflectively: to come to judge or classify.

Social Credit, has been defined as "applied Christianity", in which case if the Policy is correctly called Social Credit, the Philosophy is the conception of reality which we find in the New Testament.

Geoffrey Dobbs tells us: "Running through everything that he, Douglas, wrote or said on Social Credit was a gradually increasing strand of 'philosophy'; better, perhaps, referred to as religion, for it was specifically Christian, and never expressed in theoretical form without being, **bound back to practice in economics and politics,** so that the three threads were always intertwined.

"With this important qualification however, it is true to say that, during the last few years of Douglas's life, this 'philosophic' element, as represented for instance, by *The Realistic Position of the Church of England,* came more into prominence, so that at the end the structure of Social Credit-philosophy, economics, politics, - had acquired that massive equilibrium and symmetry which was a part of his character. . .

Geoffrey noted: "The great heresy of the age is the 'economic' heresy, the Marxist-materialist heresy, the

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(continued from previous page) idea that history is determined solely or primarily by 'economic' forces, that man lives by bread alone. (*Matthew* 4:4: But he answered and said, it is written, Man shall not live by bread alone, but by every word that proceedeth out of the mouth of God. and *Luke* 4:4: And Jesus answered him, saying, It is written, that man shall not live by bread alone, but by every word of God.)

Geoffrey wrote of the importance of the trinitarian nature of Reality in *The Church and the Trinity* and used Douglas' Chart (found in *The Social Crediter, Vol. 30. No.7)* to demonstrate the crucial need for balance in Economics and Politics – including Constitutionalism!.

As Geoffrey wrote: **A tripod is the 'first' structure' which will stand, and it is not possible to ignore, or to mix and change the nature of any one, or more, of these three components of policy without either overthrowing, or changing the nature of the policy.** And, the importance of the trinitarian balance that is found throughout nature.

"The conception of Social Credit which Douglas left with us was a balanced conception. As his first book, *Economic Democracy,* showed, it was so from the first in his own mind, but it seems to have taken a weary time before this inherent balance was grasped by others, as it has, by now, been grasped by those who have followed Douglas closely.

Geoffrey Dobbs 'unpacked' the Christian Doctrine of the Holy Trinity in his 1980 article *The Church and The Trinity*. In the article he dealt with the Athanasian Creed and why it – and the earlier Creeds - were hammered out in the early Christian centuries. Now well into the 21st century it is painfully obvious that not only is the Christian Faith being incessantly attacked and derided but many Christians do not know why the Creeds were necessary so long ago – and the crucial need for them once again.

The December 2018 *New Times Survey* focussed on the importance of the Creeds as statements about The Holy Trinity, explaining that Metaphysic Reality is Threefold, that the Creeds were referring to God, the Holy Trinity - the Creative Power of the Universe.

Remember: The word 'metaphysics' was used in the wide sense of other than physics; (i.e.), the working of the mind: thought: ideas: belief. Social crediters sought to reverse the prevailing materialistic assumption of the modern world by insisting that society is primarily metaphysical; that its roots are in thoughts, not things...

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FINANCING A BASIC INCOME THROUGH THE MONEY CREATION POWERS OF THE BANK OF CANADA By M. Oliver Heydorn Ph.D.

As explained by the Economics, Resources and International Affairs Division of the Parliamentary Information and Research Service in a paper entitled *How the Bank of Canada Creates Money for the Federal Government: Operational and Legal Aspects*, the Bank of Canada routinely creates money for the Government of Canada by purchasing a certain percentage, say 15-20%, of newly issued bonds and or treasury bills. It would appear that this money which the Bank of Canada creates is not typically spent into the economy, but is used as a type of insurance to provide for various contingencies:

> "In June 2011, as part of the debt management strategy2 included in its 2011 Budget, the Government of Canada announced its intention to borrow $35 billion over the next three years in order to increase its deposits with financial institutions and the Bank of Canada by about $25 billion and to increase liquid foreign exchange reserves by US$10 billion. The intention of this 'prudential liquidity plan,' as it is known, is to ensure that there are sufficient liquid assets to cover at least one month of the federal government's net projected cash flows, including interest payments and debt refinancing needs. The government justified this plan by stating that liquid financial assets 'safeguard its ability to meet payment obligations in situations where normal access to funding markets may be disrupted or delayed,' and that this 'supports investor confidence in Canadian government debt."

The money creation process employed by the Bank of Canada is quite simple and mirrors the money creation process which, through the private banking system, is responsible for the greater majority of our money supply. Contrary to what many people assume, banks are not borrowers and lenders of pre-existing money, but are rather creators and destroyers of the money that they issue in the form of bank credit. The same holds true for the Central Bank. Whenever an auction of new government securities is held, the Bank of Canada buys a certain percentage of these securities by creating digital accounting entries in the Federal Government's deposit account with the bank. This deposit is recorded as a liability of the bank, while the newly purchased security is recorded as an asset on the Bank of Canada's balance sheet.

Now, the Bank of Canada, the BoC, unlike many other Central Banks around the world, is publicly owned. It is a Crown corporation, an organ of the state.

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(continued from previous page) This means that when the Bank purchases newly issued securities from the Federal Government, the transaction can be regarded as an internal government process. In other words, the government can, in effect, order the BoC to comply with whatever policy requirement it deems appropriate. For example, the Federal Government, through the Bank of Canada, can, in principle, fund its operations without having to rely on private banks or other investors buying its securities whenever there is a deficit, i.e., a gap between government expenditures and tax revenues. The government is not obligated to sequester the deposits in an account with the Bank of Canada. As noted in the same paper which was quoted previously: "The federal government can spend the newly created bank deposits in the Canadian economy if it wishes." Furthermore, while there are certainly prudential and political limits to the total amount that the Bank of Canada may create for the federal government, the operational and regulatory limits which apply to private commercial banks do not apply to BoC operations.

In the last few years, there has been a very interesting court case playing out between a Toronto-based Canadian think-tank COMER (The Committee on Monetary and Economic Reform) and the Canadian Government. Unfortunately, the Supreme Court eventually refused to hear it, but the case was nevertheless instructive in what it revealed about the current financial operations of the Federal Government as opposed to how it had operated in the past.

According to the Bank of Canada Act, the Bank has the ability to use its money-creation powers to make interest-free loans to municipal/provincial/federal governments for "human capital" expenditures (such as education, healthcare, other social services) and/or infrastructure expenditures. Indeed, according to Rocco Galati, the constitutional lawyer who represented COMER, that was the very purpose for which the Bank of Canada was originally established. And, as he explained at a public lecture he gave in 2015 at Toronto City Hall, this was how Canada paid for its World War II activities, the Trans-Canada Highway, the Saint Lawrence Seaway, the building of many university campuses, and so forth. Apparently, since 1974, the government has ceased all interest-free borrowing from the Bank of Canada and has been borrowing instead from private banks. What this means is that the federal government, to take just one example, has been pursuing a financial policy that has unnecessarily cost the taxpayer billions of dollars in interest payments … payments that could have been avoided had the government relied on the Bank of Canada for its financing needs.

Now, what I want to suggest, in the context of the basic income, is that not only can the Bank of Canada fund the Federal Government's deficit with much lower interest, or rather merely at the cost of administration (since any profit on loans would go back to the government, there would be no point in charging more interest than is necessary to cover costs), it could also provide the economy with a steady injection of 'debt-free' or non-repayable credit distributed in the form of a basic income. I, together with the other panelists, maintain that the economy needs a steady injection of debt-free credit (i.e., credit that does not need to be repaid to its issuer) to, or on behalf of, consumers, in order for it to achieve an automatic and self-liquidating balance or equilibrium between the flow of costs and prices attached to the flow of consumer production and the flow of consumer purchasing power that is simultaneously being distributed to consumers in the form of incomes: wages, salaries, and dividends. The claim here is that there is a chronic and underlying deficiency of consumer buying power in the form of income in our economies, and that instead of compensating for this deficiency by relying on ever-increasing bank debt for more production, both public and private, whether it be needed or not, or more debt-money for consumption in the form of consumer loans, we could substitute a flow of debt-free credit to increase the buying power of consumers to whatever level is necessary to clear the consumer market and to enable retailers to meet their costs.

If this issuance of non-repayable credit were accounted for in accordance with the existing accounting practice, this would amount to the BoC forever increasing its assets in the form of government securities which, for all intents and purposes, would never be redeemed. Alternatively, the accounting system could be changed so that the BoC would regard unsold or unsellable consumer production in the country as "assets in trust" and the money it creates for the federal government's basic income programme as the corresponding liability. All it would be doing is, in effect, monetizing the nation's surplus production. When that production is sold to the consuming public with the help of the basic income funds, both the production and the funds would disappear from the bank's Balance Sheet.

The main advantages of funding a basic income through the money creation powers of the state would be that it would not require juggling with taxation, or increased taxation, or selling more government securities to private investors. By avoiding those funding methods, you will necessarily avoid all of the problems with them that were mentioned previously by my colleagues.

The only question that remains is whether and under which conditions the creation of Bank of Canada credit and its injection into the economy in the form of a 'debt-free' basic income would be inflationary. And that particular concern will be the main subject of the next paper in our series.

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SOCIAL CREDIT: THE BASIC PRINCIPLES
By M. Oliver Heydorn Ph.D. *(continued from June issue)*

Part Two: The Causes, The Palliatives, and the Consequences of the Chronic Lack of Purchasing Power

Given that a more liberal flow of production credit depends on a more liberal flow of consumer credit, we will explore more deeply what causes the chronic lack of purchasing power in the form of income and what the current financial system does to address the situation. In his book *The New and The Old Economy* Douglas explains that there are, at least, five major causes behind the lack of purchasing power: profits (including profits from interest payments), savings, reinvestment of savings, deflationary banking policies, and the difference in circuit velocity between cost creation and price liquidation in the price system, also known as the A + B theorem.

I will focus our attention on the last cause because, according to Douglas, this is the most important cause. The basic idea is that, for reasons of industrial cost accountancy in connection with the creation and destruction of money by banks, companies always generate costs and therefore prices at a faster rate than they simultaneously distribute incomes to consumers. The problem is that companies have to charge the consumer for the use of real capital, but the real capital implies financial, depreciation, and maintenance costs that are greater than the incomes that are simultaneously being distributed in the name of, or on behalf of, real capital.

There is an inherent imbalance in the system, where total costs, and therefore prices, always exceed total revenues. This does not mean that there can never be a balance between the costs and prices of consumer goods and services and the incomes distributed to the consumer in the existing system, but this requires the system to introduce some palliatives to fill the gap.
So, before looking at how Douglas proposed to rectify the system, it would be instructive to examine how the current system attempts to compensate for the chronic lack of purchasing power in the form of consumer income that would liquidate all costs. This imbalance must be addressed in one way or another in order to achieve a certain balance.

It is possible, and sometimes it is the case, that the economic system achieves parity of flows by lowering the cost / price flow, thus bringing them into closer range of consumer incomes. This occurs when companies sell at below-cost prices for a specified period of time because economic conditions are unfavorable, or when they do so to liquidate their business because they are headed for bankruptcy. This will allow them to repay as many creditors as possible.

But the problem with this method is precisely the fact that it does not cover all the costs and therefore leads to business and economic stagnation. For this reason, it is better to reduce costs by resorting to government funding, as is the case when governments subsidize production, if we want to try to close the gap by reducing costs.

In general, the most effective way to reduce this gap is to increase the flow of consumer incomes so that it matches the cost / price flow.

The increase in the flow of consumer income often takes the form of new production, that is, an expansion of production facilitated by money borrowed from the banking system. This expansion can be public or private. It is more advantageous if it takes the form of capital production, rather than the production of consumables, since capital production, while increasing the flow of income to consumers by distributing wages, profits, and additional dividends, etc. ., does not increase, in the same period of time, the flow of costs and consumer prices, or, in the case of public production, of taxes. For example, governments can build roads, hospitals, schools, ports, airports, pipelines, other types of infrastructure, whether they are needed or not, while companies can build more plants and buy more machines, relying on clever advertising to sell the production at any given time. A blatant example of this method of bridging the gap would be when a government decides to go to war, at least in part, as a way to re-inflate a struggling economy.

To the extent that all this and other forms of production are done primarily to provide additional income through employment and profits, so that what we have already produced can be paid for and distributed, it is a waste. The same result could have been achieved without all the work and the need to pay for and absorb its future production simply by issuing a cheque for the missing income on the part of the state. We will come back to this point soon.

This is why the current financial system is so focused on economic growth. The economy must grow and expand exponentially, whether or not the resulting output is really needed, in order to maintain a balance between the flow of consumer goods and services and the flow of consumer incomes.

Another way to increase the flow of consumer buying power would be to encourage consumers to borrow new money in the form of mortgages, car loans, student loans, personal loans, credit cards, lines of credit, purchase plans, etc. This increases the purchasing power of consumers and does not increase the flow of production costs, *(continued next page)* (continued from previous page) but increases the flow of costs that will be debited against the future incomes of consumers.

A last method to offset this gap is to export more than you import or to establish a 'favorable trade balance'. This effectively reduces the gap in two directions: it reduces the flow of costs / prices that have to be recovered from consumers in the domestic market and increases the flow of consumer purchasing power in the form of the profits and incomes of exporting companies. It is inflationary to close the gap with more bank debt, as the resulting costs will ultimately be passed on to consumers, in the form of higher prices, taxes, or debt service charges. In order to maintain the standard of living in these conditions of increasing financial stress, citizens will demand wage increases to compensate. But these are also costs and they will eventually affect the consumer market in increased prices. As a result, the purchasing power of each monetary unit will depreciate over time.

Other consequences of traditional methods of managing the price-income gap include: the recurrent cycle of economic trials and downturns, economic inefficiency, waste, and sabotage, forced economic growth, exponential increasing mountains of societal debt that is, in the aggregate, unrepayable, heavy and often increasing taxation, the usurpation of the increment of association by the private banking system, the centralization of economic wealth, privilege and power in fewer and fewer hands, social conflict, forced migration, cultural upheaval, environmental degradation, and international economic conflict leading to war, etc., etc.

Part Three: The Social Credit Remedies

So, how does Social Credit propose to correct the artificial lack of credit to producers and how does it correct the artificial lack of consumer income? Obviously, the financial system needs to be rethought/ redesigned. A "National Credit Authority" would be created and charged with ensuring that the financial system is sufficiently flexible and accurate enough to provide all the monetary parameters that the realization of the physical economy requires. A fundamental axiom of Social Credit reads: "All that is physically possible (and desirable) should be financially possible".

In the case of producer credit, the production capacity of the company, composed of raw materials, labour, machinery, know-how, etc., could be considered an asset against which new money can be created and issued to catalyze production. If there are unmet needs for goods and services on the one hand, and an unused capacity to provide those goods and services on the other hand, additional funding can and must be created until these needs are met or until the productive capacity of society is fully exploited. Additional credits could still be granted to further develop the productive capacity of society if there is a need. It is always possible in the financial field to increase the rate of producer credit creation that can be made available to productive organizations, provided that there is (a) a demand for the resulting output (and that consumers are willing and able to pay for it) and b) there are sufficient resources to meet this demand. Money simply consists of intangible numbers and we can create as much as is necessary to put the production mechanism into action. There should be no artificial limit to the flow of production credit, as is the case in the current financial system.

Similarly, there should be no artificial limit to our consumption power in terms of unattached purchasing power or cost-liquidating income. In the current state of affairs, for $ 100 of cost/price that must be recovered from consumers, we only automatically provide, through the same production process, some of the purchasing power necessary in the form of incomes, say $ 50 (just to illustrate the point). The additional purchasing power of consumers required to clear the remaining production must come from additional production that is separate from the production currently on the market, or from consumers borrowing new money, or from favourable trade balances, and so on.

So Social Credit proposes that the National Credit Authority should also be responsible for determining the size of the recurring price-income gap for each economic period and compensating for it by creating and issuing without debt (or the need for repayment), additional consumer credits consumption in the form of a compensated price reduction and in the form of a National Dividend.

The compensated price would be a generalized reduction on all retail goods and services, reflecting actual production costs. Since the real costs of production are the consumption implied by this production (i.e., the costs of raw materials, labour, machinery, etc. used in production), nothing should cost more in financial terms than the costs associated with production, which is the corresponding consumption. Unfortunately, since companies often have to collect money to recover their capital expenditures, the prices of goods and services are artificially inflated above the money that consumers have received as incomes. The compensated price effectively removes these capex charges in prices, thus bringing them into closer reach of consumer incomes, while simultaneously reimbursing through the National Credit Authority the costs incurred by the retailers, so that their financial costs can be met in full.

The rest of the gap will be filled by the dividend. This money would constitute a direct disbursement of 'debt-free' credit to consumers in equal proportions as an income unrelated to employment status.

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(continued from previous page) The compensated price and dividend will be issued in lieu of all conventional methods currently used to close the price-income gap. When these amounts are received by retailers, they will be used to repay lines of credit (in this case, the money is destroyed) or to restore working capital (in this case, the money will not be reinjected except alongside a new set of costs).

In this way, the financial system will be restored to a state of perfect automatic equilibrium, where the flow of costs and, therefore, of price, is reflected by an equal flow of consumer purchasing power in the form of income offsetting the cost. It will no longer be necessary to try to cope with our costs by the futile exercise of attempting to borrow ourselves out of debt. ***

BLESSED ARE THE MARKET-MAKERS?

By M. Oliver Heydorn Ph.D. ***(continued from July issue)***

Another example adjacent to the realm of health concerns can be found in the world of fitness and body-building. Once again, a large number of gurus have emerged, each with his own recommendations, recommendations that often contradict or are at least partially incompatible with the recommendations of others. This variety, which is often experienced as a form of cognitive dissonance on the part of the consumer, is a structural necessity of the marketing, for, if you want to sell effectively, you must be selling something that is different from what everyone else is offering, something that constitutes a unique approach or that represents a twist on something more common. The objective efficacy or appropriateness of the advice is a secondary consideration entirely. The upshot of all this is that much – but thankfully not all – of the information we are exposed via advertisement and hype to is 'much ado about nothing' or worse, i.e., is positively harmful. The confused and conscientious consumer is left to wade through the information pollution and cognitive dissonance in the hope that he might stumble on the correct and reliable advice that will yield satisfactory results. And that doesn't generally occur until he has spent (and wasted) a fair bit of money in the process … voilà: the whole point of the exercise.

For these and similar reasons (like the problems mentioned earlier in connection with planned obsolescence), it is often not fully appreciated that, under the existing financial regime, it is not only the worker who is often caught on an unending treadmill that runs ever faster, but that the same individual, in his role as consumer, often finds himself on a consumption treadmill that is seen – once we come to understand the violence that is done to him – to operate on the same principles.

We might also mention yet another distinct category of perverted 'market-making', namely, the creation of artificial needs that do not correspond in any way to legitimate requirements, concerns, or interests, but are attempts to sell some 'value' that has been engineered in people's consciousness as a purely frivolous and ephemeral phenomena. In this category we might include various fads like, chia pets, cabbage patch dolls, beanie babies, and tickle-me-Elmos, as well as various forms of 'chic' and brand name clothing, shoes, etc. Even if the product does answer to some legitimate need, say a need to protect one's feet, or the need for children's toys, we are talking about specific instances where one is paying more, in some cases much more, on account of a brand name and the desire to satisfy certain social pressures and expectations, than for any objective utility that the product offers, as evidenced by comparisons with generic or less hyped brands that are cheaper and just as good. In this way, advertising and the mass media can combine to 'meme' a market into existence, a market that would never have arisen had the mass of the people been left to their own devices.

So what's to be done about these and similar distortions of economic activity? Well, by eliminating the artificial financial pressures under which the economy presently labours via the dividend and the discount proposals, Social Credit would eliminate the need for cancerous economic growth and, with it, the main incentives for all of the perverse forms of market-making that we have considered. We might legitimately expect to live in a saner and more satisfactory world as a direct consequence. And that's what Social Credit is offering as a free gift to any country and people who are ready for a radical rethinking of our financial infrastructure. ***

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