

The Money Myth Exploded

The financial enigma resolved—A debt-money system

by *Louis Even*

“The Money Myth Exploded” was one of the first articles of Louis Even, and remains one of the most popular to explain how money is created as a debt by private banks.”

1. Shipwreck survivors



An explosion had blown their ship apart. Each one grasped the first bit of wreckage that came to hand. And when it was over, there were five left, five huddled on a raft which the waves carried along at their will. As for the other victims of the disaster, there was no sign of them.

Hour after long hour their eyes searched the horizon. Would some passing ship sight them? Would their makeshift raft find its way to some friendly shore?

Suddenly a cry rang out: “Land! Look! Over there, in the direction the waves are carrying us!”

And as the vague silhouette proved itself to be, in fact, the outline of a shore, the figures on the raft danced with joy.

They were five. There was Frank, the carpenter, big and energetic. It was he who had first cried, “Land!”.

Then Paul, a farmer. You can see him, front and left in the picture, on his knees, one hand against the floor, the other gripping the mast of the raft.

Next is Jim, an animal breeder; he's the one in the striped pants, kneeling and gazing in the direction of land.

Then there is Harry, an agriculturist, a little on the stout side, seated on a trunk salvaged from the wreck.

And finally Tom, a prospector and a mineralogist; he is the merry fellow standing in the rear of

the picture with his hand on the carpenter's shoulder.

2. A providential island

To our five men, setting foot on land was like returning to life from the grave.

When they had dried and warmed themselves their first impulse was to explore this little island on to which they had been cast, far from civilization.

A quick survey was sufficient to raise their spirit. The island was not a barren rock. True enough, they were the only men on it at the moment. But judging from the herds of semi-domesticated animals they encountered, there must have been men here at some time before them. Jim, the animal breeder, was sure he could completely domesticate them and put them to good service.



Paul found the island's soil, for the most part, to be quite suitable for cultivation.

Harry discovered some fruit trees which, if properly tended, would give good harvests.

Most important were the large stands of timber embracing many types of wood. Frank, without too much difficulty, would be able to build houses for the little community.

As for Tom, the prospector, well, the rock formations of the island showed signs of rich mineral deposits. Lacking the tools, Tom still felt his ingenuity and initiative could produce metals from the ores.

So each could serve the common good with his special talent. All agreed to call the place Salvation Island. All gave thanks to Providence for the reasonably happy ending to what could have been stark tragedy.

3. True wealth



Here are the men at work.

The carpenter builds houses and makes furniture. At first, they find their food where they can. But soon the fields are tilled and seeded, and the farmer has his crops.

As season followed season, this island, this heritage of the five men, Salvation Island, became richer and richer.

Its wealth was not that of gold or of paper bank notes, but one of true value; a wealth of food and clothing and shelter, of all the things to meet human needs.

Each man worked at his own trade. Whatever surpluses he might have of his own produce, he exchanged for the surplus products of the others.

Life wasn't always as smooth and complete as they could have wished it to be. They lacked many of the things to which they had been accustomed in civilization. But their lot could have been a great deal worse.

Besides, all had experienced the depression in Canada. They still remembered the empty bellies side by side with stores crammed with food.

At least, on Salvation Island, they weren't forced to see the things they needed rot before their eyes. Taxes were unknown here. Nor did they go in constant fear of seizure by the bailiff. They worked hard but at least they could enjoy the fruits of their toil.

So they developed the island, thanking God and hoping for the day of reunion with their families, still in possession of life and health, those two greatest of blessings.

4. A serious inconvenience

Our men often got together to talk over their affairs.

Under the simple economic system, which had developed, one thing was beginning to bother them more and more; they had no form of money. Barter, the direct exchange of goods for goods, had its drawbacks. The products to be exchanged were



not always at hand when a trade was discussed. For example, wood delivered to the farmer in winter, could not be paid for, in potatoes until six months later.

Sometimes one man might have an article of considerable size, which he wished to exchange for a number of smaller articles produced by different men at different times.

All this complicated business and laid a heavy burden on the memory. With a monetary system, however, each one could sell his products to the others for money. With this money he could buy from the others the things he wanted, when he wished and when they were available.

It was agreed that a system of money would indeed be very convenient. But none of them knew how to set up such a system. They knew how to produce true wealth - goods. But how to produce money, the symbol of this wealth, was something quite beyond them. They were ignorant of the origin of money, and needing it they didn't know how to produce it. Certainly, many men of education would have been in the same boat; all our governments were in that predicament during the ten years prior to the war. The only thing the country lacked at that time was money, and the governments apparently didn't know what to do to get it.

5. Arrival of a refugee



One evening, when our boys were sitting on the beach going over their problem for the hundredth time, they suddenly saw approaching a small boat with a solitary man at the oars.

They learned that he was the only survivor of a wreck. His name: Oliver.

Delighted to have a new companion, they provided him with the best that they had, and they took him on an inspection tour of the colony.

“Even though we're lost and cut off from the rest of the world,” they told him, “we haven't too much to complain about. The earth and the forest are good to us. We lack only one thing — money. That would make it easier for us to exchange our products.”

“Well, you can thank Providence,” replied Oliver, “because I am a banker, and in no time at all, I'll set up a system of money guaranteed to satisfy you. Then you'll have everything that people in civilization have.”

A banker!. A BANKER! An angel coming down out of the clouds couldn't have inspired more reverence and respect in our men. For, after all, are we not accustomed, we people in

civilization, to genuflect before bankers, those men who control the lifeblood of finance?

6. Civilization's god

“Mr. Oliver, as our banker, your only occupation on this island will be to look after our money; no manual labour.”

“I shall, like every other banker, carry out to complete satisfaction my task of forging the community's prosperity.”

“Mr. Oliver, we're going to build you a house that will be in keeping with your dignity as a banker. But in the meantime, do you mind if we lodge you in the building that we use for our get-togethers?”



“That will suit me, my friends. But first of all, unload the boat. There's paper and a printing press, complete with ink and type, and there's a little barrel which I exhort you to treat with the greatest care.”

They unloaded everything. The small barrel aroused intense curiosity in our good fellows.

“This barrel,” Oliver announced, “contains a treasure beyond dreams. It is full of... gold!”

Full of gold! The five all but swooned. The god of civilization here on Salvation Island! The yellow god, always hidden, yet terrible in its power, whose presence or absence or slightest caprice could decide the very fate of all the civilized nations!

“Gold! Mr. Oliver, you are indeed a great banker!”

“Oh august majesty! Oh honorable Oliver! Great high priest of the god, gold! Accept our humble homage, and receive our oaths of fidelity!”

“Yes, my friends, gold enough for a continent. But gold is not for circulation. Gold must be hidden. Gold is the soul of healthy money, and the soul is always invisible. But I'll explain all that when you receive your first supply of money.”

7. The secret burial



Before they went their separate ways for the night, Oliver asked them one last question.

“How much money will you need to begin with in order to facilitate trading?”

They looked at one another, then deferentially towards the banker. After a bit of calculation, and with the advice of the kindly financier, they decided that \$200 each would do.

The men parted, exchanging enthusiastic comments. And in spite of the late hour, they spent most of the night lying awake, their imaginations excited by the picture of gold. It was morning before they slept.

As for Oliver, he wasted not a moment. Fatigue was forgotten in the interests of his future as a banker. By dawn's first light, he dug a pit into which he rolled the barrel. He then filled it in, transplanting a small shrub to the spot about which he carefully arranged sod. It was well hidden.



Then he went to work with his little press to turn out a thousand \$1 bills.

Watching the clean new banknotes come from his press, the refugee turned banker thought to himself:

“My! How simple it is to make money. All its value comes from the products it will buy. Without produce, these bills are worthless. My five naive customers don't realize that. They actually think that this new money derives its value from gold! Their very ignorance makes me their master.”

And as evening drew on, the five came to Oliver— on the run.

8. Who owns the new money?

Five bundles of new banknotes were sitting on the table.

“Before distributing the money,” said the banker, “I would like your attention.”

“Now, the basis of all money is gold. And the gold stored away in the vault of my bank is my gold. Consequently, the money is my money. Oh! Don't look so discouraged. I'm going to lend you this money, and you're going to use it as you see fit. However, you'll have to pay interest. Considering that money is scarce here, I don't think 8% is unreasonable.”

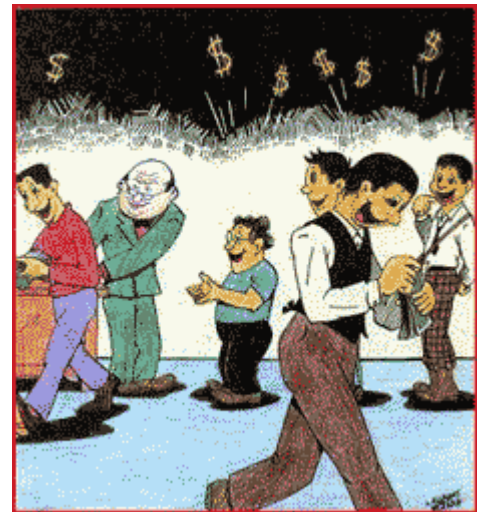
“Oh, that's quite reasonable, Mr. Oliver.”

“One last point, my friends. Business is business, even between pals. Before you get the money, each of you is going to sign a paper. By it you will bind yourselves to pay both interest and capital under penalty of confiscation of property by me. Oh! This is a mere formality. Your property is of no interest to me. I'm satisfied with money. And I feel sure that I'll get my money, and that you'll keep your property.”

“That makes sense, Mr. Oliver. We're going to work harder than ever in order to pay you back.”

“That's the spirit. And any time you have a problem, you come and see me. Your banker is your best friend. Now here's two hundred dollars for each one of you.”

And our five brave fellows went away, their hands full of dollar bills, their heads swimming with



the ecstasy of having money.

9. A problem in arithmetic



And so Oliver's money went into circulation on the island. Trade, simplified by money, doubled. Everybody was happy. And the banker was always greeted with unfailing respect and gratitude.

But now, let's see... Why does Tom, the prospector, look so grave as he sits busily figuring with a pencil and paper? It is because Tom, like the others, has signed an agreement to repay Oliver, in one year's time, the \$200 plus \$16 interest. But Tom has only a few dollars in his pocket, and the date of payment is near.

For a long time he had wrestled with this problem from his own personal point of view, without success. Finally, he looked at it from the angle of the little community as a whole.

“Taking into consideration everyone on the island as a whole,” he mused, “are we capable of meeting our obligations? Oliver turned out a total of \$1000. He's asking in return \$1080. But even if we bring him every dollar bill on the island, we'll still be \$80 short. Nobody made the extra \$80. We turn out produce, not dollar bills. So Oliver can take over the entire island, since all the inhabitants together can't pay him back the total amount of the capital and the interest.

“Even if a few, without any thought for the others, were able to do so, those others would fall. And the turn of the first spared would come eventually. The banker will have everything. We'd better hold a meeting right away and decide what to do about it.”

Tom, with his figures in his hand, had no difficulty in proving the situation. All agreed that they had been duped by the kindly banker. They decided upon a meeting at Oliver's.

10. The benevolent banker

Oliver guessed what was on their minds, but he put on his best front. While he listened, the impetuous Frank stated the case for the group.

“How can we pay you \$1080 when there is only \$1000 on the entire island?”

“That's the interest, my friends. Has not your rate of production increased?”

“Sure, but the money hasn't. And it's money you're asking for, not our products. You are the only one who can make money. You've made only \$1000, and yet you ask \$1080. That's impossibility!”

“Now listen, fellows. Bankers, for the greater good of the community, always adapt themselves to the conditions of the times. I'm going to require only the interest. Only \$80. You will go on holding the capital.”

“Bless you, Mr. Oliver! Are you going to cancel the \$200 each of us owes you?”

“Oh no! I'm sorry, but a banker never cancels a debt. You still owe me all the money you borrowed. But you'll pay me, each year, only the interest. If you meet the interest payments faithfully each year, I won't push you for the capital. Maybe some won't be able to repay even the interest because of the money changing hands among you. Well, organize yourselves like a nation. Set up a system of money contributions, what we call taxes. Those who have more money will be taxed more; the poor will pay less. See to it that you bring me, in one lump sum, the total of the amount of interest, and I'll be satisfied. And your little nation will thrive.”

So our boys left, somewhat pacified, but still dubious.



11. Oliver exults

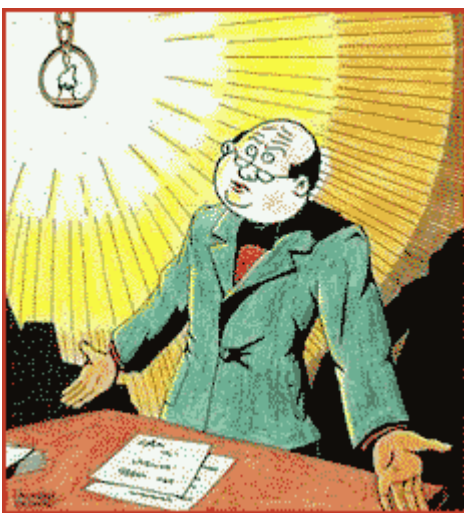
Oliver is alone. He is deep in reflection. His thoughts run thus:

“Business is good. These boys are good workers, but stupid. Their ignorance and naivety is my strength. They ask for money, and I give them the chains of bondage. They give me flowers, and I pick their pockets.

“True enough, they could mutiny and throw me into the sea. But pshaw! I have their signatures. They're honest. They'll honor their pledges. Honest, hardworking people were put into this world to serve the Financiers.

“Oh great Mammon! I feel your banking genius coursing through my entire being! Oh, illustrious master! How right you were when you said: ‘Give me control of a nation's money, and

I won't mind who makes its laws.’ I am the master of Salvation Island because I control its money.



“My soul is drunk with enthusiasm and ambition. I feel I could rule the universe. What I, Oliver, have done here, I can do throughout the entire world. Oh! If only I could get off this island! I know how I could govern the world without wearing a crown.

“My supreme delight would be to instill my philosophy in the minds of those who lead society: bankers, industrialists, politicians, reformers, teachers, journalists — all would be my servants. The masses are content to live in slavery when the elite from among them are constituted to be their overseers.”

12. The cost of living unbearable

Meanwhile, things went from bad to worse on Salvation Island. Production was up, and bartering had dropped to a minimum. Oliver collected his interest regularly. The others had to think of setting money aside for him. Thus, money tended to clot instead of circulating freely.

Those who paid the most in taxes complained against those who paid less. They raised the prices of their goods to compensate for this loss. The unfortunate poor who paid no taxes lamented the high cost of living, and bought less.

If one took a salaried job with another, he was continually demanding increases in salary in order to meet the mounting cost of living.

Morale was low. The joy went out of living. No one took an interest in his work. Why should he? Produce sold poorly. When they would make a sale, they had to pay taxes to Oliver. They went without things. It was a real crisis. And they accused one another of wanting in charity, and of being the cause of the high cost of living.

One day, Harry, sitting in his orchard, pondered over the situation. He finally arrived at the conclusion that this “progress”, born of a refugee's monetary system, had spoiled everything on the island. Unquestionably, all five had their faults, but Oliver's system seemed to have been specifically designed to bring out the worst in human nature.

Harry decided to demonstrate this to his friends and to unite them for action. He started with Jim, who was not hard to convince. “I'm no genius,” he said, “but for a long time now there's been a bad smell about this banker's system.”

One by one they came to the same conclusion, and they ended up by deciding to have another conference with Oliver.



13. Enslaved by Oliver



A veritable tempest burst about the ears of the banker.

“Money's scarce on the island, fellow, because you take it away from us! We pay you and pay you, and still we owe you as much as at the beginning. We work our heads off! We've the finest land possible, and yet we're worse off than before the day of your arrival. Debts! Debts! Up to our necks in debts!”

“Oh! Now boys, be reasonable! Your affairs are booming, and it's thanks to me. A good banking system is a country's best asset. But if it is to work beneficially, you must have

faith in the banker. Come to me as you would to a father... Is it more money that you want? Very well. My barrel of gold is good for many thousands of dollars more. See, I'm going to mortgage your latest acquisitions, and lend you another thousand dollars right now.”

“So! Now our debt goes up to \$2000! We are going to have twice as much interest to pay for the rest of our lives!”

“Well, yes — but I'll lend you more whenever the value of your property increases. And you'll never pay anything but the interest. You'll lump all your debts into one— what we call a consolidated debt. And you can add to the debt, year after year.”

“And raise the taxes, year after year?”

“Obviously. But your revenues also increase every year.”

“So then, the more the country develops each year because of our labor, the more the public debt increases!”

“Why, of course! Just as in your country— or in any other part of the civilized world for that matter. The degree of a country's civilization is always gauged by the size of its debt to the bankers.”

14. The wolf devours the lambs

“And that's a healthy monetary system, Mr. Oliver?”

“Gentlemen, all sound money is based on gold, and it comes from the banks in the form of debts. The national debt is a good thing. It keeps men from becoming too satisfied. It subjugates governments to the supreme and ultimate wisdom, that which is incarnate in bankers. As a banker, I am the torch of civilization here on your little island. I will dictate your politics and regulate your standard of living.”



“Mr. Oliver, we're simply uneducated folks, but we don't want that kind of civilization here. We'll not borrow another cent off of you. Sound money or not, we don't want any further transactions with you.”

“Gentlemen, I deeply regret this very ill-advised decision of yours. But if you break with me, remember, I have your signatures. Repay me everything at once — capital and interest.”

“But that's impossible, sir. Even if we give you all the money on the island, we still won't be square with you.”

“I can't help that. Did you or did you not sign? Yes? Very well.

“By virtue of the sanctity of contracts, I hereby seize your mortgaged property which was what you agreed to at the time you were so happy to have my help. If you don't want to serve willingly the supreme authority of money, then you'll obey by force. You'll continue to exploit the island, but in my interests and under my conditions. Now, get out! You'll get your orders from me tomorrow.”

15. Control of the press

Oliver knew that whoever controlled the nation's money, controlled the nation. But he knew also that to maintain that control, it was necessary to keep the people in a state of ignorance, and to distract them by a variety of means.

Oliver had observed that of the five islanders, two were conservatives and three were liberals.



That much had evolved from their evening conversations, especially after they had fallen into slavery. And between the conservatives and those who were liberals, there was a constant friction.

On occasions, Harry, the most neutral of the five, considering that all had the same needs and aspirations, had suggested the union of the people to put pressure on the authorities. Such a union, Oliver could not tolerate; it would mean the end of his rule. No dictator, financial or otherwise, could stand before a

people united and educated.

Consequently, Oliver set himself to foment, as much as possible, political strife between them. The refugee put his press to work, turning out two weekly newspapers, “The Sun,” for the Liberals, and “The Star,” for the Conservatives.

The general tenor of “The Sun” was: “If you are no longer master, it is because of those traitorous Conservatives who have sold out to big business.”

That of “The Star”: “The ruinous state of business and the national debt can be traced directly to the political responsibility of those unmentionable Liberals.”

16. A priceless bit of flotsam

One day, Tom, the prospector, found on a small beach, hidden by tall grass at one end of the island, a lifeboat, empty except for a trunk in good condition lying in the bottom of it.

He opened the trunk. Among the articles within, a sort of album caught his eye: “The First Year of Social Credit.” Between the covers, he found the first of a Social Credit publication.

Curious, Tom sat down and began to read the volume. His interest grew; his face lit up.

“Well, just look at this!” he cried out loud. “This is something we should have known a long time ago.”

“Money gets its value, not from gold, but from the products which that money buys.

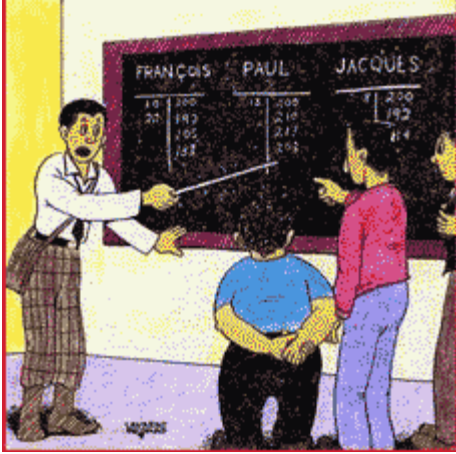
“Simply put, money should be a sort of accountancy, credits passing from one account to another according to purchases and sales. The sum total of money will depend upon the sum total of production.

“Each time production increases, there is a corresponding increase in the amount of money. Never at any time should interest be paid on new money. Progress is marked, not by an increase in the public debt, but by the issuance of an equal dividend to each individual... Prices are adjusted to the general purchasing power by a coefficient of prices. Social Credit...”

But Tom could no longer contain himself. He got up and set off at a run, the book in his hands, to share this glorious discovery with his four comrades.



17. Money—elementary accounting



So Tom became the teacher. He taught the others what he had learned from that God-sent Social Credit publication.

“This,” he said, “is what we can do without waiting for a banker and his keg of gold, nor without underwriting a debt.

“I open an account in the name of each one of you. In the right hand column are the credits which increase your account; to the left are the debits which subtract from your account.

“Each wants \$200 to begin with. Very well. We write \$200 to the credit of each. Each immediately has \$200.

“Frank buys some goods from Paul for \$10. I deduct \$10 from Frank, leaving him \$190. I add \$10 to Paul, and he now has \$210.

“Jim buys from Paul to the amount of \$8. I deduct from Jim \$8, leaving him \$192. Paul now has \$218.

“Paul buys wood from Frank for \$15. I deduct \$15 from Paul, leaving \$203. I add \$15 to Frank's account, and it goes back to \$205.

“And so we continue; from one account to another, in the same fashion that paper banknotes go from one man's pocket to another's.

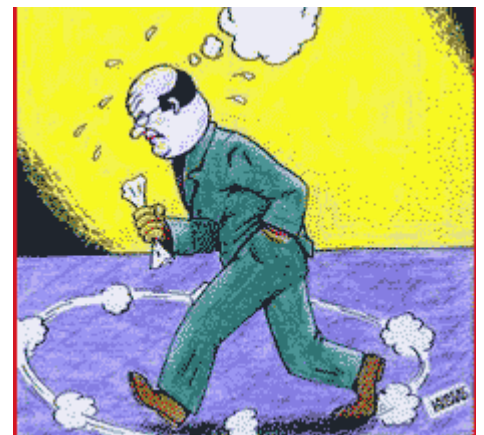
“If someone needs money to expand production, we issue him the necessary amount of new credit. Once he has sold his products, he repays the sum to the credit fund. The same with public works; paid for by new credits.

“Likewise, each one's account is periodically increased, but without taking credits from anyone, in order that all may benefit from the progress society makes. That's the national dividend. In this fashion, money becomes an instrument of service.”

18. The banker's despair

Everyone understood. The members of this little community became Social Crediters. The following day, Oliver, the banker, received a letter signed by the five:

“Dear sir! Without the slightest necessity you have plunged us into debt and exploited us. We don't need you anymore to run our money system. From now on, we'll have all the money we need without gold, debts, nor thieves. We are establishing, at once, the system of Social Credit on the island. The national dividend is going to replace the national debt.



“If you insist on being repaid, we can repay you all the money you gave us. But not a cent more. You cannot lay claim to that which you have not made.”

Oliver was in despair. His empire was crumbling. His dreams shattered. What could he do? Arguments would be futile. The five were now Social Crediters: money and credit were now not more mysterious to them than they were to Oliver.

“Oh!” said Oliver. “These men have been won to Social Credit! Their doctrine will spread far more quickly than mine. Should I beg forgiveness? Become one of them? I, a financier and a banker? Never! Rather, I shall try and put as much distance between them and me as I can!”

19. The fraud unmasked



To protect themselves against any future claim by Oliver, our five men decided to make him sign a document attesting that he again possessed all he had when he first arrived on the island.

An inventory was taken; the boat, the oars, the little press, and the famous barrel of gold.

Oliver had to reveal where he had hidden the gold. Our boys hoisted it from the hole with considerably less respect than the day they had unloaded it from the boat. Social Credit had

taught them to despise gold.

The prospector, who was helping to lift the barrel, found it surprisingly light for gold. If the barrel was full, he told the others, there was something in it besides gold.

The impetuous Frank didn't waste a moment; a blow of the axe, and the contents of the barrel was exposed.

Gold? Not so much as a grain of it! Just rocks — plain, worthless rocks! Our men couldn't get over the shock.

“Don't tell us that he could bamboozle us to this extent!”

“Were we such muttonheads as to go into raptures over the mere mention of gold?”

“Did we mortgage all of our possessions for a few pieces of paper based on a few pounds of rocks? It's a robbery, compounded with lies!”

“To think that we sulked and almost hated one another all because of such a fraud! That devil!”

Furious, Frank raised his axe. In great haste, the banker has already taken flight towards the forest.

20. Farewell to Salvation Island

After the opening of the barrel, and the revelation of his duplicity, nothing further was heard of Oliver.

Shortly after, a ship, cruising off the normal navigation route, noticed signs of life on this uncharted island, and cast anchor a short distance offshore.

The men learned that the ship was en route to America. So they decided to take with them what they could carry, and return to the United States.

Above all, they made sure to take back with them the album, “The First Year of Social Credit”, which had proven to be their salvation from the hands of the financier, Oliver, and which had illumined their minds with an inextinguishable light.

All five solemnly promised to get in touch with the management of this paper, once back in America, and to become devoted and zealous apostles of the Cause of Social Credit in their country.



From parable to reality

A debt-money system



Louis Even

The debt-money system introduced by Oliver into the Salvation Island made the little community sink into financial debt in proportion as it developed and enriched the island by its own work.

This is exactly what happens in our civilized countries, is it not?

Canada of today is certainly richer, in real wealth, than it was 50, 100 years ago, or in the pioneers' age. But compare the national debt, the sum of all public debts of Canada today with this sum 50, 100 years, three centuries ago!

Yet the Canadians themselves produced this enrichment by their labour and their know-how. Then why should they be collectively indebted for the result of their own activities?

For example, consider the schools, the municipal aqueducts, the bridges, roads and other fabrics of public character. Who build them all? Builders of the country. Who supply them with the needed materials? Manufacturers of the country. And how come they can be employed in public

works? Because there are other kinds of workers who produce food, clothes, shoes, who supply all the things and services required for the wants of the constructors and manufacturers.

Thus the whole population of Canada by its work of different kinds, produce all those developments. If we must obtain goods from abroad, we send other goods abroad in counterpart of them.

Now, what do you see? Everywhere the citizens are taxed to pay those schools, those hospitals, those bridges, roads and other public works. The Canadians, as a collectivity, are thus compelled to pay what they produce as a collectivity.

You pay much more than the double price

And this is not all. The population is made to pay more than the price of what it produced. Their own production — a real enrichment — has become for the Canadians a debt burdened with interest. When years add to years, the sum of the interests can equal or even exceed the amount of the debt imposed by the system.

It happens that the population may have to pay two, three times the cost of what its members produced.

In addition to the public debts, there are industrial debts, also loaded with interests. They compel the manufacturers and contractors to increase their prices beyond the cost of production, in order to reimburse the capital and the interests; otherwise, they would become insolvent, bankrupt.

Both public and industrial debts are paid, plus interest, by the Canadian population, to the financial system. We pay taxes for the public debts, and a surplus of price for the industrial debts. Prices are swelling while the purse is flattened by taxes.

A tyrannical system

These and many other facts are indicative of a money system, a financial system which controls instead of being a servant; a system to dominate the people— as Oliver dominated the fellows of the Island before they rebelled.

And if the money masters refuse to lend, or if they make their conditions unbearable for the public bodies or for the manufacturers, what happens? It happens that the public bodies give up

many projects, no matter how urgent; and the manufacturers give up development or production plans that would answer to real needs of Canadians. This is a cause of unemployment. And those who still have something, or who earn a salary, must be taxed to prevent the unemployed from starving completely.

Can you imagine a more tyrannical system, with so baneful effects on every Canadian?

A bar to distribution

And this is not all. Not only the money system indebts the producers, or paralyzes the production it refuses to finance, but it is a wretched financial tool for the distribution of the goods.

Notwithstanding the fact that stores, shops and warehouses are full, and that everything is at hand for an even greater production, the distribution of the goods already produced is stunted.

You can obtain only what you can pay. In face of an abundant production, there should be an abundance of purchasing power, of money in the wallets of the people. Such is not the fact. The price of the finished goods is always higher than the amount of money distributed as purchasing power in the course of their production. This is inherent to the accountancy of the present system of finance, which has no mechanism to fill the gap.

The capacity to pay is not made to equal the capacity to produce. Finance and reality do not work at the same rate. Reality means an abundance of goods easy to produce. Finance means a lacking money hard to obtain.

To correct what is wicked

Thus the present money system is truly an oppressive one, when it should be a system of service. This does not mean that we must do away with it, but we must correct it. The application of the financial principles known as Social Credit would make this correction magnificently. (Do not confound Social Credit with the political party which usurps that name while pursuing other ends and practising an adverse policy.)

The principles of Social Credit, when applied, would make the money system a servant instead of a master. They were discovered and enunciated by a genius, C. H. Douglas (deceased in 1952). His first writings on this subject were published in 1918.

Not a Political Party

The first idea that comes to the mind of too many people living in Canada, when they hear the words Social Credit, is the idea of a political party. But no. Social Credit is not a party, although there was a party by that name. Social Credit is no more a party than Christianity is a party, even if, in some countries you find political parties with such names as Christian Democrats, Christian Party, Christian Center, etc. A political party exists purposely to seek power, to be or strive to be the group that rules the country.

Social Credit works in the very opposite way. Social Credit will set the individual free; it will place the individual in a situation where he can himself be the ruler of his own life. Social Credit will thus distribute power to individuals not the power to boss their neighbours, but the power to order the goods they want from the potential production of their country.

Social Credit. Exact. Logical. Humane

Social Credit considers realities. It refuses to be hypnotized by the halo with which finance has been surrounded.

The economic realities are, on one hand, the production; not only the existing production, but the production immediately possible, the production capacity; and they are, on the other hand, the human needs.

Social Credit gives priority to the realities over the financial signs that are not realities, that must simply represent, and faithfully represent, the realities.

Real credit and financial credit

This is why Social Credit makes a distinction between real credit (a reality) and financial credit (a representation).

The word "credit" comes from the Latin word "credere" and bears the idea of confidence. Even in everyday language, to give credit to someone, is it not to indicate that we have confidence in him?

Social Credit calls real credit of a country what really gives confidence in that country, confidence that one can live there without too much difficulty. The real credit of a country is its

production capacity. It is its degree of possibility to produce and deliver the goods to the needs.

And Social Credit affirms that financial credit must be the exact representation of the real credit.

It is therefore the production capacity that must determine the movement of finance. It is absolutely not for finance to command, paralyze or limit the production capacity.

This is why Social Credit demands the establishment of a credit office that would keep an account of national (or provincial) credit. Any production, those of consumption goods and those of capital goods, would then be entered as an increase of wealth. And all consumptions (or destruction, or depreciation) would then be entered as a decrease of wealth. The net increase in wealth would be production minus consumption.

With very few and passing exceptions where a country would live at the expense of another, the production of a country surpasses its consumption. The country is becoming richer. It is therefore absurd to say that it is going into debt. The public debt is an absurdity.

And when a country is getting richer, its citizens must certainly draw advantage of it. This is what Social Credit recognizes, when speaking of a dividend to all, instead of debts and taxes on everyone.

Money without inflation

The present system is subject to inflation. Inflation means rising prices.

When money cannot begin without, as today, creating a debt, it is necessary that ways be found to draw from the public more money than there was put into circulation, so as to refund the debt plus the interest of the debt. Whence taxes, that are added to prices or that diminish the purchasing power before the prices. Whence also increases of prices by industrials, who must draw from the public only the money to pay for the products, but also for the financial charges, the interests on the industrial loans.

Social Credit would suppress this cancer, this tumor upon the prices, since the production would be an increase of wealth, and not an indebtedness.

And, Social Credit would lower the prices to be paid by the buyers, since it would have the community pay only what it consumes, and not all what it produces.

If, as an example, in the whole country, the consumption was only equal to three quarters of the production, the buyers would only pay, on any article bought by them, only three quarters of the accounting price. The Credit Office would take care of compensating the retailer so that he may recuperate all of his accounting price.

This means that the amounts of money included in the prices, but not having reached the hands of the public, or directed towards saving or investment, are not applied to the purchase of the production, would be by the organism of credit replaced to the benefit of those who are in need of the products. This would prevent the accumulation of products in the face of needs. And the mechanism to do it would have the advantage of operating with a decrease in prices, therefore in eliminating all possible inflation.

A dividend to everyone

The periodic dividend to everyone, recommended by Social Credit, is also in conformity with the economic realities.

The modern production, in fact, is more and more the result of applied science, of inventions, of improvements in production techniques, and of all these things that constitute a common good: an heritage transmitted and increased from one generation to the other. The modern production is less and less the result of individual labour.

Hoping to distribute the production only through the reward of human labour, is therefore contrary to the facts. It is at the same time impossible, for the money distributed as recompense for work can never buy the production that contains other elements in its prices.

Seeking salary increases with decreases in human labour, is also to change the meaning of the word salary. It is no more a recompense for work; it is the inclusion in the salary of the hired persons of what should be a dividend for all, since it is the fruit of progress and not of labour. This deviation is a hindrance to the desired goal, since in becoming a salary instead of remaining a dividend, these additional amounts go into the prices.

Social Credit would distribute the dividend to everyone, directly, without charging it to industry. It would truly raise everyone's purchasing power.

Besides being the recognition of a very productive community capital, this social dividend would at the same time be an excellent way of satisfying the primitive destination of the earthly goods. "Earth and its riches were created for all men" (Pius XII). This is totally ignored by the present

economic regime in its financial technique of distribution.

Social Credit would thus directly establish an adequate repartition of the goods of nature and of industry, instead of leaving the task to the surgery of taxation, that amputates and grafts continually, without ever healing the disease.

A share to each and everyone, guaranteed by the dividend to each and everyone from birth till death; and this share should be sufficient to at least insure what is necessary for life.

Louis EVEN