

ULTIMATE REALITY

By Edward Rock

Christianity is a doctrine of reality. Christ was not concerned with the mythology man creates in his own mind, but with establishing a direct relationship between himself and mankind to impart a teaching which produces the type of society God the Father sent the Son to achieve. "God sent not his Son into the world to condemn the world, but that the world through him might be saved," John 3: 17.

We deal with what must be accepted as immutable truths, truths that work in harmony with other truths to produce results which are a revelation of ultimate immutable truth, ultimate reality. How do we discern the teaching that results in unreality from that which produces reality? Quite simply, by results. "Beware of false prophets, which come to you in sheep's clothing, ravening wolves. Ye shall know them by their fruits. Do men gather grapes from thorns, or figs from thistles?" Matthew 7: 15, 16.

Ultimate reality results from factors not immediately discernable. We observe a tree. The outward form appears to be a trunk, branches, leaves, flowers. But is what we see reality, or simply a form of reality, behind which is ultimate reality? Would we see the form of a tree if the unseen elements, minerals and soil organisms which promote growth were not present? More importantly, would growth be maintained if there were a failure in the supply of the unseen elements, oxygen, nitrogen, solar energy and its related photo-synthesis? Obviously, growth would stop; decay and death would ensue.

The false teaching of the prophets of society today is concerned to hide the ultimate reality which lies behind formal reality. Take the function of money, the most important example of formalised reality. The current teaching is that money has a power superior to any other force in existence. The daily media illustrate that that concept is presented as an immutable truth when, in relation to the truth about obtaining figs from thistles, it is blatantly untrue. Money itself produces nothing. It is only a symbol with the capacity to represent reality. Left unchallenged by the Christian Church, the false prophets of our day who have elevated money into a false form of ultimate reality are destroying society.

What is true about money in modern society is that it has the power to realise to mankind the many amazing and varied aspects of ultimate reality, but in itself it is not ultimate reality. The elevation of means – in this case, money – into an end seeks the dethronement of the only true end in the Christian life contained in the short statement comprising the first commandment, "Thou shalt have no other God before me".

The truth about formal reality is that it must be sacrificed to ultimate reality. That is why Christ the man had to die. The formal reality of that which could be seen had to give way to the ultimate reality of the things that are unseen. Speaking of his coming death and the reason for it, Jesus said "The hour is come that the Son of man should be glorified. Verily, verily, I say unto you, Except a corn of wheat fall into the ground and die, it abideth alone; but if it die, it bringeth forth much fruit". John 12: 23, 24.

Applied to the proper functioning of the economic system, the actual thing we call money must also have a life and death cycle. That life and death cycle must harmonise with the formal reality of physical production and consumption – brought into life to finance production, cancelled out of existence when production is consumed. In a Christian economy, the life-death cycle of money would parallel the life-death cycle of production and consumption. Money would be brought to life for each cycle of production, and cancelled out of existence when that production is consumed. Both money and the economy are formalised reality. Both must be sacrificed to ultimate reality.

The power of money resides in the power of debt. Debt is the means of enslaving man to formalised reality in order to destroy access to ultimate reality. For money to die and give up its power over man, the power of creating money as a debt must be challenged by the Christian Church.

In the historical period in which we live, the power of debt is all-embracing. In a letter to the writer, the present Prime Minister of Australia, Mr Paul Keating, in answer to questions concerned with this power, replied, "debt-free currency – to use your terminology – is no longer created anywhere in the world". In effect, Mr Keating acknowledged there was a world power in finance which created all money as debt. In compliance with that, he deregulated Australian banks, the interest

(Continued on page 4)

C R E D O

In a world of PLENTY, there is no need for POVERTY and DEBT. We have the technology to feed, house and clothe all people on EARTH without destroying our environment. Whatever is physically possible and socially desirable can be made financially possible. This is EVERYONE'S CONCERN and it is URGENT.

The current world-wide "recession" repeats in all fundamentals the features of the "depression" of the 1930s. In contrast to the orthodox commentaries on it carried by the media, it is timely to reprint this penetrating analysis by Major C. H. Douglas, first published in 1932. (Editor, T.S.C.):

I suppose no one would suggest that, even at the present time, there is any serious shortage of actually existing consumable goods – that is to say, food, clothing, and, with certain reservations, shelter from the weather. I have never met a tradesman yet who complained that his difficulty was that he could not get delivery of the goods on order. His complaint is always that he cannot sell, certainly not at a profitable price. So that it is quite certain that if the general population had more purchasing power they would get more goods than at the present time, even if no more goods were produced. That is to say, there is an actual surplus of consumable goods at the present time, quite a considerable amount of which surplus goods are wasted, or are sold at a loss to the producer.

Immense Sources of Real Wealth

But having said this, we have only touched the fringe of the situation. For every loaf which is baked, and for every suit of clothes which is made, there probably exists the potential capacity to produce three or four times as much, even without the installation of fresh machinery. So that behind the actual surplus of existing consumable goods there is a surplus of unused potential products. But even this is not all.

Behind the unused surplus of existing consumable goods and the unused potentialities of existing productive capacity there lies a huge undeveloped capacity to extend our productive capacity. If anyone doubts that let them consider the immense destruction of productive capacity which has been systematically carried out in this country since the war by the break-up of industrial undertakings and the decadence of industry.

So that there are three planes upon which it is true to say we possess immense undrawn-upon sources of real wealth.

The "Scarcity Complex"

Now the first trap into which we are likely to fall in considering this matter is not so much as to whether we have at our disposal the means to become materially wealthy, because I believe that anyone who will regard the matter without prejudice along the lines that I have just indicated can have no doubt as to the truth of that suggestion. It is to what extent, and for what fundamental purpose, we wish to draw upon this capacity.

Remember that, thanks to the illusion that a scarcity of money is the same thing as a scarcity of wealth, we are nearly all of us under the spell of what the psychologists call a "scarcity complex". We cannot believe that it is possible to have too much wealth. We could, for instance, no doubt enormously increase the industrial capital value of Scotland by developing every waterfall and every salmon river into a water power for hydro-electric purposes, but I think myself that would be a sad day for Scotland.

So that we have to be very careful to see that we run our productive system for the purpose of supplying all the tangible wealth that we can, as individuals, use with profit to ourselves, and do not, as at the present time, allow it to be run for a number of ulterior purposes, amongst which we might instance that of a moral discipline, a hidden government, or a system of rewards and punishments.

RECONST

By O H

The Money-Producing System

Now it must be plain, from the co-existence in the world at the present time of material poverty, economic friction, a struggle for markets, and other scarcity phenomena on the one hand, and the real and potential wealth I have just indicated above on the other hand – firstly, that money does not represent wealth, because there is a scarcity of money and there is not a scarcity of wealth; and, secondly, that our primary concern is not with the wealth-producing system but with the money-producing system. Or, to put the matter another way, it seems very difficult to deny that the first problem in dealing with the situation is to make finance, or the money system, reflect facts, and cease to let it control them.

The facts, as we have seen or can ascertain, are that a given amount of material wealth can be produced with a diminishing amount of human labour, but that when this wealth has been so produced the general public cannot buy it because it has not enough money. Since probably well over 85 per cent of the money which is distributed in industry is distributed in wages and salaries, it is easy to see that the problem of the mere distribution of purchasing power through the agency of wages and salaries (as apart from its total amount) becomes increasingly difficult as we get more and more production with the aid of less and less labour.

Money and Prices

But we also find that, apart from this question of the distribution of purchasing power, there is not enough purchasing power distributed to buy the goods which are for sale if the production of these goods has been financed by ordinary methods. There are many contributory causes to this situation, but it is probable that the main cause is due to the reappearance in prices of the same sum of money several times, a state of affairs which is rendered possible by the splitting up of production into a large number of processes.

If each one of these processes was financed by a fresh creation of money, which money remained in circulation until the goods in respect of which it was distributed were finally destroyed (which is far from the actual case), this situation would not arise. But, unfortunately, even then we should be subject to other technical difficulties connected with what is called the "quantity theory" of money, which would result in prices rising very considerably above costs where the public had sufficient money to pay these increased prices, thus robbing every wage-earner of part of the value of his wages. In other words, a large additional issue of money by existing methods would tend to produce "inflation". So that we have to find some method of issuing the money in such a way that it does not cause a rise in prices.

The Case for the Social Dividend

It has frequently been stated that it is impossible to issue money in such a manner as to cause a reduction of prices. If I, having a capital of a million pounds, manufacture an article of which the cost of manufacture is £5, and by reason of bad business methods, economic depression, or other causes, am forced to sell the article for £4, I am applying my private store of credit, which I call my capital of a million pounds, as a

DUCTION

Douglas

subsidy in aid of a reduction of price to the extent of 20 per cent, and I can go on doing it until I have sold a million articles at a pound below cost. And I can continue to do it if my bank will give me an overdraft.

So, to put the matter another way, it is always possible to arrange that the price of an article can be paid from two sources, one source being the person who buys the article, and the second source the person who sells it, if he sells it below the cost to him. Now, if we imagine the general credit of the country (which is the source from which banks provide overdrafts) to be substituted for the private credit of the individual, the question as to whether we can, at one and the same time, issue credit and lower prices is obviously only limited by the question of the quantity of credit that we can issue.

Bank Control of Credit

We know quite well that the mechanism for expanding credit to a very large extent exists at the present time, but we also know that this mechanism is at the present time controlled by the banking system, that every grant of a loan by a bank creates a deposit (or an expansion of credit), and every repayment of a loan destroys a deposit. Also every purchase of a security by a bank expands credit. That is the same thing as saying that when a bank buys shares or War Loan it gets them for nothing, since the payment is made by drawing a cheque upon itself.

The same thing is true of the purchase of gold by the Bank of England, which is merely paid for by a draft upon the credit of the bank, the real value of this credit being dependent on the willingness of the British community to supply goods and services in return for the credit and not upon any tangible value owed by the bank which is handed over in exchange for the gold.

But the question will obviously arise in the mind of the reader as to the limits to which this expansion of credit, under proper conditions, can be carried. He may say reasonably that there must be some limit to the creation of new money, and he would be quite right. What is that limit?

Dynamic Economic System

Now at this point we approach a somewhat more difficult aspect of the subject, because the economic system is not static, it is dynamic. Production and wealth and consumption can only properly be measured in rates.

If we grasp this idea, we shall not find it difficult to accept the statement that the wealth of a country, and therefore the basis of its financial credit, is not so much in the things that it actually possesses as in the rate at which it can produce them.

Now, the rate at which it can produce them is a composite thing, because side by side with production we always have consumption, so that we can say that the net rate of production is the gross rate of production minus the rate of consumption, and it is also possible to say that the absolute cost of all consumption is the rate of consumption divided by the rate of production.

We are now getting to a very interesting stage, because it is only a step further to say if we issue money at a rate corresponding to the rate of production we ought not to take it back at the same rate (which is what we do at the present time when we charge all costs into prices), but we only ought to take it back at the rate of consumption, which results in the startling conclusion that

we ought to charge less than cost for articles sold, even if the rate of consumption as compared with the rate of production remains constant.

But we know that it does not remain constant. Every improvement of process, machines, and the application of power to industry increases the rate of production without necessarily increasing the rate of consumption, so that not only ought we to have the prices of goods below cost, but we ought to have them decreasing in relation to cost. So that the rate at which we can issue additional credit is easily seen to be dependent upon the rate of increase of productive capacity, while the rate at which we take back existing credit and the new credit should be dependent upon the rate of consumption.

Use of Purchasing Power

So much for the general principles by which it is possible to issue additional purchasing power, while at the same time allowing prices to fall. What shall we do with this additional purchasing power? Obviously there are two things to be done with it. First of all we have to make up the loss to the producer which he would incur by selling his product below cost and to allow him a reasonable remuneration in the form of profit. But we shall, I think, find that we have to do more than this, bearing in mind that every improvement of process for a given level of consumption means the displacement of labour. Leaving all humanitarian principles out of consideration, it is not sensible to produce more goods with a decreasing number of individuals employed, unless we make provision that the increasing amount of goods is consumed. So that we have to find a method of providing "purchasing power", so that those individuals displaced may get the goods which they are not required to produce, and I think there is no doubt that the conception of the dividend provides a perfect mechanism for this.

Necessity for Dividend System

If any one doubts the necessity for the dividend system in addition to the wage and salary system, they will, no doubt, have a perfect explanation for the fact that as a result of the failure of many industrial concerns to pay a dividend during the past few years, purchases of consumable goods of various kinds have declined to such an extent that unemployment has increased, and the amount distributed in wages and dividends has consequently decreased. So, to put the matter another way, it has been demonstrated, in my opinion quite beyond contradiction, that you cannot keep the modern productive system even moderately busy unless you have an increasing number of people who are not employed in it, but are using its products.

That is the justification for the social dividend. If I have made myself clear it will be seen both that it is required, and can be provided, by methods which are fully understood at the present time.

(TO BE CONCLUDED)

* Please send me **The Social Crediter** for a year

NAME:

ADDRESS:

.....

.....

Enclosed: £

ULTIMATE REALITY (Cont)

rate, the value of the Australian dollar, and the exchange rate. What controls the Australian government had preserved over such things to preserve a vestige of national sovereignty were handed over completely to that power which creates all money as debt in order that man is controlled by the formalised reality of money, and thereby cut off from access to ultimate reality. Herein lies the source of most of Australia's present woes.

Therefore, if money is to serve ultimate reality and become a means of allowing each individual access to that ultimate reality, it must be created free of debt. When money ceases to be created as a debt, it can no longer be selectively distributed as at present only to those who can be trusted to uphold the power of mammon. Automatically, those who see the righteousness of debt-free credit will have advanced to the understanding that distribution of such credit must parallel God's non-discriminatory love for each and every individual.

The non-discriminatory distribution of debt-free credit would put an end to all discussion of employment and unemployment. Created against the capacity of society to produce goods and services, money would be created to facilitate consumption. Money would emulate the complete servant, providing a service for the consumer which almost completely eliminates from the consumer's conscience any thought as to how necessary that service may be.

We have that capacity now. When money is created free of debt and distributed to each individual, the populace will be in receipt of incomes sufficient to meet all basic needs up to the present capacity of society and only a minority will need to be employed in their production, for which they will be adequately remunerated. A select hierarchy of producers will service a democracy of consumers.

This was what Christ spoke of in his sermon on the Mount, picturing to his puzzled listeners that situation where they should *"Take no thought for your life, what ye shall drink; nor yet for your body, what ye shall put on. Is not the life more than meat, and the body than raiment?— Seek ye first the kingdom of God and his righteousness, and all these things shall be added unto you."* Matthew 7: 25 & 33.

THE WORLD'S BIGGEST BANKS

Top ten, by capital

| 1980 | | \$bn |
|------|------------------------------|------|
| 1. | Crédit Agricole | 6.2 |
| 2. | National Westminster | 5.1 |
| 3. | Barclays | 4.8 |
| 4. | Bank America | 3.9 |
| 5. | Citicorp | 3.9 |
| 6. | Banco do Brasil | 3.6 |
| 7. | Lloyds | 3.3 |
| 8. | Midland | 3.2 |
| 9. | Paribas | 3.0 |
| 10. | Algemene Spaar-en-Lijfrentas | 3.0 |
| 1990 | | \$bn |
| 1. | Sumitomo | 15.7 |
| 2. | Dai-ichi Kangyo | 14.8 |
| 3. | Fuji | 13.8 |
| 4. | Sanwa | 13.4 |
| 5. | Union Bank of Switzerland | 13.2 |
| 6. | Crédit Agricole | 13.2 |
| 7. | Mitsui Taiyo Kobe | 12.2 |
| 8. | Barclays | 11.9 |
| 9. | Mitsubishi | 11.9 |
| 10. | National Westminster | 10.7 |

Source: *The Banker*.

CONTROLLING HAND

A recent article in "Financial Link" throws light on the little-known Bank for International Settlements in Basel, Switzerland. "Simply put", it says, "it is the central bank for the world's central bankers. As such, BIS helped frame a new policy on bank stability in the late 1980s that this year may become a major problem for troubled banks in Japan, exacerbating Japan's credit crunch and crimping growth for a key American trading partner."

Explaining the bank's role in tightening credit, it continues "But there is no question that since 1987 the BIS has helped tighten lending standards for banks around the world. To eliminate the risk posed by undercapitalised banks, the BIS issued new 'capital adequacy' ratios in July 1988 which require that, by the end of March 1993, banks will have to have an 8 per cent ratio. What that means is the banks will have to have eight cents in capital for every \$1 in assets.... For many banks, that means they have had less money to lend because they have been forced to raise capital and cut lending to meet the new strict standards..... The BIS decided on the tougher standards because the central bankers asked for them."

Put another way, it is official confirmation that the banks can create credit to the extent of 12½ times their actual capital – all issued as debt owed to them, of course.

Commenting on the effects of the new rules, the article concludes, "If the banks can't raise capital, they may be tempted to reduce their assets, says Marcus Noland, a research fellow at the Institute for International Economics in Washington. That means less lending and investing overseas. And it could mean trouble in America. According to recent testimony by Securities and Exchange Commission head Richard Breeden, Japanese investors hold \$78 billion in American government debt. And they account for more than a quarter of all commercial and real estate lending in the state of California."

THE SOCIAL CREDITER

This journal expresses and supports the policy of the Social Credit Secretariat, founded in 1933 by Clifford Hugh Douglas. The Social Credit Secretariat is non-party and non-class, neither connected with nor supporting any political party.

Subscription rates (one year): U.K. inland £10.00; overseas surface mail £12.00; overseas airmail £15.00; Australia \$10.00; New Zealand \$11.00; New Zealand airmail \$12.00.

Offices – Business: K.R.P. Publications Ltd., 26 Meadow Lane, Sudbury, Suffolk CO10 6TD. Tel. 0787 76374.
– Editorial: 21 Hawkhead Crescent, Edinburgh EH16 6LR.
– In Australasia (Subscriptions, Business and Books): 3 Beresford Drive, Samford, Queensland 4520.

BOOKS and booklets on the subject of Social Credit and allied subjects are available from Bloomfield Books, 26 Meadow Lane, SUDBURY, Suffolk, England, CO10 6TD; and in Australia from The Social Credit School of Studies, 3 Beresford Drive, Samford, Queensland 4520.

ADDITIONAL COPIES of THE SOCIAL CREDITER and back numbers are available from the above address.

U.K. enquiries for editorial and publicity phone 031 657 4740.

RECOMMENDED READING

| | |
|---|---|
| Benson, Ivor | This Age of Conflict. |
| Burkitt, B. & Baimbridge, M. | What 1992 Really Means: Single Market or Double Cross? |
| Douglas, C. H. | The Brief for the Prosecution. The Development of World Dominion. Economic Democracy. The Monopoly of Credit. The Policy of a Philosophy. Social Credit. |
| Eringer, R. | The Global Manipulators. |
| Maré, Eric de | A Matter of Life or Debt. |
| Monahan, Bryan W. | The Moving Storm. The Survival of Britain. Why I am a Social Crediter. |
| Robertson, Thomas | Human Ecology. |
| Social Credit Secretariat | Elements of Social Credit. |