In Defending Society from Abstract Aberrations

By Edward Minton.

It has been put to me, that if any country dared to relate their money to physical reality, instead of to the enumerated abstractions of “sound finance”, that retribution would not be withstandable.

Certainly, any system which did not place the upper hierarchy of the Executives of Banks in command of all money and control of social policy, would rate as lese-majesty, which has always these hundreds of years, in these matters, considered “government” as a periphery collection of children unrelated to real power, and of course, discipline would be forthcoming.

With this in consideration, the dynamics of revolt must be calculated.

If some blighted, blessed country chose to account the genuine need for an increased money supply, that is, in reality the profitability of that country, as a national dividend payable to its citizens, rather than as a national debt to be paid for in perpetuity to an unproductive banking system, then undoubtedly, “hell would have no fury like a prostitute scorned”.

So of course, Social Credit needs to take note.

To a conceptual thinker, such nonsense as a dearth of enumerated abstractions, have little threat or currency. There is a multiplicity of ways to meet such apparitions as “a shortage of money”.

What exactly can the commanders of credit money do to a Government which chooses loyalty to its public? In the conventional view, the Banks can deliver much more than could any public opinion. As the plebs say “Money talks”, the media beholden to it certainly does, but more than that, it walks and when the occasion warrants, carries a very big stick!

So what is to be done? Are there ways of insulating one National Economy from the deliberate depredation of others? From the physical shortcomings of an economy which is dependent upon other Nations for essentials, it is difficult. It is then basically, “We’ll do it, or we’ll make it ourselves, or find substitutes.” In an age when production is so easy, knowledge of how to do it is so widespread and labour a diminishing factor in all economies, if the economic base is modern and of some modest size sanctions are of small effect.

There still remains in many minds the fear of finance. What if our foreign creditors all demanded that our debts to them be repaid forthwith? What if they sold our currency down? What if they sold their assets here and took their money home? What if they bought our currency with such fierce abandon that it rose in value, and made imports excessively expensive and inflation run wild. There are no end of phantoms, apparitions, spectres and mirages once we allow symbols predominance over reality.

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These contemplated horrors are all defeated with conceptual thinking.

For example, an economy can be insulated from external financial forces with the following technique. It has been described as involving the creation of “Import-Export Dollars” (IE$), as a second currency within a Nation. Buying imports or selling exports in ordinary dollars would be proscribed. Instead, one would have to buy imports with IE$s purchased with ordinary dollars. Those wishing to take our exports would have to buy IE$s with foreign currency. The IE$s would constitute a “gate” through which all international payments would be legislated to travel.

Those buying IE$s within the “gate” would have them automatically transferred through the gate to be sold for foreign currency outside of the gate. In this way funds to pay for imports in foreign currencies would be acquired. While for those wishing to buy our exports, the process would be reversed, as they bought IE$s (with foreign currency) which automatically transferred to inside the gate, to be sold for ordinary dollars with which to pay for the exports.

Both markets, that within and that without the gate, could operate as ordinary free markets where offers and bids are made, and either ignored or accepted.

Still, the **Regulating Authority** would have considerable sanctions. The IE$s would be created and sold, or repurchased, to keep parity between the ordinary and IE dollars, or some other desired relationship. While having the power to create any and all IE$ desirable, it would hold all currency for which the IE$s were originally sold into circulation. Foreigners could hire back their own funds at interest, thus increasing the Authority’s foreign currency held.

Many financial artificialities could be ended. For example, at the height of derivative and currency trading some years ago, the volume of international transactions by value undertaken for import/exports, was only a small fraction of the “overnight stop-overs” of speculative funds. Large corporations placed a given volume of funds, say US $X,000,000 on deposit to earn 3 lots of interest in the one day. It would earn interest in London, and at or before sundown would be transferred to New York or Chicago to earn another days interest, and again at end of day would go on to Tokyo, Hong Kong or Sydney for another bite of the cherry, before returning home next morning.

A small charge of 0.1% on transactions would mean very little to genuine importers, exporters, or those financing their activities or investments in real things across this national barrier. However paying 0.1% both in and out in the one day, would require an annual interest rate of 73% just to pay this fee. A nation would again be able to find its own genuine transactions, instead of groping about amidst something like a “feather storm in a chook house”.

Finance is an artificiality created for the ease of operating an economy. It is not a commodity in short supply, although there may be a policy to artificially make it so. Counting beans 3 times does not make 3 times as many beans. Each bean will only pay off a debt of one bean to a Bank,

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once. Borrowing billions of money beans for a few hours each day is sheer madness for a Nation, for creating credit is costless and infinitely extendable to any desired degree.

“Right of Passage” through the gate would be at the discretion of national policy, and could be policed as a type of “passport for money”. Evidence of the purpose of any transaction could be required. Any institution circumventing the “gate” could be made to face any confiscatory penalties. Those undertaking small transactions would not be inconvenienced, through a network of appointed agents aggregating their small sums into larger transactions on their behalf.

The existence of the ability of a Nation to take sanctions over its international financial transactions may make it less likely that it need to do so. There is no point in making an aggressive move, if it is obvious that there is a simply and readily available counter to it. The fear of international financial sanctions is, in the light of the above, something of a furphy, creditable only to those starved of conceptual knowledge with which to meet it, or afflicted with conceptual incompetence.

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