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By
George E. Creed, M. Sc., P. Eng.

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Chapter I

THE GOLDEN FLEECE (Modern Version)

This is not a story of plans for chemical warfare, nor germ warfare. Such procedures have been considered and are now being closely investigated, by several of the leading nations.

However, such tactics have not been used extensively and, in all probability, never will be so used; not because they are inhumane but because such forms of warfare could not be prevented from backfiring upon those who used them. How could such germs be kept within geographic boundaries? It is for the same reason that no nation dares to take the first step in using nuclear weapons against its enemies.

There is a far more subtle and effective way of accomplishing the objective of world domination. It is simply this-to gain control of some substance, or some service, which everyone uses and which is absolutely necessary in order for the people to survive.

Let us suppose that a group of persons had such a purpose in mind. What means could they possibly choose that would be more effective than by seeking to gain control of **Money**, the medium of exchange? It would not be necessary for them to actually **own** all the money, but simply to be able to control its issuance, its distribution and its cancellation.

Why is the control of the money supply so important? Well, imagine what our world of today would be like, if all money were to disappear. In this age of specialization, very few of us could even keep ourselves alive by our own efforts. Our work has become divided and subdivided until we are like tiny cogs in a vast machine. It is a common thing for men and women to spend their entire working lives performing some minor operation in industry, to help create some product which would have absolutely no value whatever to the individual worker if he or she could not throw the product into the common lot, so to speak, and receive in return some medium (which we call "money") that could be exchanged for a share of the diversified products which are necessary for his or her existence or comfort.

Control of the money supply carries with it the power to control everything that money can buy. In order to dominate and enslave all mankind, there could be no way more effective than to gain control of the money system. **[end of page I]**

Perhaps you may say: "That is impossible; such a thing could never happen." The fact of the matter is not only that it **can** happen, but that it already **has** happened. And the whole procedure has been so cleverly and subtly accomplished that the average person is not even aware of what has happened.

In order to understand how it all came about, let us listen in on an imaginary conversation between an international banker and his son, whom he plans to take into partnership with him.

Leaning back comfortably in his chair, Sir Hubert Shekelgrabber, financier and international banker, gazed about him the sumptuous furnishings of his private office.

Then he pressed a button at the side of his desk. The do opened and a deferential secretary appeared.

"Tell my eldest son, Jason, that I would like to have private talk with him here," the banker said.

When the young man appeared, his father came straight to the point.

"Well son," he said, "make yourself comfortable, I sent for you to tell you that I am planning to take you into partnership soon and I want to give you some confidential information so that you will understand clearly what it is all about."

"First of all," the banker continued, "let me say that you'll find it a most profitable business indeed. My associates and I have powerful connections all over the world and we are able to squeeze millions of dollars out of the gullible public every year without them being much the wiser and with very little effort on our part."

"That sounds interesting, to say the least," commented Jason. "Just what is the nature of this racket?"

"I wish you wouldn't use the word 'racket' in connection with our business," Sir Hubert protested. "It sounds a bit crude. We pride ourselves that our dealings are generally regarded as being eminently respectable."

"Well, suppose we begin at the beginning, father-," said the younger man. "What is it all about, if I may ask?"

"My father before me was a banker and financier," began Sir Hubert. "So far as our family is concerned, it started many years ago with your great-great-great Uncle Simon, who was a goldsmith. [end of Page 2]. "Your Uncle Simon was a skilled artisan. He knew how to work with gold and to make the most beautiful ornaments and jewelry and he always found a ready market for them. Not only that, but he also did a profitable business renting out gold bullion to people who wanted to use it in trading."

"I don't understand," the son interrupted. "Why should people be interested in borrowing lumps of gold?"

"Well, you see, it was this way," was the reply. "Even in those days, trading had progressed beyond the direct barter stage. People had learned that the business of exchanging their products with one another could be vastly simplified if they used some 'medium of exchange' which everyone was willing to accept in trade. At various times many substances — such as beads, shells, animal skins and so on — were used as a medium of exchange, or 'money', as it is usually called. But eventually gold came to be regarded as the most popular substance for that purpose. Can you imagine why that might be?"

"Quite possibly because it was attractive to the eye, very durable and could be easily worked into ornaments and such like."

"Yes," said Sir Hubert, "no doubt those were the reasons. So you see now why your ancestor was able to make good profits by renting out his gold bullion. However, that's only the beginning of the story I want to tell you."

The banker then went on to point out that the goldsmith would, of course, have strong vaults on his premises to keep his treasure safely. It was only natural that other persons in the neighborhood, who owned quantities of gold, would bring their treasure to the goldsmith and arrange with him to keep it safely for them.

It sometimes happened that the owner of the gold did not expect to need it for some time, perhaps because he was going on a long journey. So, in that case, he might arrange to let the goldsmith rent out some of his gold, in return for a share of the profits.

When a customer came to borrow a lump of gold to use in closing a business deal, the goldsmith might say to him, in effect, "You don't need to carry all this gold over the robber-infested roads. The man from whom you intend to buy the land is a customer of mine, so I'll just give you a note stating that he can obtain the gold from me any time he chooses to call for it." [end of Page 3]

"It was soon noticed," said Sir Hubert, "that the gold-smith's notes often passed through many hands before being returned to him to be redeemed in gold. As a medium of exchange, these paper notes proved to be much more convenient than using the gold itself, so they became more and more widely used. The goldsmith's notes were, indeed, a form of paper money."

"I begin to see how the banking business started," the banker's son commented.

"Now we're getting to the really important part," was Sir Hubert Shekelgrabber's reply. "The goldsmith discovered that his notes - his promises to pay gold on demand - usual remained in circulation a long time without being called for. So he decided to take a chance and issue more notes than I could actually redeem in gold.

"Years of experience convinced your great-great-Uncle Simon and his associates that hey could quite safely take a chance and issue promises to supply about ten times as much gold as they actually possessed, thus making ten times the profit on each lump of gold.

"The handsome profits to be obtained from this business of lending gold which they did not possess, induced most of the goldsmiths to spend the greater part of their time at it, and thus the modern business of banking was born."

"Nice work if you can get it," the banker's son commented dryly.

Apparently taking no notice of the interruption, the father went on with his story.

"In course of time," said he, "the Governments of the various countries took over the business of issuing most of the bank notes and coinage; so, for a time, it almost looked as if our profitable business of money manufacturing were through."

"However," Sir Hubert continued, "what saved the day for us was the invention of a new kind of money, called bank deposit money, which we were, and still are, able to manufacture and control almost entirely, for our own benefit."

At this point it became necessary to explain to the younger man that money is merely a system of keeping accounts, between the various members of society. Money is simply bookkeeping [end of Page 4] figures, a record of promises to supply goods and services on demand. It is entirely a matter of convenience whether money takes the form of metal coins, paper notes, or deposits recorded in a bank ledger.

"So popular has the bank deposit money become," said Sir Hubert, "that today practically 90% of all business is transacted with it.

"One big problem we had to face," continued the banker, "was how to prevent the Government from issuing money in such quantities that the Public would have enough for all their requirements. You see, it would never do because the people would then become prosperous and many of them longer need to borrow from us. That would be just too bad for our profits."

"Wouldn't the Government's issue of money have to be limited arbitrarily according to the amount of gold it had on hand, in order to keep it sound?" asked Jason.

"I'm going to be perfectly frank with you, Jason, because I want you to understand the situation clearly," replied his father.

He then went on to point out that the soundness of money depends entirely upon the amount of goods and services it will buy, regardless of gold.

Most people are no longer interested in gold as a commodity, except perhaps as filling for teeth and such minor uses. They don't really care whether or not their money is exchangeable for gold. As a matter of fact, they could not have the gold if they did demand it I — there is not enough gold in whole world to redeem in gold any more than a very small portion of all the money that has been issued.

As long as people thought that nationally issued money was not sound unless backed by the scarce commodity, gold, then the amount of nationally-issued money would always be strictly limited. That left the field clear for private banks to create and control almost the entire money supply of the nation, for their own profit.

"I'm telling you all this in confidence," said the elder Shekelgrabber, "because the success of our own private money [end of Page 5] monopoly depends upon keeping the people from realizing the Government can create and issue its own money, without borrowing it at interest."

"We worked the 'gold backing' scheme as long as we could he went on, "but it has now become so obviously ridiculous no Government now keeps up the pretence of being able to redeem its money in gold."

There was silence for a few moments, as the younger man thought about these things. Then he remarked, "There's something that puzzles me — to what extent do private banks create the money that they lend?"

"What actually happens," said Sir Hubert, "is that private banks **never** lend any of their own money nor any of their depositors' money. Every bank loan results in the creation of new money — new bank deposits. Then the banks pay interest to induce the eventual owners of the money to put much of it into savings accounts, where it is held out of circulation. In that way, the amount of money in circulation can be kept scarce enough so that people won't be so likely to start borrowing from each other, instead of from the banks."

"Very clever, indeed," remarked Jason. "And now, another question - why has there not been more protest from the public, regarding the private banks' power to create and destroy money?"

"Well," replied his father, "for many years the bankers were able to conceal this situation by calling the bank money, 'bank credit' and by keeping up a campaign to deny that it actually is 'money.' It is becoming increasingly difficult, though, to keep up that deception, because too many people have now learned the truth about it. However, we have other tactics that we find to be very effective."

"That sounds most interesting," commented Jason. "Tell me more."

His father then continued - "We have found that most people still don't fully realize that "money" is actually only bookkeeping records. They still cling to the idea that, somehow, when they borrow money they are borrowing a scarce, intrinsically valuable commodity, so they seldom rebel when we charge them an interest rate that is as high as the traffic will bear. And, of course, we encourage that line of thinking." [end of Page 6]

"I see," replied the other, "but why don't more people get wise to this?"

"That's easy," replied the banker. "We have long since discovered that most people don't like to use their brains. They much prefer to let other people do their thinking for them.

"We have our paid professional economists, and professors in the universities who have been bribed by the promise of endowments, or other means. They keep telling the public that the subject of Money is very difficult and complicated and that it should be left to the 'experts' — meaning themselves. There is not even one school nor university in the world that teaches the whole truth about money."

"But what about the 'monetary reformers' who have caught on to what is going on, and who can not be easily brainwashed?" asked Jason.

"We have our ways of dealing with them," Sir Hubert replied. "Through our power of granting loans to publishers and advertisers, or withholding such loans, we are able to maintain close control of the news media and to discourage them from giving any publicity to monetary reformers. I must admit, however, that there are some notable exceptions who are difficult to silence."

Facetiously, Jason remarked, "That reminds me of some-thing that Mark Twain once wrote - 'it is by the grace of God that we have in this country those three unspeakably precious things: freedom of speech, freedom of conscience and the prudence to never practise either of them.' "

"I must warn you, Jason," said his father, "that it is our policy never to argue with those who openly criticize our private money monopoly. Never apologize, never try to explain things away, just keep quiet, so as not to stir up any controversy. It would be highly embarrassing if we were drawn into a public debate and had to undertake to defend what we are doing. In other words, 'silence is golden'."

The younger man nodded, to indicate that he had gotten the message.

"If you don't mind my asking more questions, father," continued Jason after thinking things over for awhile, "how do those who direct banking policies manage to keep the Govern- [end of

Page 7] ment from creating and issuing all the new money that is needed, instead of allowing the private banks to create it, thus forcing both Government and public to borrow the money from them, and to pay interest?"

"A good question, Jason," said Sir Hubert. "We use much the same tactics as I've described to you. Our hired mouthpieces keep telling the people that **any** issue of new money by the Government would cause 'inflation.' Anybody who wants to change the system is immediately branded by our agents as a red' or a 'crackpot.'

"Then, too, there are always plenty of sincere but parrot minded individuals who can be depended upon to accept and repeat any of those ideas that we put into their heads, and join in ridiculing the reformers."

"There's another question I'd like to ask you," said Jason. "People sometimes accuse the banks of being able to make huge profits, but I noticed in a newspaper report the other day that the net profits on the paid up capital of the private chartered banks did not seem to be highly excessive."

"You are right, my boy," said Sir Hubert, "we don't make huge profits directly, but **indirectly** we do. You see, through our control of the money supply, we can force businesses into bankruptcy, by calling in or restricting loans. Then we secretly advance other loans to some of our friends or agents to buy up these bankrupt businesses for a mere song, and sell them later at a good price. We make a good thing that way, especially during **depressions**, like the one that started in 1929.

"Oh yes, it's a profitable business, all right. But the main thing that interests us is power, POWER!

"By controlling the money supply, we can bend Governments to our will. Whoever controls the purse strings of the nation is actually the **real** Government, that tells the **political** Government what it may do and what it may not do.

"Have you ever wondered why it is that, with rare exceptions, no member of either of the major political Parties ever dares to even mention publicly the **existence** of the private money monopoly, let alone protesting against it or denouncing it? I'm quite proud of the job we are doing there."

"In other words," remarked Jason, "it is a case of 'government bonds' spell 'government bondage'." **[end of Page 8]**

Sir Hubert Shekelgrabber was becoming quite enthusiastic as he described the bankers' operations.

"The control of the money supply not only enables us to control Governments but it also provides a most effective means for keeping the working classes in their place," continued the banker. "By keeping the supply of money in circulation sufficiently scarce, through the restriction of bank loans, we normally arrange to keep at least four per cent of the workers always unemployed. Then these unemployed persons frantically underbid their fellows in order to obtain any work at all, with the result that wages are automatically kept down. Very simple but very effective, if I do say so myself. Mark my words **— there will be no 'full employment,' as long as we are in control."**

"Is the average bank official and bank clerk a party to all this business?" the younger man asked.

"Yes and no," was the reply. "Our bank managers and their staffs have to be persons of the strictest honesty and most exemplary character before they are entrusted with the handling of the banks' funds. I suspect that most of the rank and file of the bankers carry on their business as a matter of routine, without realizing the full significance of what they are doing. But in any case they must follow the policy that we higher-ups dictate, or else!" the financier said.

"Doesn't your conscience ever trouble you about fleecing the public this way?" asked Jason.

Sir Hubert looked up quickly and waved his hand slightly as if to brush the idea aside.

"Why, no, my boy, not at all," came the reply. "You see, as my friend Sir Montagu Norman said, 'Poverty is good for the people.' It keeps them from getting spoiled by too soft living."

"If I'm not trying your patience too much, there is still another question I'd like to ask," said Jason. "What will be the future of gold?"

"Well," replied his father. "It is highly unlikely that the various nations will ever go back to the old way of maintaining reserves of gold as backing for nationally-issued money. However, we are not worrying very much about that; as I already told you, we have other ways and means of scaring the Governments away from creating and issuing their own money mainly by trotting out the old bogey of 'inflation'. **[end of Page 9]**

"What we do want is to make sure that the various nations continue to buy all the gold that is offered, at $35. an ounce, or higher."

"Yes, I can see that that is a most lucrative business indeed," commented Jason. "No doubt you international bankers have large holdings in gold mining stocks and it gives you, and others who own gold mines or have shares in them, a guaranteed market for the stuff, at a price that is far above what the would bring as an ordinary commodity. But how will persuade the Governments that they still need to buy gold?

"That's where our propaganda comes in," chuckled the Shekelgrabber. "Throughout the years, we have managed to get the people pretty well sold on the idea that nations use gold as an always acceptable commodity for balancing foreign trade."

"Do you mean to say that it is not really necessary?" asked Jason.

"Quite candidly, no," the older man replied. You see, that would be necessary is for the different nations to get together and agree to grant to each other reasonable seasonal credits, within the limits of which the exchange rates would not vary. Then the nations could settle their adverse balances, if any, say once a year, by shipping out their surplus commodities which the creditor nations required. This granting of seasonal credits is much the same system as the commercial banks now use in settling their balances with one another."

"But it seems so obvious," Jason commented. "Why has it not been ad opted long ago?"

"Well, there's another angle to it," the banker replied. "The gold is used as a standard of value, to establish the relative values of the various currencies to each other."

"Isn't it the **word** 'ounce' which establishes the ratio between the various currencies," objected Jason, "rather than, ounce of gold'? And it seems to me that, instead of the various countries comparing the values of their monies by reckoning them at so many units to the 'ounce', they could just as well establish the ratios in terms of so many francs, marks, pesos as the case may be, to one English pound or one American dollar. **[end of Page 10]**

His father did not answer the question directly but smiled slightly as he said, "You are a very discerning young man, I see. It's a good thing for us that most people are not."

There was silence for a few moments and then Sir Hubert Shekelgrabber said to his son, "Well, I've laid the cards on the table. What do you say — do you want to come into partnership with me and help to shear the sheep?"

Again there was a pause and then the young man replied, "I'm afraid I'll have to ask you to give me time to think it over. You see, I can't help but feel that Abraham Lincoln was right when he said, **'You may fool all the people some of the time; you can even fool some of the people all the time; but you can't fool all the people all the time!'" [end of Page 11]**

Chapter 2

THE BANKERS' RACKET

Those who are not in a position where they can manufacture money but who have a surplus of money which they can lend are able to demand exorbitant interest rates from the borrowers. Many thousands of people devote much of their lives to the business of getting people into debt, and then bleeding them with interest charges that are usually as high as the traffic will bear. Naturally, those who profit unduly from such businesses want to perpetuate such conditions and are not apt to challenge the private money monopoly.

When the bankers were setting up their financial dictator ship, they clearly foresaw that such conditions undoubtedly would arise. Rothschild Brothers, International Bankers London, England, made the following statement in a let written to the banking firm of Ikleheimer, Morton and Vandergould, in New York City, on June 25, 1863:

> **"The few who can understand the system, (cheque money and credits) will either be so interested in its profits, or so dependent upon its favours, that there will be no opposition from that class, while on the other hand, the great body of the people, mentally incapable of comprehending the tremendous advantages that capital derives from the system, will bear its burdens without complaint and perhaps without suspecting that the system is inimical to their interests."** (Quoted in U.S.A. Senate Document No. 23, 76th Congress).

Benjamin Franklin, on being asked in Great Britain how he accounted for the prosperous condition of the Colonies, said:

> **"That is simple. It is only because in the Colonies we issue our own money. It is called colonial scrip, and we issue it the proper proportion to the demand of trade and industry."**

It was not long until this information was brought to the Rothschilds' bank, and they saw that here was a nation that was ready to be exploited; here was a nation that had been setting up an example that they could issue their own money in place of the money coming through the banks. So the Rothschild Bank caused a bill to be introduced in the English Parliament which provided that no colony of England could issue its own money. They had to use English money. Consequently the **[end of Page 12]** Colonies were compelled to discard their scrip and mortgage themselves to the Bank of England in order to get money. For the first time in the history of the United States their money began to be based on interest-bearing debt.

Benjamin Franklin stated that in one year from that date the streets of the Colonies were filled with the unemployed, because when England exchanged with them, she gave the Colonies only half as many units of payment in borrowed money from the Rothschild Bank as they had in scrip. In other words, their circulating medium was reduced 50 per cent. The poor-houses became filled, according to Benjamin Franklin's own statement.

Mr. Franklin went further than that. He said that this was the original cause of the Revolutionary War. In his own language: **"The Colonies would gladly have borne the little tax on tea and other matters, had it not been that England took away from the Colonies their money, which created unemployment and dissatisfaction."** (As narrated by Hon. C. G. Binderup in a speech on the floor of the United States House of Representatives, 75th Congress).

The bankers apparently have become so brazen in their usurped power, that occasionally they have dared to boast about it openly.

In the year 1790, the international banker, Mayer Anselm Rothschild said**: "Permit me to issue and control the money of a nation, and I care not who makes its laws."** (Quoted 'in U.S.A. Senate Document No. 23, 76th Congress).

Also, Philip A. Benson, President of the American Bankers' Association, in a speech at Milwaukee, June 8, 1939, quoted in the NEW YORK TIMES of June 11, 1939, said: **"There is no more direct way to capture control of a nation than through its credit system."**

Judging by its disastrous effects upon the welfare of mankind, **the bankers' private control of the money system is by far the worst evil that has ever afflicted the human race**.

It has made the possession of money the key to life or death and has driven people, in order to survive, to go to almost any lengths to obtain money. It brings out the worst instincts in man — greed, selfishness, envy, cruelty — and has given rise to a host of lesser rackets. **[end of Page 13]**

"If the people were again in possession of the means of earning their livelihood, of which so many have been deprived by the private money system, the greater part of the world's crime and evil would not arise. To the student of these problems, it must appear as the acme of hypocrisy to go on with pettifogging ameliorations of the more glaring offensive evils in the body politic, whilst turning a blind eye to their cause." — Prof. Frederick Soddy, (Oxford, England).

Former United States President John Adams wrote to Thomas Jefferson in 1787**: "All the perplexities, confusion and distress in America arise, not from defects in the Constitution or confederation, not from want of honor or virtue, so much as from downright ignorance of**

the nature of coin, credit and circulation." (Quoted in U.S.A. Document No. 23, 76th Congress).

That ignorance has been deliberately fostered by you-know-whom. Sir Norman Angell, the English economist, made the following statements in an article published in the Financial Post on November 2nd, 1940.

> **"In our schools every little boy and girl had to learn that the earth is round and rotates on its axis, that the world has had certain kings and queens in the past. They learn a few words of languages which men ceased to speak over a thousand years ago.**
>
> **"Though they have to learn all this, they learn nothing of the nature of the thing which will concern them every hour of their lives — the money in their pockets, how it works, what banks do with it; how banks can increase it or decrease it. Of such things, which can be taught just as easily as the dead languages, or rules of grammar, or the vagaries of dead king and queens, the average boy or girl learns not one word." [end of Page 14]**

Chapter 3

A FEW OUOTATIONS FROM NOTABLE LEADERS

By exploiting the ignorance, greed and fears of the public, the bankers have been able to extend their domination throughout the entire capitalistic world, as will be seen from the following statements.

> "Let me repeat what I said in Parliament in protesting against the surrender to a private institution of the State's control over the nation's currency and credit**: 'Once a nation parts with the control of its currency and credit, it matters not who makes the nation's laws. Usury, once in control, will wreck any nation.** Until the control of the issue of currency and credit is restored to Government and recognized as its most conspicuous and sacred responsibility, all talk of the sovereignty of Parliament and of democracy is idle and futile.' To regain for the nation what has thus been lost will continue to be a first objective of Liberal effort." (Rt. Hon. W. L. Mackenzie King in "The Issues as I See Them," published in Maclean's Magazine, September 15, 1935).

Donald Fleming, Canada's former Minister of Finance, made this statement in a speech to the Union Commerciale Mauricienne, in November, 1959:

> **'I emphasize that the Government of Canada has no power of control whatever over the money supply. It cannot increase it or decrease it."**

In a radio address delivered on November 17th, 1938, Mr. Graham F. Towers, Governor of the Bank of Canada, made the following statement: "By money I mean not only notes and coins, but also deposits in the bank."

Also, Mr. Marriner Eccles, Chairman of the Federal Reserve Board in the U.S.A., said in Collier's magazine on June 8th, 1935: "The banks can create and destroy money; bank credit is money. It is the money we do most of our business with, not with that currency which we usually think of as money."

In January, 1924, Rt. Hon. Reginald McKenna, Chairman of the great Midland Bank, in England, and former Chancellor of the British Exchequer, stated during his address to the shareholders: **"I am afraid that the ordinary citizen will not like to be told that banks can and do create and destroy money."** Later **[end of Page 15]** in the same address Mr. McKenna added, "and they who control the credit of a nation direct the policy of Governments and hold in the hollow of their hands the destiny of the people.

The former British Prime Minister Ramsay MacDonald**: "Finance can command the sluices of every stream that runs to turn the wheels of industry, and can put fetters upon the feet of every government that is in existence."** (Quoted by United Democrats, in Alliance Times Press, Edmonton).

In the U.S.A. former President Woodrow Wilson 1916: **"A great industrial nation is controlled by its system of credit. Our system of credit is concentrated. The growth of the Nation, therefore, and all our activities are in the hands of a few men … we have come to be one of the worst ruled, one of the most completely controlled and dominated Governments in the civilized world — no longer a Government by free opinion, no longer a Government by conviction and the vote of the majority, but a Government by the opinion and duress of small groups of dominant men."** (Quoted in U.S.A. Senate Document No. 23, 76th Session, page 100).

Dwight Eisenhower: **"It is nonsense to say that of money cannot be adjusted to the volume of goods produced. It can whenever we are willing to subject the monetary system to a major surgical operation and demote it from master to that of servant of production and distribution."**

The Most Reverend Archbishop Le Fanu, Anglican Primate of Australia, said, in October, 1935: **"Our present system is not doing its job and I don't think anyone doubts that very plain statement. The fundamental Christian objection the existing capitalistic system and to the bankers' control of money from which it seems inseparable, is that it holds persons in serfdom to the exigencies of financial policy. Money was made for man, not man for money. To say that the social services must be starved and sons and daughters of God kept in penury, at a time when poverty is the one evil which we have the power to eliminate completely, because of the claims of a monetary policy, is to say that the policy is a failure."** (Quoted by C. Barclay-Smith in his book, "It's Time they Knew!")

Pope Pius XI, in the Encyclical "Quadragesimo Anno" wrote: "In the first place, then, it is patent that in our days not alone is wealth accumulated, but immense power and despotic domination are concentrated in the hands of a few, and **[end of Page 16]** that those few are not the owners, but only the trustees and directors of invested funds, who administer them at their good pleasure.

"This power becomes particularly irresistible when exercised by those who, because they hold and control money, are able also to govern and determine its allotment, for that reason supplying so to speak, the life-blood to the entire economic body, and grasping, as it were, in their hands the very soul of production, so that none dare breathe against their will." (Quoted by C. Barclay-Smith in his book, "It's Time They Knew!").

Not all bankers have been willing to "go along" with the present destructive system.

Sir Basil Blackett, a Director of the Bank of England, said in his book, *Planned Money*: **"When it is remembered that kings and governments have, throughout the ages, insisted with jealous care on their prerogative of issuing money and controlling currency within their jurisdiction, it is somewhat strange to find modern states accepting as axiomatic, a limitation of their sovereignty in the sphere of money**, so far-reaching in its effects on their own powers and on the daily lives of their citizens, as is involved in their agreeing to conform in all circumstances to a standard of valve over which they have no control."

Here is a statement made by Robert H. Hemphill, former credit manager of the Federal Reserve Bank of Atlanta, Georgia, in a foreword of Irving Fisher's book '100% Money':

"If the banks create ample synthetic money, we are prosperous; if not, we starve! We are absolutely without a permanent monetary system. When one gets a complete grasp of the picture, the tragic absurdity of our hopeless position is almost incredible — but there it is. It (the banking problem) is the most important subject intelligent persons can investigate and reflect upon. It is so important that our present civilization may collapse unless it is widely understood and the defects remedied soon."

In 1844 Lord Beaconsfield (Benjamin D'Israeli) cited Lionel Rothschild as saying**: "Can anything be more absurd than that a nation should apply to an individual to maintain its credit and, with its credit, its existence as a state, and its comfort as a people?"** (Quoted by Charles A. Coughlin in his book, "Money"). [end of Page 17]

Chapter 4

DIVIDE AND RULE

Neither Marx nor Lenin understood Money. They blamed the poverty of the workers on the industrialists, mostly be the industrialists employed and had direct dealings with groups of labourers. Neither Marx nor Lenin made a distinction between capitalism and financialism. They believed that workers could do a better job for themselves than the 'capitalists" were doing for them, and they decided that the way the workers could have any say about the operation of their means of livelihood, was to revolt and take over the physical control of the means of production.

The Communists and their supporters loudly denounce our capitalistic system as being "Imperialism." What they obviously have failed to realize is that the real Imperialism is the private financial dictatorship which operates behind the scenes exploiting both Capital and Labour for its own profit and power.

Properly controlled, true Capitalism is a benefit to all mankind. By providing a field of opportunities for people to engage in private enterprise, where individual initiative ingenuity can be encouraged and rewarded, it enables production to be increased enormously. The more that is produced, the more there will be for everyone to share.

By throwing out the capitalistic system, because of the mistaken belief that it is "Imperialism," the Communists are working against themselves and cutting their own throats, so to speak.

The Russian Government now has complete control of own financial system. If, coupled with that, they wake up the fact that real capitalism is not a curse but a blessing, a decide to apply that knowledge before we also get around throwing out the private financial dictatorship, they will able to "lick the pants off" the present so-called capitalist world industrially speaking.

The financial dictators have long been successfully following their policy of "divide and rule." To a very large extent, have been able to convince both Capital and Labour that each is the bitter enemy of the other. Thus these two groups expend much of their energies in denouncing each other, while the real **[end of Page 18]** culprits are able to carry out their evil work behind the scenes almost unchallenged and unhindered.

The financialists have hoodwinked the industrialists, or most of them, into believing that it is to the industrialists' advantage to assist in keeping a certain proportion of the workers always unemployed, in order to control the workers and to keep wages down.

The bankers also compel the Government to further those same ends.

Walter Gordon, who later became Minister of Finance, said, in his Report to the Government on Canada's economic prospects, in 1958, that inflation would become "uncontrollable" if absolutely everyone were working. Workers would then be able to shop around for jobs, and demand higher wages that would force manufacturers to raise the prices of goods for consumers.

A similar viewpoint was expressed by Louis Rasminsky, Governor of the Bank of Canada (see "Evidence of the Governor Before The Royal Commission On Banking and Finance," page 17; published by the Bank of Canada, May 1964).

One of the examiners was reported as saying to Mr. Rasminsky: "It does look as though when the unemployment rate starts to go under five per cent. and particularly as it approaches three per cent, the price level does show some tendency to rise … I wonder if you would care to express your view on this matter?"

Governor Rasminsky replied: "I believe I am right in saying that the Administration in the United States has come up with a bench-mark in this field. I believe their present bench-mark is an unemployment rate not exceeding four per cent. I don't think I would feel competent to suggest a figure for Canada."

The personal integrity of Mr. Gordon and of Mr. Rasminsky is not being questioned here in any way. It is evident that their work for the finance department has been limited by the requirement that "the present money system must not be changed."

Admittedly, it is highly important to combat inflation. But the Government now has available to it a vastly more effective and more humane method (complete details are now **[end of Page 19]** in the Government's files) of controlling inflation, without using the callous and brutal procedure of deliberately taking jobs away from hundreds of thousands of workers, in order to protect the value of money. Powerful labour unions will assuredly not always accept this as meekly as they do now when they realize that there is no need for **any** involuntary unemployment.

The Government already has full authority, according to the Constitution, to use the Bank of Canada to finance a continuous construction program of needed public works and housing, **interest free**, sufficient to maintain full employment opportunities at all times.

The Labour Unions have a tremendous opportunity to put an end, very quickly, to the present private financial dictatorship!

The Labour Unions are not muzzled by bank loans which could be called in if they don't toe the line, so they are free to speak out. The Labour Unions need only to get together in demanding that the Federal Government shall finance such a construction program to maintain full employment opportunities at all times. They must not take "no" for an answer; they must not settle for anything less than **full** employment opportunities at all times.

It is time we all realized that it does not cost money to work! The real cost of production is only labour and materials. The issuance of money by the Government is, or should be, only a witness that work has been performed.

Undoubtedly, when the Government is supported by a sufficiently strong public opinion, it will soon dare to bring in the necessary reforms.

Lester B. Pearson, former Prime Minister of Canada, said (in his book, *Democracy in World Politics*, page 104): "The development at the end of the thirties of an over-riding and coherent social purpose (even though that purpose had to rise from a war which the democracies a few years earlier might have prevented), drove home to governments and people the lesson that for society any objective which is both physically possible **and passionately desirable** is financially and politically possible also." **[end of Page 20]**

Actually, startling as it might seem at first, employer organizations will find that it is very greatly to their advantage to join with the labour unions in demanding that the Government shall take the necessary steps to guarantee full employment opportunities at all times.

When there is full employment and fair competition, wages will tend to find their proper level. If the workers demand more than they are actually worth, no employer could afford to hire them, so the workers would be only defeating their own ends. When all employers are obliged to pay fair, equitable wages, it will be no hardship to them in meeting competition.

The increase in the workers' earnings, and the confidence that comes with a stable economy, can be counted upon to greatly increase the demand for goods and services, and to enable manufacturers to operate their plants at full capacity at all times. What a blessing that will be!

By thus expanding our home markets, it will not be so necessary to engage in such fierce competition with other countries, to obtain foreign markets for our goods. Unquestionably, that is one of the major causes of war.

Then too, here is another very important consideration— Surely there are values in life that are more important than piling dollar upon dollar, however necessary and desirable that may seem to be. The "brotherhood of man" is no mere sloppy sentimentality; it is an inescapable fact. It is a law of life that we are all **one**. There can be no real security for anyone unless **all** are secure. The almost unbearable tensions, confusion and frustrations of our present way of living can be largely removed when Capital and Labour will cease blindly fighting each other, and work together, instead, for the common good.

Let us start by demanding economic freedom and justice for all, so that the promised goal of a "Just Society" will be more than a mere political slogan. Stephen B. Roman, mining industrialist, warned the Canadian Club of Toronto, on December 9, 1968, that a free and peaceful society can continue only if existing arrangements between labour and management are replaced by a complete partnership (profit sharing) in which both sides share in the responsibility for production. He said: **[end of Page 21]** "I feel that the partnership between labour and management is the salvation of our society and the salvation of the capitalistic system. By participating in the end results of management and labour's combined endeavours, labour will become more responsible and a defender of our free system." (Quoted in the Globe and Mail Toronto, December 10, 1968). **[end of Page 22]**

Chapter 5

THE INFLATION BOGEY

"Never was a people so readily deceived nor so easily subdued as the British Public of the present period. All one has to do is to raise the cry 'inflation', and straightway all classes turn aside from the only road leading to safety, plenty, peace and happiness." (Arthur Kitson, British engineer, in The Bankers' Conspiracy).

Probably most people know, all too well, the meaning of "inflation." However, for those who do not, inflation can be defined as "an increase in the amount of money in circulation, without a corresponding increase in the amount of production to be bought with the money." In other words, inflation means an increase in the Price Level and thus a decrease in the buying power of money.

To illustrate, suppose we have ten watches for sale and there are exactly ten dollars available to buy them; then the price of each article is one dollar. Now, if the amount of money in circulation is doubled without any more watches being offered for sale, then the twenty dollars will buy only ten watches, so the price of each one goes up two dollars. In other words, each of the dollars will buy only half as much as before; that is inflation.

Suppose, however, that when the amount of money in circulation is doubled, there are ten additional watches offered for sale. Then the twenty dollars will now buy twenty watches and the price of each article remains at one dollar; hence there is no inflation.

It will be obvious from this little illustration that a stable price level depends upon maintaining at all times a proper balance between purchasing power and production. Note that the price level depends upon the amount of money in circulation, not upon the amount of money in existence.

Inflation can be reduced or eliminated, (a) by reducing the amount of money in circulation, (b) by increasing the volume of production, (c) by a combination of both.

The money-lending institutions and their mouthpieces are loud in blaming the Government for the present inflation. Actually, however, it is they themselves who are the real culprits. **[end of Page 23]**

The banks create and lend millions of dollars for the production of luxury goods that are soon consumed, and for munitions that are blown away, while the money issued against them remains in circulation to inflate the price level. The banks also lend money for stock speculation which increases the price of stocks while adding nothing whatever to the physical assets of the properties involved. In fact, they will create and lend money for practically any purpose whatever that will bring them a quick profit, regardless of whether or not it is to be used for creating new production.

It is the private money manufacturers who must bear the main responsibility for causing inflation because it is they who now exercise complete control over the creation, issuance and withdrawal of the money supply.

The Government makes some effort to reduce inflation by drastically increasing the taxation. Even in that endeavour, however, they are not free agents but must follow the taxation policies that are dictated to them. Invariably, it is the low income taxpayer who gets hit the hardest and the most unfairly because he is least able to protest effectively.

The Government is guilty of promoting inflation, only to the extent that it is needlessly allowing itself to be used as an obedient servant to carry out the anti-social policies of the private financial dictatorship.

It is in the field of **public** financing that the private money-lenders are most active in promoting inflation.

The Constitution already gives to the Federal Government complete authority to use the Bank of Canada to issue interest free loans for public projects and for housing. Instead of doing so, the Government allows the private banks to create about 90 per cent of our entire money supply and to lend it out at interest, for their own profit, regardless of the primary needs of the people. Even the Government itself goes hat in hand to borrow from the private moneylenders.

The Government's incredibly stupid and utterly needless practice of borrowing Canadian money, at interest, means that the taxpayers are saddled with the burden of paying about $1,500 millions, in interest, each year, for which they receive virtually nothing whatever in return. This payment of huge amounts of unearned interest, which represents no corresponding new production, is a major cause of the present inflation and is largely responsible for our excessive taxes. **[end of Page 24]**

The Government's practice of financing public projects with private funds (that is, with money borrowed, at interest from private moneylenders) is **doubly** inflationary. Not only does it cause an excessive **increase** in the amount of money in circulation but, at the same time, it also tends to very greatly **decrease** production. When the people are urged to buy interest-bearing government bonds, the Government is saying to them, in effect: "Why bother to invest your money in private productive enterprise? Lend it to us instead and we will guarantee you a high rate of interest on it, with no work and no risk whatever on your part. The real producers will be taxed to pay you this unearned interest." How much longer shall the private moneylenders be allowed to thus sabotage our system of encouraging and rewarding initiative in private enterprise?

The inflation in Germany, about 1923, is almost invariably dragged in as a horrible example of what might happen if the Government were to take over the creation and cancellation of money. It is stated, for example, that a German farmer who before the First World War of 1914-1918, contracted a mortgage on his farm for 50,000 marks, equivalent then to about $12,000, found in the post-war period when prices were soaring, that he could discharge his obligation by the sale of a single egg, whose value in Canadian money was only a few cents.

The public is seldom reminded that this inflation was brought about in Germany by the private financial interests, for the express purpose of fleecing foreign holders of German marks and securities; to wipe out Germany's internal debt and such national debt as was payable in the depreciated German currency. This is held up as a horrible example of inflation, yet the private money manipulators themselves were directly responsible. They never once lost control of the German Government and its monetary policies.

These individuals who dominated the money dealing business acquired real wealth, particularly in the key industries, through manufacturing hundreds of millions of marks in the private banks and using this borrowed money to buy a vast amount of property. Then they made such money valueless by engineering the printing of billions and trillions of marks, with which to repay the bank loans.

People all over the world were induced to speculate by buying German marks, in the belief that the German money **[end of Page 25]** would return to its pre-war buying power, although, as know, that did not happen. By this means the German financiers were able to obtain vast amounts of foreign currency practically nothing.

To cite the German inflation as proof that a nation controlled, managed currency system cannot be made to work is an insult to human intelligence.

[end of Page 26]

Chapter 6

THE SOLUTION OF OUR NATIONAL ECONOMIC PROBLEMS

Many people have deplored the present economic chaos but it has remained for the late Harry H. Hallatt, former Canadian brick and tile manufacturer, to show what to do about it.

He has developed a scientific, democratic Money System for effective national control of the money supply. It provides a complete, permanent solution to such urgent national problems as unemployment, housing, inflation, excessive taxation and burdensome public debt.

Recognizing that we now have a dual-economy, consisting of both **public** enterprise and **private** enterprise, and that the two should be financed on different bases, Hallatt has proposed a simple but amazingly effective means for separating the two fields.

The fundamental principle of the Hallatt Dual-Economy Money System (usually referred to as the "Hallatt System") can be expressed as follows:

Finance PUBLIC ENTERPRISE with public funds (that is, with new money created by the Government, through the Bank of Canada, and issued as interest-free loans for such projects); finance PRIVATE ENTERPRISE with private funds (that is, with the savings of the people).

The field of public enterprise would include all construction projects, such as housing, schools, hospitals, highways and such like, which are considered to be so important to the welfare of the people that they should be made available at the actual cost of construction (labour and materials), without having to pay profits by way of interest to private money-lenders.

The line between public enterprise and private enterprise could be drawn wherever the people desired and it could be changed at any time, if required, by majority vote, which is the democratic way.

It would be difficult to over-estimate the importance of this principle. By providing a means whereby money can be nationally issued for housing and for needed public works, it enables us to put first things first, in our national planning. The providing of adequate, low-cost shelter for each and every **[end of Page 27]** family should be recognized as being even more important than public works.

Making due allowance for human nature, the Dual-Economy Money System provides the ideal combination between **co-operation** (some call it "Socialism") and **competition** (some call it "Capitalism"). Each of these is necessary and desirable, in its, right place.

The new system is completely applicable to any nation which has a democratic form of government. It can be put into operation smoothly and quietly, with actual benefit to all our citizens, without adverse disturbance to any of institutions and without requiring any additional machinery of government. **It can be adopted without any adverse impact upon Canada's credit abroad, and regardless of the policies of other nations.** It will enable Canada world to lead the world to peace and plenty, by removing the underlying causes of poverty and war.

Canada today is in the position of a man who stayed in his prison cell for many years when, all the time, the door was unlocked and he needed only to open it, to step out to freedom.

Here is a brief summary of the main steps required, for putting the Dual-Economy Money System into operation.

A. A Planning Authority Is Required

To put the national money system into operation, the first step would be for the Federal Government to set up a planning and money-issuing authority.

This might consist of, say the Board of our Bank of Canada, increased by the appointment of additional economic planning members.

B. Changing The Authority For Money

The next step is that the authority to create, issue and cancel all money, including bank deposit money, must be transferred to the Federal Government, where it belongs. It is not necessary to change the Constitution in order to put into effect the full national control of our money system, simply to make use of the powers which the Constitution already confers.

The British North America Act states: "The General Parliament shall have the power to make **[end of Page 28]** laws for the peace, welfare and good government of the Confederation, and especially laws respecting the following subjects:—

Currency and coinage.

Banking, incorporation of banks and the issue of paper money.

Legal tender.

The raising of money by all or any mode or system of taxation . . . "

Similarly in the United States of America, the Constitution already gives to the Federal Government full power to create and control the nation's money supply.

The National Constitution of the United States of America says (Article 1, Section 8, Paragraph 5):

"Congress shall have power to coin money, regulate the value thereof, and of foreign coin, and to fix the standard of weights and measures."

On July 25th, 1938, the judicial committee of the Privy Council, in Canada, gave a very helpful decision on the subject of the Government's prerogative.

In connection with the disallowance of certain Alberta legislation, the proposition was advanced that, where the Government has exercised its prerogative to limit its own powers, and confer some of its sovereignty on representative institutions, these powers are limited for good and all.

The judicial committee rejected that proposition and established the point that the Government's prerogative powers can be only, as it were, **leased** out and may revert to the Government in full force despite any delegation.

Therefore, if the Government has ever delegated the power over so-called "bank credit" to the extent of the present usurpation, that power is still vested in its entirety in the Government.

The necessary changes can be made **immediately**, under that provision of the British North America Act which states that "The General Parliament shall have power to make laws for the peace, welfare and good government of the Confederation. **[end of Page 29]**

According to the proposed Dual-Economy System, the Bank of Canada regulations will be amended to permit it to lend money, **interest-free**, on long term contracts to the Federal, Provincial and Municipal Governments for public works, and for mortgages on houses up to a specified available standard.

C. Withdrawal of Private Funds From Public Enterprise

In order to effect the withdrawal of private funds from public enterprise, the Government will gradually recall all Canadian government bonds held within Canada, and all mortgages on houses up to a specified available standard, and pay off the outstanding principal and interest with new, bank deposit money created by the Bank of Canada.

All obligations could be paid dollar for dollar; there need be no repudiation and no confiscation. The buying in of these government bonds and mortgages does not mean that the debtors would be relieved of any further obligations concerning their debts. Rather, this would be the means of converting the debts from interest-bearing obligations to non-interest-bearing obligations.

Let no one contend that an increase in the money supply resulting from the national issuance of the volume of money required to retire the bonds and debentures, and mortgages on houses, would, of itself, cause inflation.

The people who hold these securities could use them as purchasing power and "spend" them now, if they wanted to, as easily as they could spend the money they would get for them.

It is not the amount of money in existence that determines the price level. It is the amount put into and kept in circulation to finance the production of needs and wants that determines and regulates the price level.

The situation will be that we will have to guard against a **deflationary** trend because hundreds of millions of dollars of interest will be cut off. People will not spend their savings as freely as they now spend the unearned interest on their bonds and mortgages. This was the case during the great depression of the thirties. There was enough money in savings deposits to have caused wild inflation if the people had spent their savings freely. But people acquire a habit of saving. When earnings are down, they curtail spending; they hang on to their savings. **[end of Page 30]**

D. Preparation of a Works Budget

Each municipality will be requested to prepare a list of its requirements for new houses and public projects. This list will be submitted to its Provincial Government.

Each Provincial Government will also prepare a list of the public works it requires and will submit this budget, along with the municipalities' estimates, to the Federal Government. The latter will then add its own list of required public projects.

All the federal, provincial and municipal estimates will then be checked over by the national Planning Board and balanced against the amount of **man-power** and **materials** available, or procurable. From all these data, a combined **national development program** can be arrived at.

Such a program provides a means for reversing the present trend towards cramming more and more people, industries and wealth into a few enormous supercities, while vast areas of the country remain almost empty.

In developing the country we must be prudent, of course, in directing activities so as to ensure the production of an adequate volume of consumers' goods to maintain a good standard of living.

E. Elimination Of Involuntary Unemployment

The Government does not owe any able-bodied person a living, but it does owe him or her, ample opportunities, at all times, to work and earn his or her own living, at fair wages.

To accomplish that objective, under the proposed Hallatt System, the Federal Government, through the Bank of Canada, will lend money for a continuous construction program of housing and needed public works, sufficient to provide and maintain full employment opportunities, at the established wage level.

F. Interest-Free Money For Houses and Public Works

All money will be created bv the Bank of Canada (mainly as bookkeeping deposits) and paid out, through the Provincial and Municipal Governments, to the contractors, workmen and others who constructed the houses and public works.

The money will be advanced without interest, except a very small service charge (less than one per cent) to cover the actual Cost of the bookkeeping work involved I in making the loans and collecting the payments. **[end of Page 31]**

It should be recognized that completed houses are no part of our productive system and should not be expected to profits for private moneylenders. When all the people collectively assume any slight risk of non-payment that might involved, there can be no justification for having to pay interest on such housing loans.

Note that it is only the **financing** of such projects that will be nationalized. The actual construction work w out by private enterprise, at prices set by competitive bidding. The new money will be paid out **after** the work is complete or in installments as the work progresses, the same as is done now.

As this money is spent by the workmen, contractors and others, it will find its way into all other branches of industry thus stimulating the other branches.

Those who receive the **use** of these properties will required to amortize them systematically, by paying back money in installments over a period of years, as the properties depreciate or become obsolete. All such payments will forwarded to the Bank of Canada, to be applied toward cancellation of the loans.

Even though, at any given time, some money were recalled and cancelled, there would be additional money at the same time, for the financing of other new **projects sufficient to maintain full employment opportunities**. Thus there will be always a continuous flow of purchasing in circulation, sufficient to take care of all our needs in that respect.

G. Financing of Social Services and Governmental Expenses

All nationally financed social services (such as pensions and mothers' allowances) and all government operating expenses (such as salaries and wages), will be financed entirely from the proceeds of taxation, rather than by issuing new money for such purposes.

H. No Interference With Legitimate Private Enterprise

The Government will positively not be allowed to money to private enterprise. All private projects will be financed entirely with private funds, that is, with the savings of the people. This will prevent any opportunities for political **[end of Page 32]** favouritism in the lending of money by the Government. Also, it will always ensure an ample field of opportunity where people could lend or invest their savings to earn competitive profits in private productive enterprise.

J. Private Banks Should Not 139 Nationalized

In order to prevent the private banks from continuing to create and destroy money, they will be required to maintain 100 per cent reserves of nationally issued money behind their demand deposits at all times.

The private banks will be able to carry on their legitimate business of banking. However, they will be able to lend only their own money or that which is actually deposited with them in **savings** accounts for that purpose. That is exactly what many bankers claim to be doing now.

K. Controlling The Price Level

If there are a number of carpenters working on a job, they need just enough tools to keep them all busy.

Similarly, the correct amount of money to have in circulation at any given time is that amount which is just sufficient to provide full employment opportunities, at the established wage level, for all who are able and willing to work and earn. It is highly important, too, that the money shall be circulating in those channels of industry, such as the construction trades for example, where it will help to provide jobs for the workers.

If there were too little money in circulation, this would be indicated immediately by involuntary unemployment. This would be the signal for the Government to issue more money to finance the construction of additional houses and public projects, sufficient to take up the slack.

Also, to induce spending, the rate of recalling money for the amortizing of public properties could be reduced temporarily. However, under the Dual-Economy System there will not be any involuntary unemployment. At all times, the Government will be able to control the amount and the direction of issuance of money, so as to maintain the necessary amount of money in circulation.

If there were too much money in circulation, this would be indicated by rising prices, which could be detected at once by a close scrutiny of the wholesale commodity price index. **[end of Page 33]**

Such a condition might be caused, for example, by a sudden change in the spending habits of the people, although that is not likely to happen. Just as soon as there was the slightest tendency for prices to go up, the Government could curb this by increasing the rate of recalling money from circulation for the amortizing of public works and housing.

Thus we would have the "employment index" to tell when there was **enough** money in circulation, and the "wholesale commodity price index" to tell us when there was too much money in circulation.

With the whole nation thus able to check up on the rate issuing and recalling money, and with the simple means of control generally recognized, there could be no chance manipulation and our money system would be inflation-proof and deflation-proof.

At the present time, we have **too much** money circuit in the wrong channels, and **not enough** money circulating in the channels of industry where it is most needed.

A stable price level (combined with full employment opportunities) will change our whole economic picture from darkness to daylight.

With the elimination of inflation, and of depressions, most of the risk would be taken out of industry, thereby making investments in private industry more secure. By spreading out the investments over a large number of carefully selected stocks, such investments in private enterprise would be actually safer than government bonds and debentures are now. A point which is often overlooked is that the present holders of government bonds are paying most, or all, of their own interest by way of taxes.

With the elimination of the "business cycle" of alternate booms and depressions, industries, if they were reasonably efficient, could operate their factories continuously on a full time basis, with the assurance that a good market for their products would be available. They would also be able to plan ahead, with a far greater degree of assurance than they can now.

Pensioners and others who are living on a fixed incomes will be freed from the haunting fear that their dollars will **[end of Page 34]** decrease rapidly in buying power, from year to year, due to inflation, as is the condition today, under the present system.

L. Are Taxes Legalized Robbery?

With reference to the withdrawal of money from circulation, by the Government, it should be clearly understood that there are only two justifications for taxation, namely:

1. To ensure that the individuals within the nation shall pay equitably for services rendered to them by all the people collectively (as represented by their Government).

2. To spread the cost of social services so that those who are unable to pay their full share may not suffer unduly. "We that are strong ought to help the weak."

Unfortunately, those are not always the principles upon which taxation is levied, under our present system. Rather, it seems to be largely a case of, "Get the money wherever you can get it the easiest, regardless of equitableness." To the extent that that situation prevails, then taxes are, indeed, "legalized robbery". **[end of Page 35]**

Chapter 7

CAN THE GOVERNMENT BE TRUSTED?

There are those who say: "You can't trust Governments, and they contend that the Government is not fit to be trustee with the control of the monetary system.

The Government is, in theory at least, simply the collective representative of all of us.

Whom else **should** we trust, whom else **can** we trust, if not our own elected representatives?

It is our own fault if we do not choose from among ourselves the most trustworthy men and women whom we can find.

In actual fact, the average Member of Parliament, be he ever so conscientious and capable, is now little more than a rubber stamp. He is not free to give good, honest government but must obey the dictates of the private financial interests or get out of office. When people say: "You can't trust Governments,' they are really saying: 'You can't trust the Hidden Government you can't trust the private money monopoly!" — because ' as a matter of fact, that is the only kind Of government we have ever had.

A sound, national money system must provide positive, automatic safeguards to prevent any political tampering with the money system. This is said with all due respect for our present political leaders, who would probably be among the first to agree that the money system should not be allowed to become a political football.

We have already seen how the public could check up on the rate of issuing and recalling money, so as to prevent either inflation or deflation.

As David Warren Ryder, well known San Francisco writer, has pointed out**: "Once the actual creating of money is no longer allowed to be carried out as a profit-making business for those engaged in it, it becomes in the interests alike of the most high-minded government official and of the most unscrupulous and self-seeking, to do the job properly. If he issues too little money, he reduces his own income as well as that of everyone else; if he issues too much, he defeats his end by inflation and decreases the value of his own income as well as that of everyone else, besides incurring the censure of the people for his incompetence." [end of Page 36]**

With all money issued against specific projects, the public could check up very closely on where the money went, so there would be far less chance for "gravy" than there is under our present system.

Also, since those communities which used these public projects would have to begin paying for them almost immediately, they would not countenance the issuing of money for projects which they did not actually require.

When the Government performs the function of creating and controlling the money supply, the Government will have' power to **direct** the issuance of money. Certainly no Government could survive if it did not so direct the issue of money so as to provide all classes of citizens with their primary needs first, once its power to do so was generally recognized.

No governing body would authorize the building of more houses than there were families to occupy them, nor more schools than were needed to accommodate the children who attend them, nor more hospitals than were needed to care for the sick people. The man in the street could tell at once whether we had too many of these properties.

Also, the various communities would be interested in checking up on each other, to see that one did not receive more than another, in proportion to need. **[end of Page 37]**

Chapter 8

INTERNATIONAL TRADE

Many people have asked what would be the effect, internationally, of placing our money system under complete national control. "Would other countries accept our money?" — "How would the nation's credit be affected?"

As a matter of fact, nations do not and never did, use their own money to buy goods from other countries. **Money is a claim on the country which issues it, and it can be spent only in that country**. It is surprising how often that obvious f is overlooked. All international trade is simply an exchange of goods and services for goods and services.

If other countries accumulate our money, it is of no use to them whatever, except as they send or bring it back to us, in exchange for our products. Similarly, we do not borrow foreign money for use in our country. When our politicians proclaim that they have borrowed millions of dollars from some foreign country, what really happens is that they borrow goods and services, with the privilege of paying for them at some future date.

Common sense should tell us that the sole purpose of any nation's international trade should be to exchange its surplus goods for other foreign made goods of equal value, in order to obtain a variety of products which could not be produced economically within its own borders.

Canada and the United States of America, for example, must import coffee, tea, spices, tropical fruits, certain metals and other products which can be paid for only with their own exports. In the final analysis, all international trade is simply barter — an exchange of goods and services for goods and services.

We must learn that we do not, as a nation make a profit on such trade, except to the extent that there may be cost advantages in exchanging certain goods where proximity to markets and special skills in production are important factors. For example, it would be a saving in transportation costs to ship New Brunswick potatoes to New York, and Idaho potatoes to Winnipeg, rather than ship New Brunswick potatoes to Winnipeg and Idaho potatoes to New York. **[end of Page 38]**

When we understand that we do not sell goods to other countries for money — that we only exchange goods — we will realize that any foreign trade, over and above our needs and desires for foreign goods and services, and having regard for the possible saving in transportation, and to the special skills in production above stated**, is profitable only to our importers, exporters and transportation concerns**.

We have heard a great deal about the virtues of a "favourable trade balance," by which is meant a surplus of exports over imports. Actually, however, the fact that a nation's merchandise exports exceed its imports is not one about which to boast, but rather one which should cause concern. A so-called favourable trade balance simply means that that amount of goods has been shipped out of the country without receiving anything in return, except maybe some paper promises-to-pay.

As far as Canada is concerned, the surplus exports are going merely to pay exorbitant interest rates on borrowed goods which represent Canada's foreign debt.

Of course, if a nation borrows goods from other countries, it must be prepared to repay in kind by shipping its own products in return. But the trouble is that the creation of so-called favourable trade balances has come to be regarded as an end in itself. All over the world, the nations strive to sell their products to other countries, without being willing to buy an equivalent amount of the other countries' products in return. Their objective is to get the other countries into debt, so that the exporting nations can demand tribute in interest.

That is one of the main causes of war. As Professor Frederick Soddy said in his book, The Role of Money:

"To put it quite bluntly, the purpose of wars is to compel weaker nations to take surpluses off the hands of the stronger, running up debts if need be in order to pay for it. Then ', the threat of further war is necessary to insure that the debts and the interest on them shall not be repudiated."

Let us now consider what causes the value of any nation's money to fluctuate in foreign markets.

If Canada, for example -, buys more goods from other countries than it sells to them, or if it invests too heavily abroad (which is the equivalent of buying foreign goods), the other countries accumulate Canadian money, titles of ownership of Canadian goods, which they cannot or will not use. [end of Page 39]

If there is a surplus of Canadian money abroad, then naturally the buyers in foreign markets will refuse to give as much foreign money or goods in exchange for it, when they want to acquire Canadian funds to buy goods from

Obviously, when any nation's money becomes discount abroad, it is simply a case of other countries accumulating more of it than they are willing or able to us that nation's goods.

As previously explained, such a condition can be prevented effectively by proper national control of imports and exports and of foreign investments.

The highest security that any nation can possibly give, is the ability to balance its imports by exporting other goods of equal value. The only "favourable" balance is an even balance. Even if a country had no internal currency at all, it could still carry on foreign trade on an equitable basis, so long as it had surplus products which other nations wanted.

Under the present system, international speculators are allowed to dump huge sums of foreign currencies first into one country and then into another. By so doing, they deliberately upset the exchange rates, and thus are able to make enormous profits by alternately buying and selling. These people recognize no national loyalties nor responsibilities.

That practice must be nationally controlled and **it can be readily controlled**, as far as Canada is concerned. During the Second World War, the Canadian Government set up a Foreign Exchange Control Board, to regulate the imports and exports of money, goods and securities, to and from Canada. This operated very effectively. For the well-being of the people of Canada, it is absolutely essential that that type of control be made a permanent institution, in peacetime as well as in war time. [end of Page 40]

Chapter 9

BANKERS - NOW HEAR THIS!

What I have to say does not apply to the ordinary bank manager nor bank clerk. These people are simply pawns in the game. They are as much the victims of the private money monopoly as the average worker in any other line of business.

This is addressed to you who are members of the Bankers' Association, and to your associates, who now exercise the power to control banking policies and thus control the lives of your fellowman.

Neither I nor any one else in his right mind would attempt to portray you as "ogres" — far from it. Most of you are looked up to as pillars of respectability, good citizens, directing and contributing to, the raising of vast funds for educational and charitable purposes.

You did not create this private money monopoly; you inherited it. Most of you are assuredly aware of this monstrous evil but you have a tiger by the tail and have not dared to let go.

It would have done little good simply to hand the money-creating power back to the Government where it belongs, if this meant that the politicians would ignorantly use it as a means of political pressuring and patronage and thus produce further chaos. Better to stick with the present system until a better way was found.

It is even possible that some of you may not have seen any particular harm in what you are doing to your fellow men. Undoubtedly you are familiar with Lord Acton's famous statement: "All power corrupts; absolute power corrupts absolutely." We humans have a great tendency to "rationalize," that is, to convince ourselves that what we **want** to do is what we **ought** to do. You may have felt that you are specially endowed with the wisdom and the ability to decide 'What is best for the so-called "ignorant masses."

Do not take too much credit to yourselves for the present degree of material prosperity that Canada and certain other countries now enjoy. That is largely due to the initiative and the drive of the real producers. Undoubtedly they could have done vastly more and better it they had not been held back by [end of Page 41] your insistent demands that profits for the moneylenders must come ahead of all else.

But now we have reached a crisis. Even your crude attempts to keep the privately controlled money system going will no longer work. The present economic system is falling to pieces before our very eyes.

Take a look at the record and you will see that inflation has been creeping up year by year. Now it is accelerating at a faster and faster rate until it threatens to reach "run away" proportions.

The Government's attempts to stem the tide, by heavy taxation and bribing the people to put their savings into government bonds at high rates of interest, are only making the situation worse. Excessive taxation reduces the money, available for financing production; and when the bondholders spend their unearned interest to buy the existing pile of it further inflates prices.

Bankers, your own favourite scheme for counteracting inflation (by the wholesale restriction of bank loans) will no longer work. Financing during the war years has taught the people that Governments can take steps to finance full employment when the need to do so seems sufficiently great. Over the years, monetary reformers have taught the people much of the truth as to how money is manipulated by the private money monopolists to create alternately inflation and deflation (depressions) to suit their own ends. Any Government which now allowed such conditions to develop to any great extent would soon be thrown out of office, to be replaced by a Socialistic, or even Communistic form of government. And, as you well know, complete nationalizing of the private banks would soon follow.

Neither can you safely decide to merely sit tight and try to make more profits out of the present inflation. If the economy were wrecked due to such gross mismanagement, your banking institutions would soon disappear.

There is a way out of this dilemma!

As Victor Hugo said: "No army can withstand the power of an **idea** whose time has come." The HALLATT SYSTEM is such an idea. Through it, the subject of Money has become no longer a hodgepodge of nonsense, but an exact science. [end of Page 42]

For more than thirty years, thousands of people in all walks of life have been studying this Money System and no one has come forward to point out any authentic flaw in it.

Bring in your best experts. Have them go over every detail of the Hallatt Dual-Economy Money System and let them satisfy themselves that it is indeed all that it is claimed to be.

The private money monopoly has had its day and must go. Money must become the servant of the people, not the master. Surely you will now agree that the only safe course is to cooperate with the Government in establishing a sound, democratic, nationally-controlled money system.

TO REFUSE TO CO-OPERATE IS TO FACE THE CERTAINTY OF BEING BRANDED, THROUGHOUT THE WORLD, AS OPPRESSORS OF MANKIND!

The choice is yours, gentlemen, and it must be made now. Your monstrous, evil racket cannot continue much longer. I believe that some of you, at least, will be glad to see the end of it. If so, NOW is the time for you to stand up and be counted.

As an evidence of good faith, the Bankers' Association might offer to co-operate in arranging a series of meetings with representatives of the Federal Government and the Bank of Canada, to work out the details and timing of the changeover to the new money system.

An obvious step is that the Government shall immediately and forever discontinue the practice of borrowing Canadian money, except from its own Bank of Canada. Instead of "refunding" government bond issues as they come due, they should be converted into non-interest-bearing obligations by paying off the bondholders with new, nationally issued money in the form of deposits in the Bank of Canada.

With the least possible delay, the Federal Government should proceed to gradually raise the legal tender reserve ratio requirements of the private banks (to reduce the flow of money into **inflationary** channels) and, at the same time, to arrange for a nationally-financed construction program of housing and public works (to direct the required flow of money into **productive** channels, so as to provide full employment opportunities).

"We must deny the truth that our reason shows us, even if it makes us blush."
(Extract from the Royal Bank Monthly Letter, December 1968).

[end of Page 43- last page of book]