Fighting Newspeak (3) - Too much money??

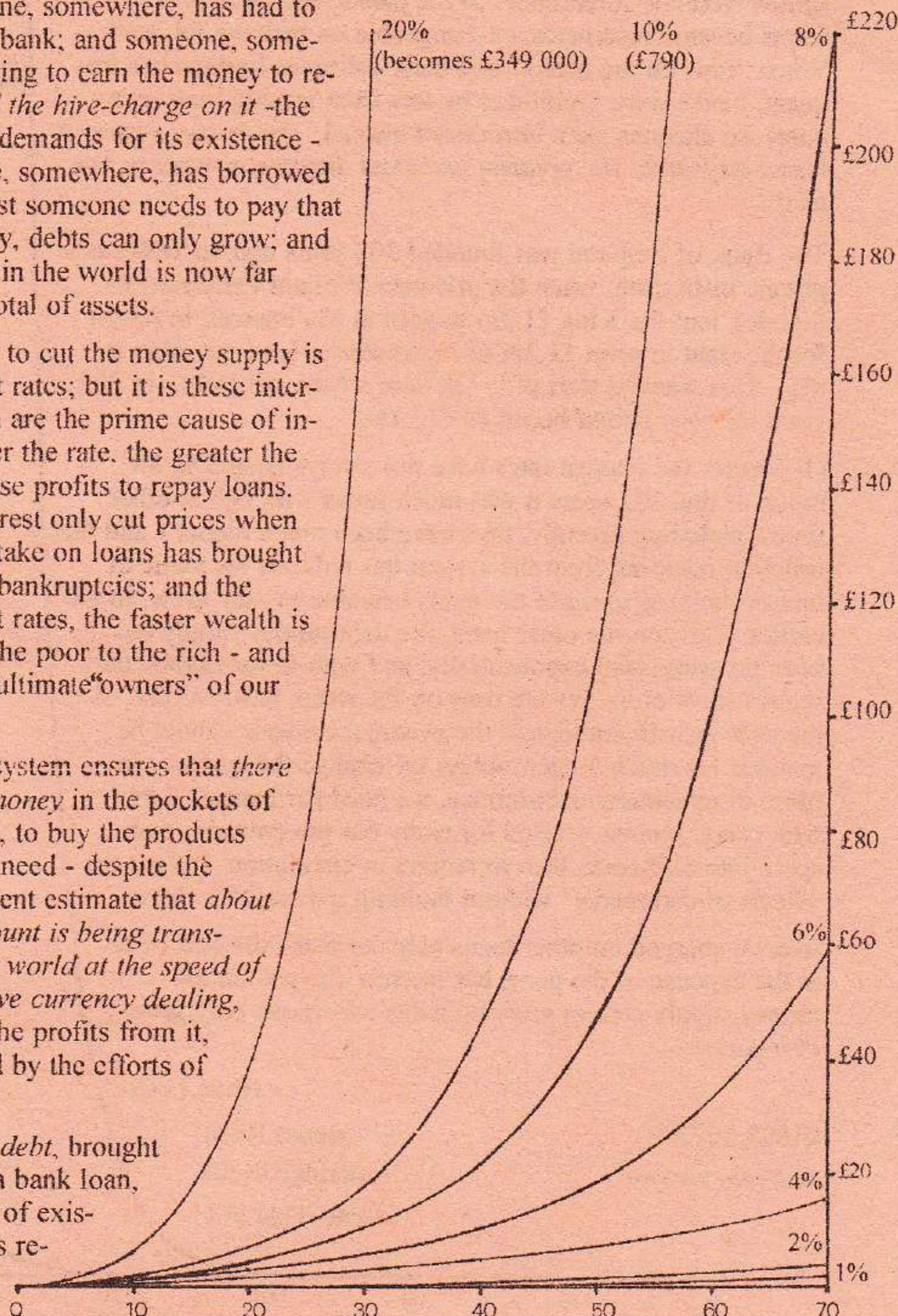
"Inflation is caused by too much money chasing too few goods" - this myth is used to justify efforts to cut the money supply.

But apart from the banknotes and coins, all the money you earn and spend is *debt*. For it to exist, someone, somewhere, has had to borrow it from a bank; and someone, somewhere, is now trying to earn the money to repay that loan *and the hire-charge on it* -the interest the bank demands for its existence - and someone else, somewhere, has borrowed the money the first someone needs to pay that interest. This way, debts can only grow; and the total of debts in the world is now far greater than the total of assets.

The favourite way to cut the money supply is by raising interest rates; but it is these interest charges which are the prime cause of inflation. The higher the rate, the greater the pressure to increase profits to repay loans. High rates of interest only cut prices when the reluctance to take on loans has brought on recession and bankruptcies; and the higher the interest rates, the faster wealth is transferred from the poor to the rich - and to the banks, the ultimate "owners" of our money.

Our debt-money system ensures that *there is never enough money* in the pockets of those who need it, to buy the products and services they need - despite the World Bank's recent estimate that *about 90 times that amount is being transferred around the world at the speed of light, in speculative currency dealing*, creaming-off, in the profits from it, the wealth created by the efforts of the workforce.

All this money is *debt*, brought into existence as a bank loan, and cancelled out of existence again as it is repaid. And while it is in existence,



Growth of £1 over 70 years at compound interest

interest debt is being added to it.

Compound interest grows on an exponential curve - the curve of cancer growth. All growth of this sort must inevitably end in "death"; it cannot go on indefinitely.

Our debt-money system began with the mediaeval goldsmiths lending false receipts for the gold on deposit in their strongrooms, which were then used as money. The goldsmiths were the forerunners of the banks, and their false receipts became banknotes, exchangeable on demand for gold. When "runs on the banks" and bank collapses became too frequent, banks were prohibited by law from issuing their own notes, so cheques were introduced instead. *Our money system is based on fraud - the greatest and most disastrous fraud in history.*

The Bank of England was founded 302 years ago, in 1694, as a private institution, when the privateer William Patterson, its founder, lent the King £1.2m in gold at 8% interest, in return for the right to print £1.2m of banknotes to lend out, also at 8%. This was the start of Britain's National Debt. In 302 years *just one pound* becomes *£12.4bn!*

Of course, the interest rates have not always been 8%; for much of this 302 years it was much lower - though at other times, including recently, they have been much higher - and the inflation resulting from the system has reduced the value of money, helping to make the debts bearable as they grew, in the earlier years; on the other hand, the debt-money supply has been growing, also exponentially, and with it, inevitably, the interest-debt on it. We are now on the steep, terminal part of the debt-growth curve, and the eventual collapse cannot be avoided for much longer, unless we change the system. In place of ephemeral,debt-money, we need permanent, debt-free, *credit money*, created for us by our government, and spent into existence, then to remain in circulation, "oiling the wheels of commerce" without building unrepayable debts.

Interest charged on other loans helps to make the rich richer at the expense of the poor; but interest charged on the money supply creates growing debts *which can only grow ever-larger!*

- Brian Leslie

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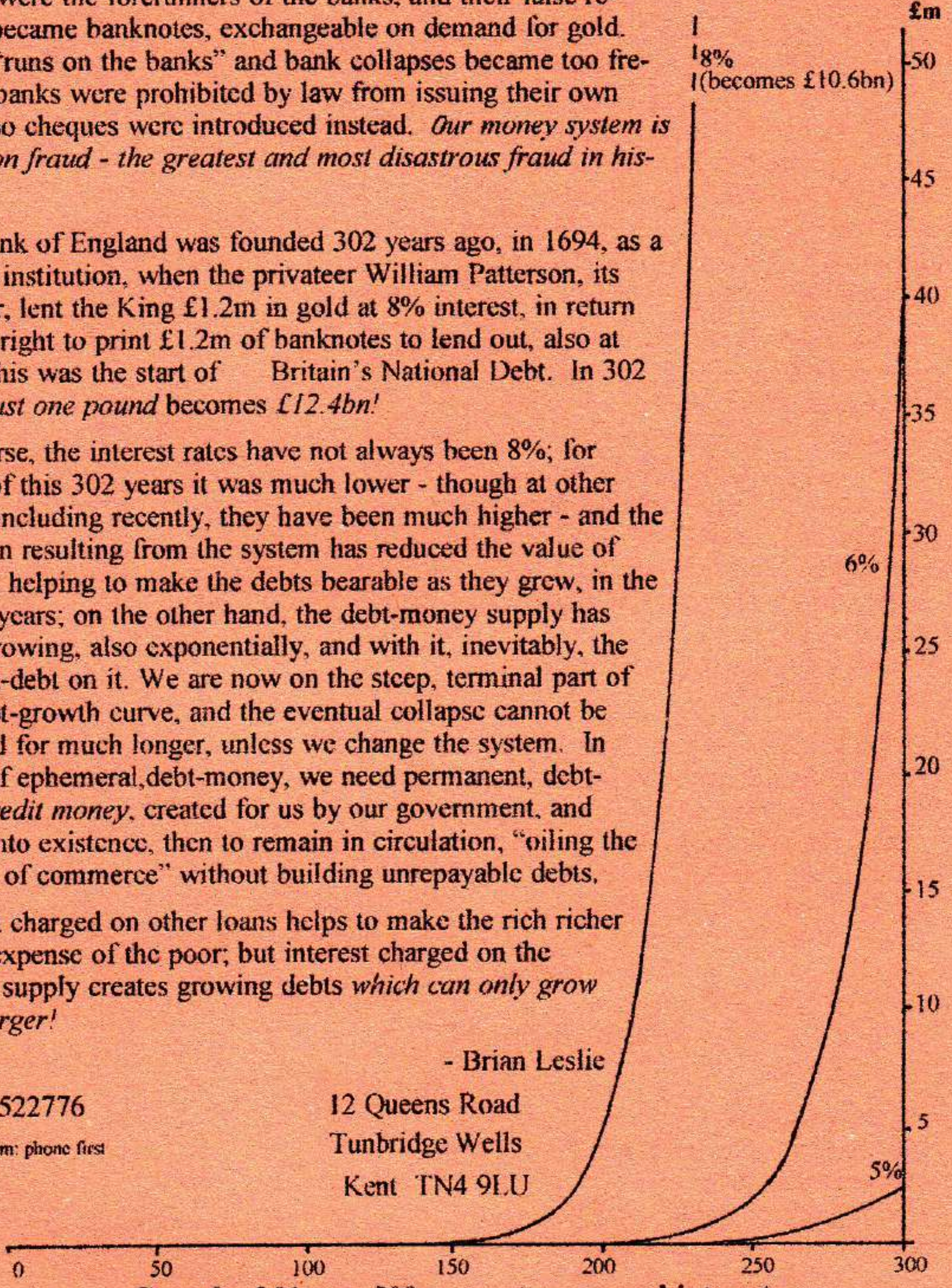

Growth of £1 over 300 years at compound interest