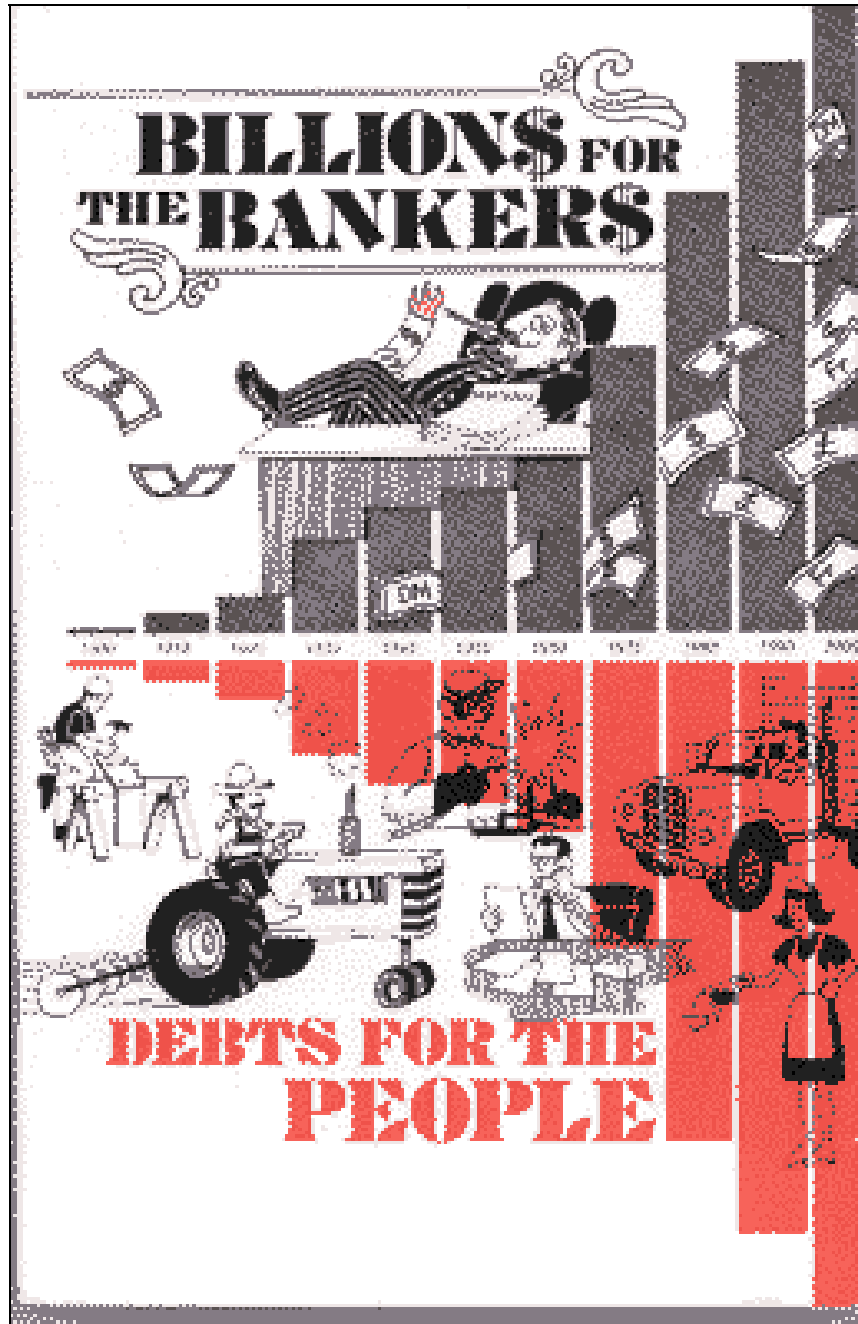


# BILLIONS FOR THE BANKERS



# DEBTS FOR THE PEOPLE

# THE LOVE OF MONEY IS THE ROOT OF ALL EVIL

*I Timothy 6 : 10*

There are three main reasons why people love money:

1. Money will buy nearly every desire.
2. Money makes money, without work, namely through charging interest.
3. Money is POWER and prestige - power over the lives of your fellow men.

<b>CANADA'S TOTAL DEBT - BOTH PUBLIC &amp; PRIVATE</b>					
Federal	1979	\$98,461,000,000	1994	\$519,845,000,000	*1
Provincial and Local Gov't.	1978	\$46,875,000,000	1993	\$375,852,000,000	*2
Corporation	1978	\$421,293,000,000	1992	\$1,554,248,000,000	*3
<b>SUBTOTAL</b>			<b>\$2,449,945,000,000</b>		
<b>\$566,629,000,000</b>					
Consumers Credit	1979	\$ 37,661,000,000	1993	\$100,350,000,000	*4
Residential Mortgages	1980	\$57,950,000,000	1992	\$288,644,000,000	*5
<b>TOTAL</b>			<b>\$2,838,939,000,000</b>		
<b>\$662,240,000,000</b>					

**What do these figures mean to you?**

You may have your house, farm, or business paid for and have no consumer loan. But, your share of the \$519,845,000,000 federal, and \$375,852,000,000 provincial and local government debt, plus the \$1,554,248,000,000 corporation debt (on which you pay the interest when you buy their production), comes to a total debt of \$2,449,945,000,000 or \$84,292 per capita or an interest payment at 10% of \$8,429 per person and \$33,716 for a family of four. You say: "IMPOSSIBLE!!! - we could not afford to pay this amount of interest!!!" You are so right. We borrow the money to pay it - and this further increases the debt! DEFICITS! DEFICITS! DEFICITS!

\* source - \*1 Doomsday Clock, 1994 \*2 Fraser Institute, 1994

\*3 Fraser Institute, 1994 \*4 Bank of Canada Review

\*5 Bank of Canada Review

## *Where will it all end?*

It will end with less and less welfare, health care, pensions, etc., and finally end with riots in the streets and a tyrant running our government. You may say it can't happen here. It is happening in every country in the world where debt and interest becomes unpayable.

### **WHAT IS WRONG WITH CANADA?**

In 1867 the Fathers of Confederation gave the federal government (under Section 91 of the British North America Act) the right to create Canada's money supply. However, our federal government has given this right to the private chartered banks. Instead of getting our money supply for the cost of printing, our federal government now borrows the money from the chartered banks and pays over \$40 billion per year interest. Payment of this interest took 33% of all the taxes collected in the last fiscal year. This means all businesses, farmers and individuals also have to borrow our money supply. Because money to pay this interest is never issued, we have to borrow the money to pay the interest. Thus borrowing drives all of us, including our governments, deeper and deeper into debt.

The Good Book says, that the borrower is the servant of the lender. So, most of us, including our governments, are servants of the lender, namely, the private banks.

### **HERE IS WHAT THIS SYSTEM HAS ALREADY DONE TO US.**

<b>INTEREST ON FEDERAL GOVERNMENT DEBT ALONE</b>		
1914		\$1.64 Per Person
1939 - 25 Years Later		\$18.36 Per Person
1964 - 25 Years Later		\$50.52 Per Person
1986 - 22 Years Later		\$883.00 Per Person
1988 - 2 Years Later		\$1,230.00 Per Person
1990 - 2 Years Later		\$1,584.00 Per Person
1993 - 3 Years Later		\$1,513.00 Per Person

(NOTE: The "progress" shown between 1990 and 1993 has come at the expense of billions of dollars in new taxes like the G.S.T. and billions more in important program cuts. The results? A reduction in the per person debt load by a mere \$71! Besides, this "per person" cost is only lower because of a growth in the population from 27 million to 29 million).

Our interest payments on the federal debt alone have increased a thousand times in the last 80 years. It is only a matter of time now until the International Monetary Fund and their fellow bankers refuse more credit. Canada will then be in the same situation as the third world countries.

# What Do The Experts Say?

\_\_\_\_\_ **THERE IS AN ANSWER** \_\_\_\_\_

## *Toward a Sustainable Financial System for Canada*

by John H. Hotson - Professor of Economics, Waterloo University

The most thorough going, and most beneficial, reform of Canadian banking would be for the Bank of Canada to buy back from the Chartered Banks all federal debt they hold, plus sufficient other assets to equal 100% of their demand deposits (M1a) liabilities, and then require them hence forth to maintain 100% reserves against all deposits transferable by cheque. At one stroke this reform would end our present fractional reserve or "private mints system" by which the banks create 95% of the money we use as they make loans. The Bank of Canada, or the Department of Finance, if this were desired, would then become the sole creator of money and the private banks would be reduced to their role of re-lending savings deposited with them without money creation.

***There is only one answer to calamity  
and that is MONETARY REFORM.***

**HERE IS WHAT YOU CAN DO - READ:**

*BILLIONS FOR THE BANKERS - DEBTS FOR THE PEOPLE*

also

*INFLATION, BANKRUPTCIES, UNEMPLOYMENT CAN BE BEATEN.*

# **BILLIONS for the BANKERS DEBTS for the PEOPLE**



Canadians living in what is called one of the richest countries in natural resources per capita on earth, seem to be short of money. Families require two wage earners just to survive as wives are working in unprecedented numbers, husbands hope for overtime hours to earn more, or either take extra part-time jobs evenings and weekends; children look for odd jobs for spending money; the family debt climbs higher; and, psychologists say one of the biggest causes of family quarrels and breakups is "arguments over money." Much of this trouble can be traced to our present "debt-money" system.

Few Canadians realize why the Fathers of Confederation wrote into the British North America Act (under Section 91, Clause 14 and 15), that Legislative Authority of Parliament shall have the power to issue "Currency and Coinage" and "Banking, Incorporation of Banks, and the Issue of Paper Money". They did this, in prayerful hope that it would prevent the love of money from destroying the democratic government they had founded.

## ***MONEY IS MAN'S ONLY "CREATION"***

Economists use the word "create" when speaking of the process by which money comes into existence. New creation means making something that did not exist before. Lumbermen make boards from trees; workers build houses from lumber; and, factories manufacture automobiles from metal, glass and other materials. But in all these they did not "create" - they only changed existing materials into a more usable and therefore more valuable form. This is not so with money. Here and here alone, man actually "creates" something out of nothing. A piece of paper of little value is

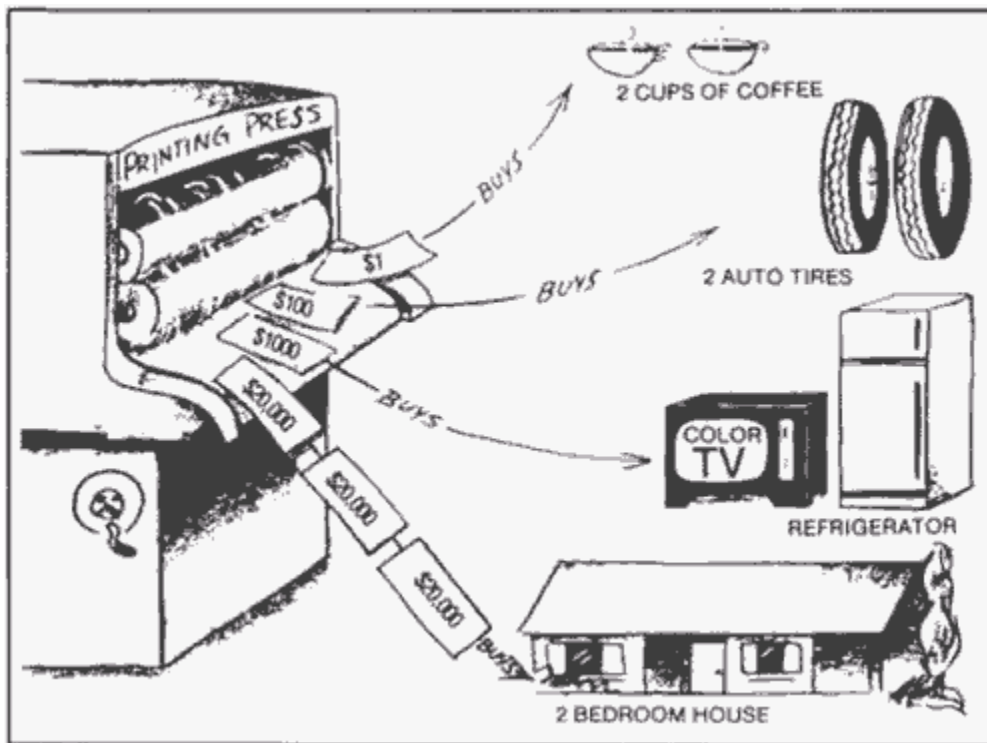
printed so that it is worth a piece of lumber. With different figures it can buy the automobile or even the house. Its value has been "created" in the true meaning of the word.

### ***MONEY "CREATING" IS VERY PROFITABLE***

As is seen by the above, money is very cheap to make, and whoever does the "creating" of money in a nation can make a tremendous profit! Builders work hard to make a profit of 5% above their cost to build a house.

Auto makers sell their cars for 1% to 2% above the cost of manufacture and it is considered good business. But money "manufacturers" have no limit on their profits, since a few cents will print either a \$1 bill or a \$10,000 bill.

That profit is part of our story.



But first let us consider another unique characteristic of the thing - money, the love of which is the "root of all evil."

### ***AN ADEQUATE MONEY SUPPLY IS NEEDED***

An adequate supply of money is indispensable to civilized society. We could forego many other things, but without money industry would grind to a halt, farms would become only self-sustaining units, surplus food would disappear, jobs requiring the work of more than one man or one family would remain undone, shipping and large movements of goods would cease, hungry people would plunder and kill to remain alive, and all government except family or tribe would cease to function.

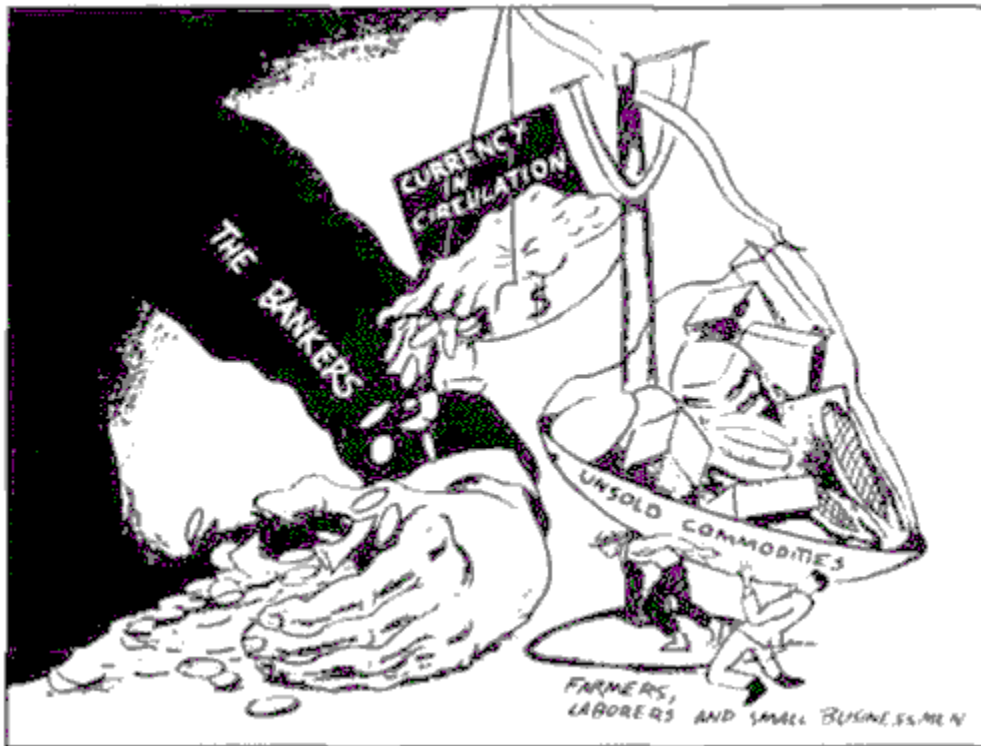
An overstatement, you say? Not at all. Money is the blood of civilized society, the means of all commercial trade except simple barter. It is the measure and the instrument by which one product is sold and another purchased. Remove money or even reduce the supply below that which is necessary

to carry on at current levels of trade, and the results are catastrophic. For an example, we need only look at the Great Depression of the early 1930s.

### ***THE BANKERS DEPRESSION OF THE 1930's***

In 1930 Canada did not lack industrial capacity, fertile farmland, skilled and willing workers or industrious farm families. It had an extensive and highly efficient transportation system in railroads, road networks, and inland and ocean waterways. Communications between regions and localities were the best in the world, utilizing telephone, teletype, radio and a well-operated government mail system. No war had ravaged the cities or the countryside, no pestilence weakened the population, nor had famine stalked the land. The Canadian economy in 1930 lacked only one thing: an adequate supply of money to carry on trade and commerce.

Bankers, the source of Canada's money and credit, had deliberately withheld millions from circulation by refusing loans to stable and growing industries, stores and farmers. At the same time they demanded payment on existing loans so that money was rapidly taken out of circulation and was not replaced. Canada was put in a "depression" and in deep trouble. Goods were available to be purchased, jobs waiting to be done, but little money. Twenty-five percent of the workers were laid off. Banks took possession of tens of thousands of farms and businesses on foreclosure. Gloom settled over Canada and we can only visualize the results if this had continued 20 years instead of 10.



### ***WAR ENDED "DEPRESSION"***

Our "depression" lasted until 1939, when the Canadian Government began to spend large amounts of money into circulation for military preparedness for ourselves and future allies in Europe. As soon as the money supply went up people were hired back to work, farms sold their produce instead of plowing it under, mines reopened, factories began to hum and both industrial and residential construction began anew. The "Great Depression" was over. Some politicians were blamed for it and

others took credit for ending it. The truth was that lack of money caused it and adequate supply ended it. The people were never told the simple truth and in this article we will endeavor to show how those who "manufacture" and "control" our money have used its profits to "buy" our politicians, and now control our Government.

### ***POWER TO COIN AND REGULATE MONEY***

When we can see the disastrous results of an artificially created shortage of money, we can better understand why our Founding Fathers, who understood both money and God's Laws, insisted on placing the power to "create" money and the power to control it ONLY in the hands of the Federal Government. They believed that ALL citizens should share in the profits of its "creation" and therefore the national government must be the ONLY creator of money. They further believed that ALL Canadian citizens, regardless of station in life, would benefit by an adequate and stable currency and therefore the national government must also be, by law, the ONLY controller of the value of money.

Since the Federal Government was the only legislative body subject to all the citizens at the ballot box, it was, to their minds, the only safe depository of so much profit and so much power. They wrote it in simple language, "The Federal Government shall have the Power to Coin Money and Regulate the Value Thereof."



### ***HOW THE PEOPLE LOST CONTROL***

Instead of the Constitutional method of creating our money and putting it into circulation, we now have an entirely unconstitutional system. This has resulted in almost disastrous conditions, as we shall see.



A historical sketch of currency and banking in Canada, tracing certain features of the central banking system that have finally led up to the establishment of the Bank of Canada appears on pages 900-905 of the 1938 Canada Year Book. In chronological order these are:

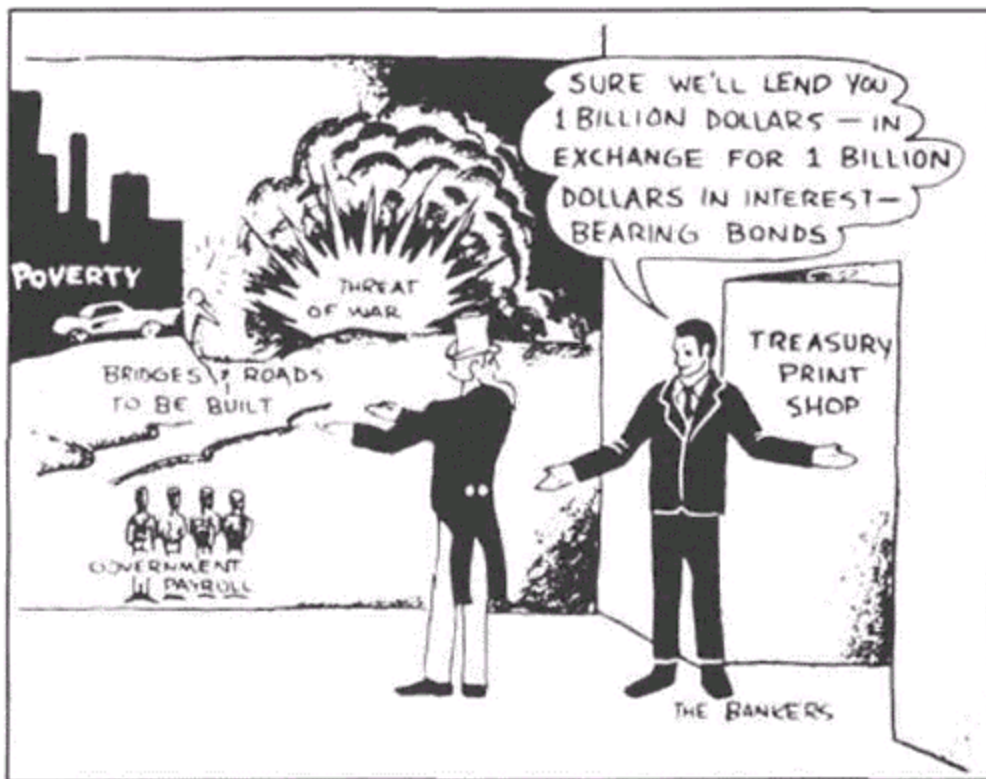
1. Central Note Issue, permanently established with the issue of Dominion Notes under legislation of 1868.
2. The Canadian Bankers' Association, established in 1900 and designed to effect greater co-operation amongst the banks in the issue of notes, in credit control and in various aspects of bank activities.
3. The Central Gold Reserves, established by the Bank Act of 1913.
4. Rediscount Facilities, originated as a war measure by the Finance Act of 1914, and made a permanent feature of this system by the Finance Act of 1923. This Act empowers the Minister of Finance to issue Dominion Notes to the banks on the deposit by them of approved securities, thus providing the banks with a means of increasing their legal tender cash reserve at will.

I would like, at this point, to emphasize the last line of the above quotation: **"THUS PROVIDING THE BANKS WITH THE MEANS OF INCREASING THEIR LEGAL TENDER CASH RESERVE AT WILL."**

This is a most astounding statement. What it says is that the banks can create their own reserves, and then issue BANK CREDIT MONEY against these reserves that they themselves have created. In other words, they now need no gold, no silver, not even paper money, but all they need are government securities (bonds) as reserve for CREDIT MONEY and furthermore, they can buy these reserves (bonds) with the CREDIT MONEY that they have created. Did someone once say you can't get something for nothing? Let him investigate our monetary system and I am sure he will change his mind!

#### ***WE BORROW IT AND PAY THEM INTEREST***

We shall start with the need for money. The Federal Government, having spent more than it has taken from its citizens in taxes, needs, for the sake of illustration, \$1,000,000,000 (1 BILLION DOLLARS). Since it does not have the money, because it has given away its authority to "create" it, the Government must go to the "creators" for the \$1 billion. But, a private banking corporation doesn't just give its money away! The Bankers are willing to deliver \$1,000,000,000 in money or credit to the Federal Government in exchange for the Government's agreement to pay it back - with interest! The government authorizes the Treasury Department to print \$1,000,000,000 in Canadian bonds which are then delivered to the BANK OF CANADA. The BANK OF CANADA sells the BONDS to the privately owned banks. The privately owned banks pay for the bonds by creating a bank deposit of \$1 billion on behalf of the federal government. This means that the private banks have created a billion dollars that did not exist before. This creation cost the private banks nothing except the cost of cancelling out the government cheques as the government spends the deposit by writing cheques against it. The private banks now own the billion dollars worth of bonds and at the present rate of 10 1/2% the FEDERAL GOVERNMENT TAXES THE PEOPLE OF CANADA year after year to pay the interest. The federal government has to date piled up a mountainous debt of \$519,845,000,000 and the interest on this debt this year is \$44,000,000,000+ or a per capita debt of \$1,513. This means a family of four is taxed \$6,052 a year just to pay the interest.



***BUT THAT IS NOT ALL!!!  
THERE IS ALSO THE FRACTIONAL RESERVE SYSTEM***

Under the fractional reserve system, the private banks can now take the GOVERNMENT BOND that they have bought by creating a deposit and use it as reserve to create more bank deposits.

***HOW MUCH CAN THEY CREATE?***

Under the 1967 Bank Act they could create 16 times the amount of their reserve. On page 10 of the book called "HOW THE CANADIAN MONEY SUPPLY IS AFFECTED BY VARIOUS BANKING AND FINANCIAL TRANSACTIONS", published by the Royal Bank of Canada, they themselves show how this is done. Imagine what this means. It means that with one dollar of reserve with the BANK OF CANADA, the private banks can loan out \$15 of cheque book money and collect 15% interest. This gives them \$2.25 of interest on every dollar held in reserve.

***THIS IS STILL NOT ALL***

On November 19, 1980, Bill C-6 was passed in the Canadian House of Commons, which gave a further concession to the private banks. WHEREAS, the 1967 BANK ACT required a reserve of \$4 on notice deposits and 12% on demand deposits, Bill C-6 reads as follows:

- 208. (1) A bank shall maintain a primary reserve in the form of:
  1. coins with a face value of two dollars or less that are current under the Currency and Exchange Act,
  2. Bank of Canada notes, or
  3. deposits in Canadian currency with the Bank of Canada, and such reserve shall not be less on the average during the month than an amount equal to the aggregate of
  4. ten percent of such of its deposit liabilities as are Canadian currency demand deposit liabilities,
  5. two per cent of such of its deposit liabilities as are Canadian currency notice deposit liabilities.

This reduction in reserves will enable the private banks to issue from 20 to 25 times their reserves rather than 16 times - the amount they could issue under the 1967 BANK ACT.

This lowering of the reserves will mean that the banks can issue at least 25% more money than they were able to issue under the 1967 BANK ACT. This increase will be needed to replace the money withdrawn by ever-increasing interest, repayment of loans, and to make up for the extra money needed because of inflation. This of course will increase bank profits.

Bankers and their government supporters will say that many of these criticisms of the reserve system are no longer valid because of 1991 changes to the Bank Act. However, the changes are for the worse! Perhaps the greatest tragedy that has happened to our country since the fourth edition of Billions for the Bankers - Debts for the People is the change in the new Bank Act. The private chartered banks have won a major battle. Under the 1967 Bank Act, the Minister of Finance had the power over the governor of the Bank of Canada to reduce or increase the fractional reserve of the private chartered banks, thereby increasing or reducing the money supply. Under Sec. 457 of December 1991, the Minister of Finance has lost this power by the elimination of the fractional reserve system. This is not all. Under Sec. 410 and Sec. 434 the private chartered banks are given the following additional powers:

- Sec. 410
  1. act as a custodian of property; and
  2. act as receiver, liquidator or sequestrator
- Sec. 434 (2) Nothing in any charter, Act or law shall be construed as ever having been intended to prevent or as preventing a bank from acquiring and holding an absolute title to and in any mortgaged or hypothecated real property, whatever the value thereof, or from exercising or acting on any power of sale contained in any mortgage given to or held by the bank, authorizing or enabling it to sell or convey any property so mortgaged. These changes in the Bank Act have given the banks a complete right over our money supply. And, unless this power is restored to Parliament and the Banks put on 100% reserve, all talk of democracy and sovereignty of Parliament is truly idle and futile. You may ask why the banks do not show more profits if it is such a lucrative business. Of course they do show tremendous profits year after year. They have been showing an increase of profits of anywhere from 20 to 35% for a number of years. But not all the profits of banks are reported.

#### ***AS FAR BACK AS 1934 BANKS WERE HIDING RESERVES.***

The following excerpt is from the BANK AND COMMERCE COMMITTEE, APRIL 19. 1934. (BEFORE THEY WERE ON THEIR GUARD...)

Evidence of Mr. Jackson Dodds (of the Bank of Montreal and President of the Bankers' Association at that time), before the Banking and Commerce Committee on April 19, 1934:

**QUESTION: *What other controlled companies are there?***

**ANSWER: *We have the St. James Land Company Limited with a capital of \$200,000, owned entirely by the Bank of Montreal and carried at \$1.00. The officers are officers of the bank. The company was incorporated by the Molsons Bank, which deeded over to it that portion of their property known as Lot "B", corner of St. Peter and Notre Dame Streets, Montreal.***

**THE CHAIRMAN:** *The Bank owned the stock?*

**ANSWER:** Yes

**QUESTION:** (By Mr. Power) *I suppose the Molsons Bank had a controlled company to look after its real estate?*

**ANSWER:** Yes, the property being the head office of the bank.

**QUESTION:** *They only had one property?*

**ANSWER:** Yes.

**QUESTION:** *That is now owned and controlled by the Bank of Montreal?*

**ANSWER:** Owned and controlled by the Bank of Montreal.

**QUESTION:** *The directors are the directors of the bank?*

**ANSWER:** No. The directors are officers of the bank. The secretary of the bank is the president.

**QUESTION:** *Who has the stock?*

**ANSWER:** The bank owns the whole of the stock, which is only \$200,000 and is carried on the books at \$1.00.

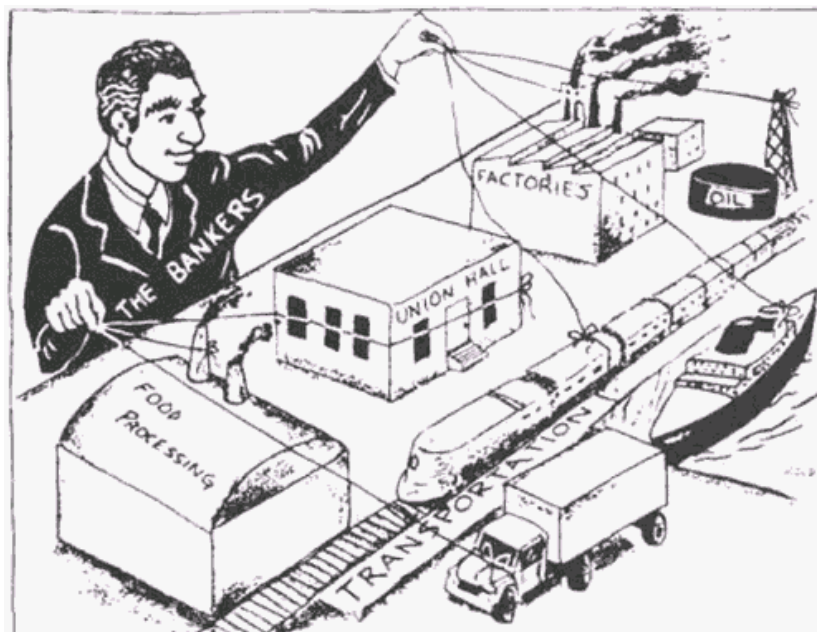
### **TEN YEARS LATER...**

#### **BANKS REFUSE TO REVEAL HIDDEN RESERVES**

**OTTAWA - MAY 26 (C.P.)** - A determined drive was made in the Commons Banking Committee yesterday by Arthur G. Slaght, K.C. Liberal member for Parry Sound constituency in Ontario to have made public the hidden reserve figures of the ten chartered banks.

"S.M. Wedd, president of the Canadian Bankers' Association, however, refused to divulge the amount of the reserves. C.S. Tompkins, Inspector General of Banking, also refused."

**"The Edmonton Bulletin" May 26, 1944**



## ***COMMITTEE VOTES AGAINST GIVING HIDDEN RESERVES***

**OTTAWA - June 16** - After 14 days of rising controversy over hidden reserves of the charter banks, the committee on banking and commerce today turned down a motion from A.G. Slaght (Liberal - Parry Sound) that would have compelled disclosure of the hidden reserves. Just before the vote which was 4 to 18, the committee witnessed a tumultuous scene as Slaght heatedly protested against regarding the motion as a want of confidence in the government and in the minister of Finance Minister J.L. Ilesley."

**"The Edmonton Bulletin" June 16, 1944**

### ***WHY IT IS CALLED "INFLATABLE CURRENCY"***

The only way new money goes into circulation in Canada under this wicked system is when someone borrows it from a Banker. When people are confident of success they borrow much money, which increases the money supply, and all seem to prosper for a while. Then, as they pay off their loans, the available money supply shrinks rapidly, and money becomes "scarce." Since they must always take more out of circulation than they put in (because of interest and other charges), only other people borrowing still more can keep a medium of exchange available to the nation. An example will aid our understanding.

#### ***IF \$40,000 IS BORROWED: \$179,292 MUST BE PAID BACK***

When a citizen goes to a Banker to borrow \$40,000 to purchase a home or a farm, the Banker's clerk first requires the citizen to assign to the Banker the right of ownership of the property if the borrower is unable to make the payments. The Banker's clerk then gives the borrower a \$40,000 check, or he signs a \$40,000 deposit slip crediting the borrower's checking account with a \$40,000 deposit. The borrower in turn writes the necessary checks to the builder, seller, subcontractors, etc. (who in turn write checks), thereby putting \$40,000 of "checkbook money" into circulation. However, on a 30-year mortgage with 15 1/4% interest, the Banker wants \$498.97 a month paid to himself, or a total of \$179,292. The buyer must take that \$179,292 out of circulation, making the amount in circulation \$139,292 less than when he purchased the home (see illustration on inside cover page). The Banker has not produced anything of value (except the slip of paper called a check or deposit slip), yet he now has \$139,292 more than he had before (minus a few hundred dollars of clerical and office cost) and the people, as a whole, have \$139,292 less.

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### ***SMALL LOANS ARE DISASTROUS TOO***

For those who haven't quite grasped the impact of the above, let us consider a small auto loan for only 3 years.

**STEP 1:** Citizen borrows \$3,000 and pays it into circulation (it goes to the dealer, the factory, the miner, etc.) and signs a note agreeing to pay back to the Banker a total of \$3,600.

**STEP 2:** Citizen continues to work and pays \$100 per month to the Banker. In 36 months, he has taken \$3,600 out of circulation and paid it to the bank, where it remains until someone else borrows it out again. Net result? \$600 less money in circulation than before he made the loan.

Since money requirements, as is well known, INCREASE with increased population and production, and paying off any loan DECREASES the average available money supply of money, it is obvious that we would quickly run out of money completely UNLESS MORE AND MORE PEOPLE BORROW MORE AND MORE MONEY TO KEEP MONEY IN CIRCULATION!

### ***ADD THEM ALL TOGETHER***

Multiply the above examples by hundreds of millions of times in the last half century, and you can see why in that time Canada has gone from a prosperous, debt-free nation to a debt-ridden nation, where practically every home, farm, and business is mortgaged to the Bankers, and our cars, furniture, and clothes are purchased with borrowed money. The interest to the Bankers on personal, local, Provincial and Federal debt totals more than the combined earnings of the working population!

**THE COST TO THEM? PRACTICALLY NOTHING**

In the tens of millions of transactions made each year like those above, little actual money changes hands, nor is it necessary that it do so. Up to 95% of all "cash" transactions in Canada are by check, so the Banker is perfectly safe in "creating" that so-called "loan" by writing the check or the deposit slip, not against actual money, but against YOUR PROMISE TO PAY IT BACK! The only cost to him is the paper, ink, and a few dollars in salaries and office cost to him for each transaction. It is "check-kiting" on an immense scale!

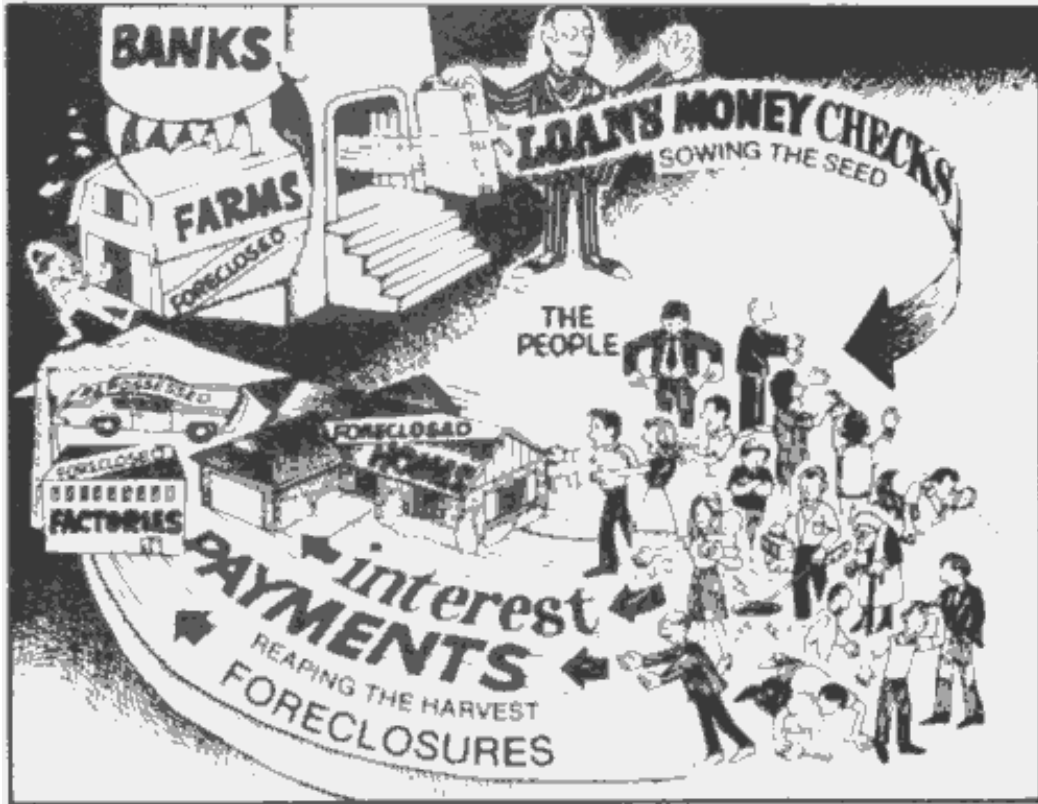
Here is how 95% of our money is created. The private banks create a bank deposit, against which the customer can write checks. These checks move goods and services the same as dollar bills. The amount of real money in February 1980 was \$8,952,000,000 in dollar bills. The amount of bank deposit check money was \$ 135,345,000,000, and there was approximately 14 times as much checking money as there was real money (dollar bills).

BANK BALANCE				
JONES, T.				
Date	Deposit	With-drawal	Balance	
June				
15	1000.00	—	1000	00
16		100.00	900	00

BANK BALANCE				
THOMPSON, A.				
Date	Deposit	With-drawal	Balance	
June				
15	1000.00	—	1000	00
16	100.00	—	1100	00

The charts give the example of how bank deposits move goods in the same way as dollar bills. Here is what the illustration shows. On June 15th, Jones and Thompson each borrowed \$1,000 from the bank. The bank, you will notice, credited them each with a \$1,000 deposit. On June 16th Jones bought a calf from Thompson for \$100 and on the same date Thompson deposited the check to his account. You will notice that his bank account increased to \$1,100 and Jones' decreased to \$900.

This means that the banks get this money for only the cost of issuing this credit and the bank's expense of cancelling out the checks. They do not pay depositors a share of this interest as the Credit Unions do. This means a tremendous profit on the first use of this money. This benefit should go to the people of Canada rather than to the private banks.



**FIGURE 1: Because the Interest cannot be paid, some of the Borrowers must lose their Collateral, namely, their Farms, Houses or Businesses**

***THE CALLING OF LOANS OR TIGHT MONEY POLICY***

This section requires little need of explanation. The calling of loans has already been thoroughly explained in the previous chapter when we discussed the creation of money and how the repayment destroys it. However, a brief refresher may be in order. We said that when banks make loans to either individuals, industry or to the governments, this increases the money supply. V/e further said that when banks call loans or when loans are repaid, this reduces the money supply. It should give readers a good idea of how drastically the money supply can be affected by calling loans. I repeat, the calling of loans was one of the main factors in creating the Great Depression.

Let me illustrate.

The following figures are from the Canada Year Book:  
 In 1929 the total money supply per capita was ----- \$302.00  
 By 1933 this had dropped by 28% to ----- 236.00  
 and a depression followed  
 In 1934 it was----- 237.00  
 In 1935 It was----- 247.00  
 In 1936 it was----- 262.00  
 In 1937 It was----- 273.00  
 In 1938 it was----- 274.00

This is an average increase of \$7.65 per year. However, the war broke out in 1939. This started a war economy. By 1945 the per capita money supply had risen to \$531.00 and by 1969 it had risen to \$1,571 per person. I don't believe there is any more damaging evidence available that the MONEY MONOPOLISTS were the culprits that were responsible for the Great Depression. Furthermore, it also clearly shows the power that these Financial Monopolists wield over the economy and therefore over the lives of the people.

### ***FOR THE GAMBLERS AMONG MY READERS***

To grasp the truth that periodic withdrawal of money through interest payments will inexorably transfer all wealth in a nation to the receiver of interest, imagine yourself in a poker or dice game where everyone must buy the chips (the medium of exchange) from a "banker" who does not risk chips in the games, but watches the table and every hour reaches in and takes 10% to 15% of all the chips on the table. As the game goes on, the amount of chips in the possession of each player will go up and down with his "luck." However, the TOTAL number of chips available to play the game (carry on trade and business) will decrease rapidly.

The game will get low on chips, and some will run out. If they want to continue to play, they must buy or borrow them from the "banker." The "banker" will sell (lend) them ONLY if the player signs a "mortgage" agreeing to give the "banker" some real property (car, home, farm, business, etc.) if he cannot make periodic payments to pay back all of the chips plus some EXTRA ones (interest). The payments must be made on time, whether he wins (makes a profit) or not.

It is easy to see that no matter how skillfully they play, eventually the "banker" will end up with all of his original chips back, and except for the very best players, the rest, if they stay in long enough, will lose to the "banker" their homes, their farms, their businesses, perhaps even their cars, watches, rings, and the shirts off their backs!

Our real-life situation is MUCH WORSE than any poker game. In a poker game none is forced to go into debt, and anyone can quit at any time and keep whatever he still has. But in real life, even if we borrow little ourselves from the Bankers, the local, provincial and Federal governments borrow billions in our name, squander it, then confiscate our earnings from us and pay it back to the Bankers with interest.

We are forced to play the game, and none can leave except by death. We pay as long as we live, and our children pay after we die. If we cannot pay, the same government sends the police to take our property and give it to the Bankers. The Bankers risk nothing in the game; they just collect their percentage and "win it all." In Las Vegas and at other gambling centers, all games are "rigged" to pay the owner a percentage, and they rake in millions. But even in these places the rigged margins may be only 1 or 2%. Canada's monetary system "game" is also rigged, and it pays off in billions! How sorry of a state are we in when our government allows banks to rig their margins for the essentials of life at a rate ten times higher than gambling casinos!

In recent years Bankers added real "cards" to their game. "Credit" cards are promoted as a convenience and a great boon to trade. Actually, they are ingenious devices by which Bankers collect 2% to 5% of every retail sale from the seller and 18% interest from the buyers. A real "stacked" deck.

### ***YES, IT'S POLITICAL, TOO!***

The Liberal, Conservative, and N.D.P. voters who have wondered why politicians always spend more tax money than they take in should now see the reason. When they begin to study our "debt-money" system, they soon realize that these politicians are not the agents of the people but the agents



of the Bankers, for whom they plan ways to place the people further in debt. It takes only a little imagination to see that if Government had been "creating" and spending or issuing into circulation the necessary increase in the money supply, THERE WOULD BE NO NATIONAL DEBT, and the \$500 billion of other debts would be practically non-existent. Since there would be no ORIGINAL cost of money except printing, and no CONTINUING costs such as interest, Federal taxes would be almost nil. Money, once in circulation, would remain there and go on serving its purpose as a medium of exchange for generation after generation and century after century, just as coins do now, with NO payments to the Bankers whatever!

### ***MOUNTING DEBTS AND WARS***

But instead of peace and debt-free prosperity, we have ever-mounting debt and periodic wars. We as a people are now ruled by a system of Banker-owned Mammon that has usurped the mantle of government, disguised itself as our legitimate government, and set about to pauperize and control our people. It is now a centralized, all-powerful political apparatus whose main purposes are promoting war, spending the peoples' money, and propagandizing to perpetuate itself in power. Our two large political parties have become its servants, the various departments of government its spending agencies, and Revenue Canada its collection agency.



## ***THE SOLUTION***

1. In order to solve the problem, the government must take back the right they have given the private banks to issue the country's money supply. The benefits of this one reform would be tremendous. Money could be put into circulation DEBT AND INTEREST FREE. This would mean that the government could pay back its debt and save the people \$40,000,000,000+ in interest payments, therefore \$40,000,000,000+ in taxes. Furthermore, every time the G.N.P. would increase, the government could issue new money to the amount of the increase of goods and services. This means that many of the government services could be provided without taxation. The reduction in taxes would not only stop inflation, but reverse it.
2. Putting the banks on a 100% reserve would stop the private banks from creating money. What is more, the banks would have to cash in their bonds as their reserves would be increased. This would reduce the national debt tremendously without it costing the government a single dollar, because the government would pay for the bonds with money that cost the Bank of Canada nothing except the cost of printing.

**THOMAS EDISON said,** *"It is absurd to say our Country can issue bonds and cannot issue currency. Both are promises to pay, but one fattens the usurer and the other helps the **People**. If the currency issued by the **People** were no good, then the bonds would be no good either."*

**The money issued to the federal government** can be put into circulation in a number of ways. One of the first should be to pay off the national debt and save our \$40+ billion in interest charges which can not be solved with increased taxes and massive program cuts. This money would reduce government expenditure and the government could then balance its budget.

Secondly, the money could be spent into circulation by giving government services without taxation. For example, if the money spent on building schools, hospitals, and government buildings, and on providing pensions and family allowances were spent into circulation rather than borrowed by the government, it would stay in circulation, until it was worn out and then it could be replaced at a very small expense. Today, however, money is borrowed into circulation and is withdrawn at 15% in less than 5 years, and at 18% In 4 years, leaving the principal of the loan unpaid to be compounded. This exaggerates the problem year by year.

If, however, the money were spent into circulation, the people receiving this would own it and when they used it to buy the necessities of life. the money would keep circulating. In a very few years, the money in circulation would all be debt and interest free. Once the governments, the corporations, and small businesses, as well as individuals, would all be free of debt, the saving to the people would be at least \$230 billion per year in interest (present debt x 8%). This is not a dream but can become a reality, if YOU, the people, take action.

What is fooling so many well-meaning people is that they have been led to believe that they are doing well under this system. This is an illusion which looks good when they are earning interest on a safe investment like government bonds.

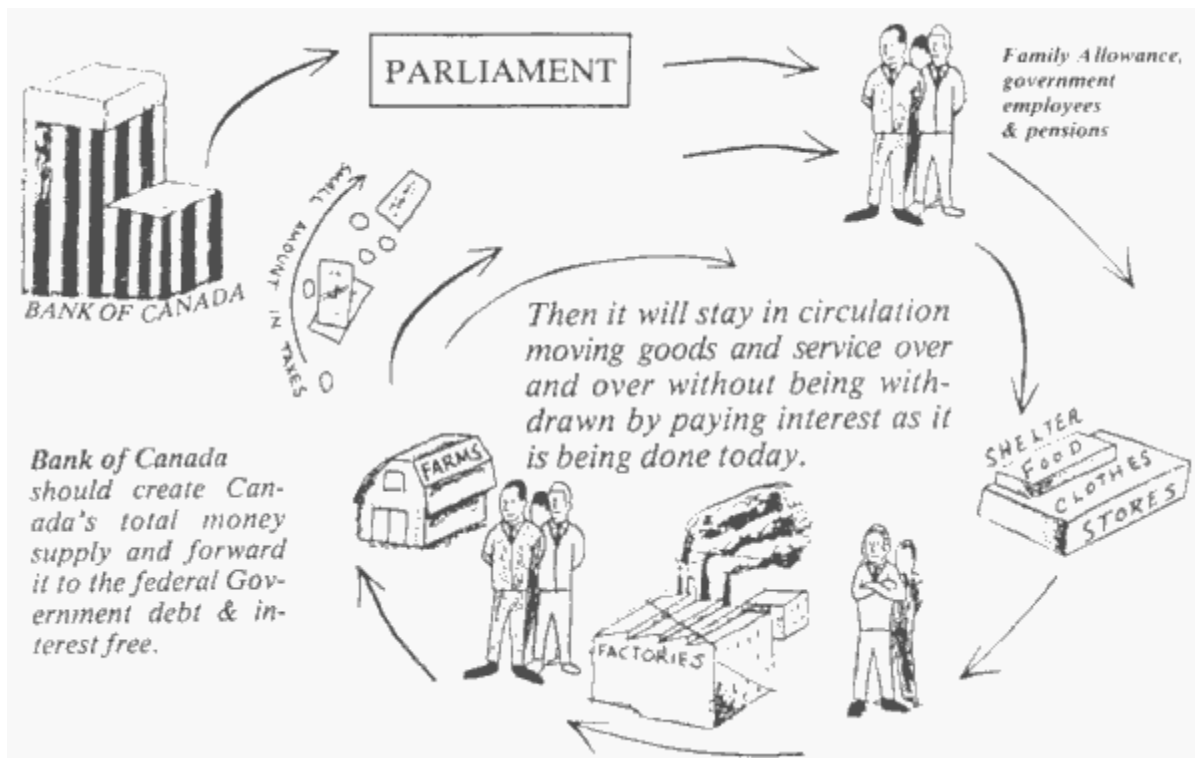
However, once you remove the cost of inflation and taxes from their gain, the picture doesn't look so good. For example:

Assets in Gov't Bonds -----	100,000
Earned Interest Income at 12% -----	12,000
Total Assets -----	112,000
11% Inflation Loss on Total -----	12,320
Value of Asset After Inflation -----	99,680
Income Tax on \$12,000 (exempt \$1,000) -----	2,755
Your Assets will now only be worth -----	96,925

**The Results:**

**The Same as Earning NO Interest and a loss of \$3,075.**

People may think this is an unrealistic picture because the rate of inflation, at any particular moment, may be lower than 11%. Of course, if this were so, the interest rates would be much lower as well. At any rate, the erosion of taxes brought about by the government's need to pay interest on their debt will almost certainly continue to grow.



**Let us now summarize the evils of our present monetary system.** The evil is that interest is charged at the origin of money. This is caused by our federal government giving away the right to issue and put into circulation our total money supply. It has given this right to the private chartered banks. Under this system all money now comes into circulation as a debt to the private banks. The private banks charge interest on this money. This interest becomes an additional debt above the principal we borrow. This addition cannot be paid because no money is issued to pay it. If you borrow this addition you go deeper into debt. If you pay the interest out of the principal, this reduces the money you borrowed and the debt cannot be repaid.

Furthermore, it reduces the money supply and causes a depression. In both cases we pile up mountains of debt that cannot be paid. The interest on these mountains of debt is now so large and ever-increasing because of compounding that it is causing ever-increasing inflation because the interest has to be passed on to the consumer. Those that have the power to pass this interest cost on to the consumer not only cause inflation but force the consumer to go into debt, because with the added interest costs there is not enough money left in circulation to buy all the goods and services available.

Let me give you a short but simple example. You borrow \$1,000. at 15%. At the end of the year the banker wants back \$1,000. plus \$150. for interest. However, the \$150. for interest doesn't exist. The banker only created a \$1,000. but he wants back more than he loaned you. There is a flaw in our monetary system and this is why it will not work.

So here is what happens. You pay your principal of \$1,000. which leaves you the interest debt of \$150. Because there is no money with which to pay it, you start your second year borrowing a new \$1,000. Now you owe \$1,150. and at 15%, by the end of the second year you owe \$1,322.50. You again pay your principal. But you now owe \$322.50. This is COMPOUNDING INTEREST. But your friendly banker will continue to loan you money as long as you have unmortgaged collateral, that is, a factory, a farm, a house, etc., etc.

But this increased borrowing and paying interest has now become a part of your business. And in order for you to continue, you must pass this extra cost on to the consumer, your worker. So you raise the price of your merchandise, AND LOW AND BEHOLD! INFLATION IS BORN!!!

But now, because you have increased the price of your merchandise, your workers need more money if they are to buy the goods they have helped produce. Of course, this is only the beginning of the problem.

As your debt and interest increases year by year, you are forced to keep raising prices. By this time your worker is convinced that you are the one creating inflation. So he has to respond by demanding a yearly increase in wages. This has created enmity between business and labour, each blaming the other for the cause of inflation.

However, the banker is the prime mover in creating inflation because he has put a cost on the use of money (namely interest). It was this interest which forced you to increase the price of your merchandise. Labour increase in wages was secondary. And the continuing increase in your debt and interest is continuing to create INFLATION.

### ***COMPOUND INTEREST***

The biggest EVIL about interest is that it cannot be paid.  
Therefore it is COMPOUNDED.

Let me give an example of the difference of COMPOUND INTEREST and SIMPLE INTEREST. \$1.00 loaned out at the time of the birth of Christ at 3% COMPOUND INTEREST would be \$19,342,814,713,834,066,795,298,816 SIMPLE INTEREST would be \$59. \$1.00 loaned out at the same time at 6% - COMPOUND INTEREST would be \$2,075,564,540,495,770,000,659,356,622,933,159,968,008,080,198,784. SIMPLE INTEREST would be \$118.

***DESTROY ANYONE SUGGESTING GOVERNMENT (CITIZENS')  
MONEY BE WITHOUT INTEREST AND WITHOUT DEBT***

History tells us of debt-free and interest-free money issued by governments. The American colonies did it in the 1700's and their wealth soon rivalled England and brought restrictions from Parliament, which led to the Revolutionary War. Abraham Lincoln did it in 1863 to help finance the Civil War. He was later assassinated. No debt-free or interest-free money has been issued in America since then. Several Arab nations issue interest-free loans to their citizens today.

The Saracen Empire forbade interest on money for 1,000 years, and its wealth outshone even Saxon Europe. Mandarin China issued its own money, interest-free and debt-free, and the European traveller, Marco Polo, was astounded by the wealth and civilization of the Mandarin Empire.

Germany issued debt-free and interest-free money from 1935 and on, accounting for its startling rise from the depression to a world power in 5 years. Germany financed its entire government and war operation from 1935 to 1945 without gold and without debt, and it took the whole Capitalist and Communist world to destroy the German power over Europe that was built by this money system. So much of what the Nazis did had to be stopped. However, the destruction of the Nazi menace was also a convenient opportunity to repudiate all of their policies - including the success of their money supply - and thereafter bring Europe back under the heel of the Bankers. Of course, how a country spends its created money (such as on the ills of war) should not take away from the power and usefulness of this system of money supply. However, this history of money does not even appear in the textbooks of public (government) schools today.

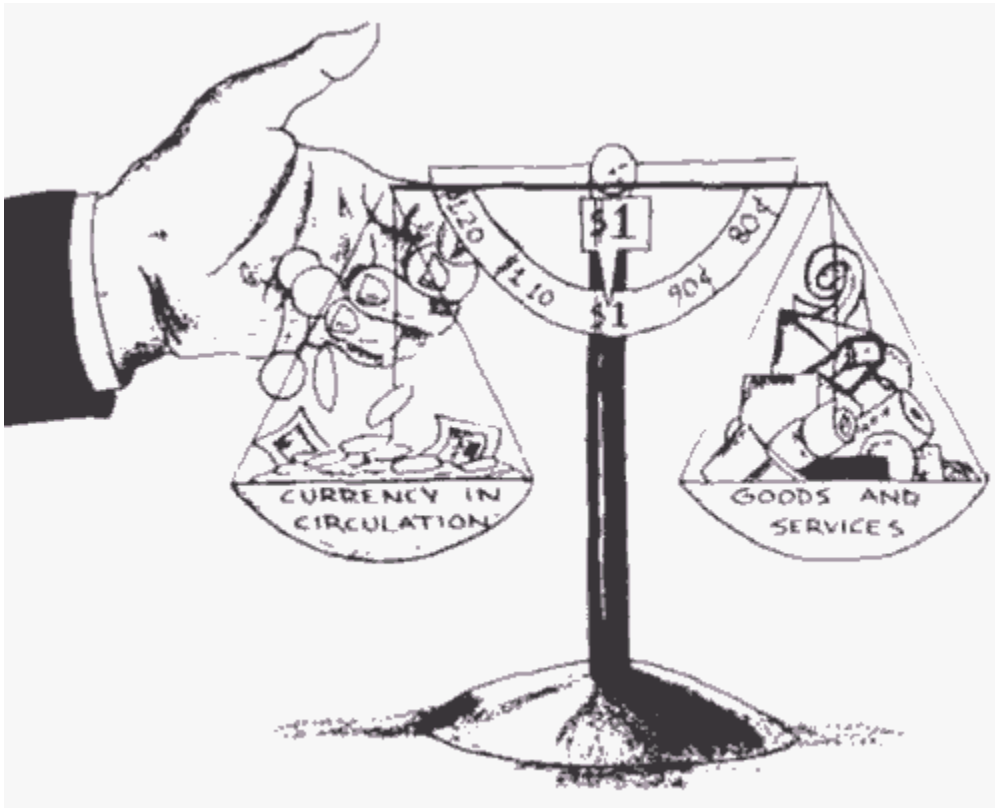
By the issuance of money and credit in the above manner the nation's total money supply can be increased to meet the nation's needs with no disadvantage to anyone and with advantage to all. All will benefit from the increased ease of exchanging goods and services with more money available. **THE IMPORTANT THING IS THAT THE MONEY DOES NOT HAVE TO BE TAXED OR TAKEN OUT OF CIRCULATION TO PAY BACK TO THE PARASITIC BANKERS.** As stated before, it would remain in circulation for generations at no cost to the citizens, except for printing replacements for paper currency as it wears out.

***STABLE MONEY***

Money, issued in such a way, would derive its value in exchange from the fact that it had come from the highest legal source in the nation and would be declared to be legal to pay all public and private debts. Issued by a sovereign nation, not in danger of collapse, it would need no gold or silver or other so-called "precious" metals to back it. As history shows, the stability and responsibility of the government issuing it is the deciding factor in the acceptance of that government's currency - not gold, silver, or iron buried in some hole in the ground. Proof is Canada's currency today. Our gold and silver are practically gone, but our currency is accepted. But if the government was about to collapse, our currency would be worthless. Also, money issued through the peoples' legitimate government would not be under the control of a privately owned corporation whose individual owners benefit by causing the money amount and value to fluctuate and the people to go into debt.

Under the present debt-usury system, the extra burden of usury forces workers and businesses to demand more money for the work and goods to pay their ever-increasing debts and taxes. Since it is a demand for more dollars for the same work or goods, it is a **DEFLATION** of the dollar (erroneously called "inflation" by the money propagandists). Today deflation of money value is totally to the benefit of the money-lenders, since it wipes out savings of one generation, so they

cannot finance or help the next generation, forcing them to borrow from the money-lender and pay him for three houses in order to get one.



With an adequate supply of money, little borrowing would be required, usury would be non-existent, and prices would be established by people and goods, not by debts and usury.

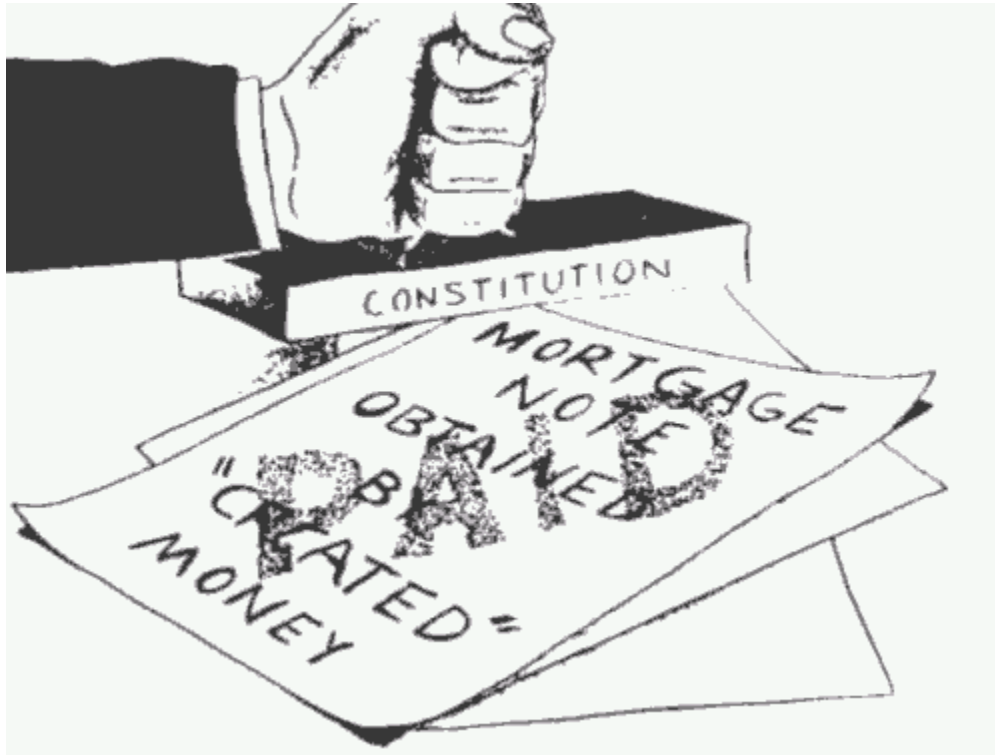
### ***CITIZEN CONTROL***

If the Federal Government failed to act, or acted wrongly, in the supply of money, the citizens would use the ballot or recall petitions to replace those who prevented correct action with others whom the people believe would pursue a better money policy. Since the creation of money and its issuance in sufficient quantity would be one of the few functions of parliament, the voter could decide on a candidate by his stand on money, instead of the hundreds of lesser, and deliberately confusing subjects which are presented to us today. And, since money is and would remain, a national function, local differences or local factions would not be able to sway the people from the nation's (citizen's) interest. All other problems, except the nation's defence, would be taken care of in the provincial and local governments where they are best handled.

### ***A DEBT-FREE CANADA***

With debt-free and interest-free money, there would be no high and confiscatory taxation, our homes would be mortgage free with no \$5,000-a-year payments to the Bankers. Nor would they get \$500 to \$1,500 per year from every automobile on our roads. We would need no "easy payment" plans, "revolving charge account," loans to buy engagement and wedding rings, loans to buy furniture, loans to pay medical or hospital bills, loans to pay taxes, loans to pay for burials, loans to pay loans, and the thousand and one usury-bearing loans that suck the life-blood of Canada's families. There would be no unemployment, inadequate pensions, destitute old people, or mounting crime. Even the so-called "deprived" classes would be deprived of neither job nor money with which to buy the necessities and even the luxuries of life.

Criminals could not become politicians, and politicians would not become criminals in the pay of the Money-lenders. Our elected officials, at all government levels, would be working for the people, instead of devising means to spend more money to place us further into debt to the Bankers. We would get out of the entangling foreign alliances that have engulfed us in two major wars, alliances which even now prevent Canada from preparing its own independent defense policies.



A debt-free Canada would mean mothers would not have to work if they so chose. The added attention they could give to their children would help produce good citizens. At the present time parents are so busy trying to work and make ends meet that far too many children are left to their own designs and are becoming juvenile delinquents. The elimination of the interest and debt would be the equivalent of a 50% raise in the purchasing power of every worker. With this cancellation of all debts, the return to the people of all the property and wealth the parasitic Bankers and their quasi-legal agents have stolen by usury and fraud, and the ending of their theft of \$230 Billion (or more) every year from the people, Canada would be prosperous and powerful beyond the wildest dreams of its citizens today. And we would be at peace! (For a Bible example of cancellation of debts to money lenders and restoration of property and money to the people, read Nehemiah 5: 1-13.)

### ***WHY YOU HAVEN'T KNOWN***

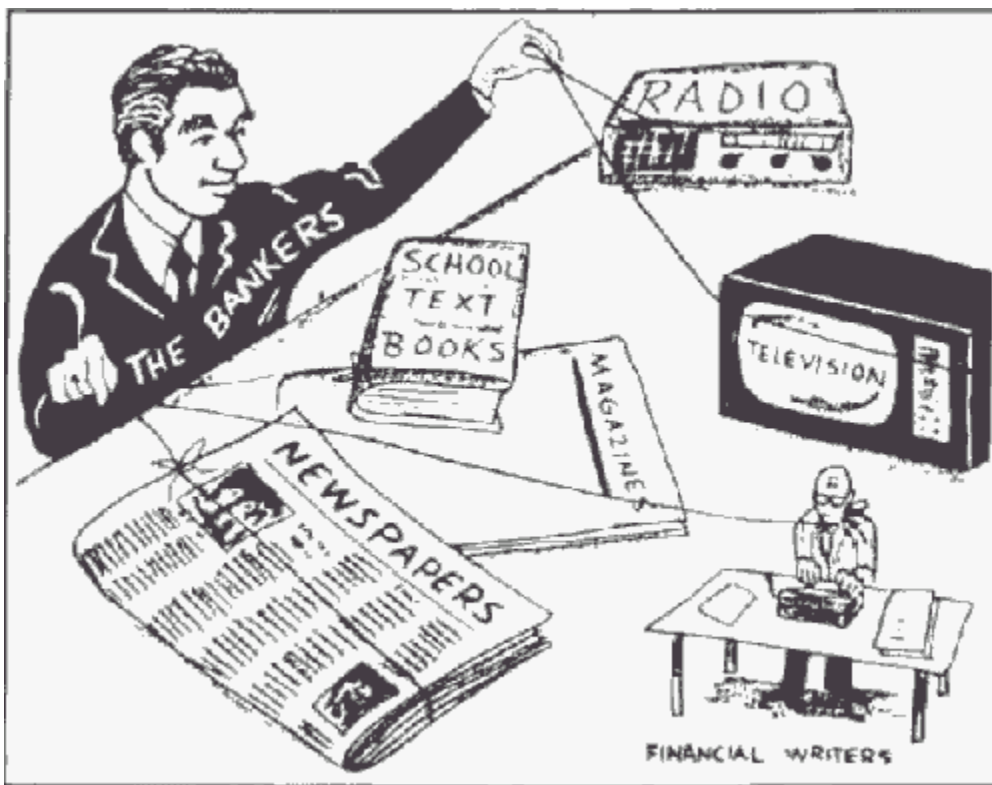
We realize this small, and necessarily incomplete, article on money may be charged with oversimplification. Some may say that if it is that simple the people would have known about it, and it could not have happened. But this MONEY-LENDERS' CONSPIRACY is as old as Babylon, and even in Canada it dates far back before the year 1913. Actually, 1913 may be considered the year in which their previous plans came to fruition, and the way opened for complete economic conquest of our people.

The consPIRACY is old enough in Canada so that its agents have been, for many years, in positions such as newspaper publishers, editors, columnists, church ministers, labour union leaders, movie makers, radio and TV commentators, politicians from school board members, and members of parliament.

### ***CONTROLLED NEWS AND INFORMATION***

These agents control the information available to our people. They manipulate public opinion, elect whom they will locally and nationally, and never expose the crooked money system. They promote school bonds, municipal bonds, expensive and detrimental farm programs, "urban renewal," foreign aid, and many other schemes which will put the people more into debt to the Bankers. Thoughtful citizens wonder why billions are spent on one program and billions on another which may duplicate it or even nullify it, such as paying some farmers not to raise crops, while at the same time building dams or canals to irrigate more farm land. Crazy or stupid? Neither. The goal is more debt.

Thousands of government-sponsored ways to waste money go on continually. Most make no sense, but they are never exposed for what they really are, builders of "billions for the bankers and debts for the people."



So-called "economic experts" write syndicated columns in hundreds of newspapers, craftily designed to prevent the people from learning the simple truth about our money system. Commentators on radio and TV, preachers, educators, and politicians blame the people as wasteful, lazy, or spend-thrift, and blame the workers and consumers for the increase in debts and the inflation of prices, when they know the cause is the debt-money system itself. Our people are literally drowned in charges and counter-charges designed to confuse them and keep them from understanding the unconstitutional and evil money-system that is so efficiently and silently robbing the farmers, the workers, and the businessmen of the fruits of their labours and of their freedoms.

When some few Patriotic people or organizations who know the truth begin to expose them or try to stop any of their mad schemes, they are ridiculed and smeared as "right-wing extremists," "super-patriots," "ultra-rightists," "bigots," "racists," or even "fascists" and "anti-Semites."



Any name is used which will cause them to shut up or will at least stop other people from listening to the warning they are giving. Articles and books such as you are now reading are kept out of schools, libraries, and book stores.

Some, who are especially vocal in their exposure of the treason against our people, are harassed by government agencies such as Revenue Canada and others, causing them financial loss or bankruptcy. Using the above methods, they have been completely successful in preventing most Canadians from learning the things you have read in this pamphlet. However, in spite of their control of information, they realize many citizens are learning the truth. Therefore, to prevent violence or armed resistance to their plunder of Canada, they plan to register all firearms and eventually to disarm all citizens. They have to eliminate most guns, except those in the hands of their government police and army.

### ***TELL THE PEOPLE***

The "almost hidden" conspirators in politics, religion, education, entertainment, and the news media are working for a Banker-owned Canada in a Banker-owned world under a Banker-owned World Government!

Love of country, compassion for your fellow citizens, and concern for your children should make you deeply interested in this, Canada's greatest problem, for our generation has not suffered under the "yoke" as the coming generations will. Usury and taxes will continue to take a larger and larger part of the annual earnings of the people and put them into the pockets of the Bankers and their political Agents. Increasing "government" regulations will prevent citizen protest and opposition to their control. Is it possible that your grandchildren will own neither home nor car, but will live in "government-owned" apartments and ride to work in "government-owned" buses (both paying usury to the Bankers) **AND BE ALLOWED TO KEEP JUST ENOUGH OF THEIR EARNINGS TO BUY A MINIMUM OF FOOD AND CLOTHING** while their Rulers wallow in luxury? In other countries of the world we would call it "communism," while in Canada it is called "Democracy" and "Capitalism."

Canada will not shake off her Banker-controlled dictatorship as long as the people are ignorant of the hidden controllers. International financiers, who control most of the governments of the nations, and most sources of information, seem to have us completely within their grasp. They are afraid of only one thing: an awakened Patriotic Citizenry, armed with the truth, and with a trust in Almighty God for deliverance. This pamphlet has given you the truth about their iniquitous system. What you do with it is in your hands, and in the hands of Divine Providence. "The fear of man bringeth a snare; but whoso putteth his trust in the Lord shall be safe." (Proverbs 29:25)

***May God both enlighten and have mercy on Canada.***

### ***ABRAHAM LINCOLN***

"The money power preys upon the Nation in times of peace, and conspires against it in times of adversity. It is more despotic than monarchy, more insolent than autocracy, more selfish than bureaucracy. It denounces, as public enemies, all who question its methods or throw light upon its crimes." "The Government should create, issue and circulate all the money and currency needed to satisfy the spending power of the Government and the buying power of the Consumers." (Shortly before his assassination): "I see in the near future a crisis approaching that unnerves me and causes me to trouble for the safety of my Country; corporations have been enthroned, an era of corruption in high places will follow, and the money power of the Country will endeavor to prolong its reign by working upon the prejudices of the People, until the wealth is aggregated in a few hands, and the Republic is destroyed."

### ***JAMES A. GARFIELD***

"Whoever controls the volume of money in any country is absolute master of all industry and commerce."

### ***THOMAS A. EDISON***

"People who will not turn a shovel full of dirt on the project (Muscle Shoals Dam) nor contribute a pound of material, will collect more money from the United States than will the People who supply all the material and do all the work. This is the terrible thing about interest... But here is the point: If the Nation can issue a dollar bond it can issue a dollar bill. The element that makes the bond good makes the bill good also. The difference between the bond and the bill is that the bond lets the money broker collect twice the amount of the bond and an additional 20%. Whereas the currency, the honest sort provided by the Constitution, pays nobody but those who contribute in some useful way. It is absurd to say our Country can issue bonds and cannot issue currency. Both are promises to pay, but one fattens the usurer and the other helps the People. If the currency issued by the People were no good, then the bonds would be no good, either. It is a terrible situation when the Government, to insure the National Wealth, must go in debt and submit to the ruinous interest charges at the hands of men who control the fictitious value of gold. Interest is the invention of Satan."

### ***WOODROW WILSON***

"A great industrial Nation is controlled by its system of credit. Our system of credit is concentrated. The growth of the Nation 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 world - no longer a Government of free opinion, no longer a Government by conviction and vote of the majority, but a Government by the opinion and duress of small groups of dominant men." (Just before he died, Wilson is reported to have stated to friends that he had been "deceived" and that "I have betrayed my Country." He was referring to the Federal Reserve Act passed during his Presidency.)

### ***SIR JOSIAH STAMP***

(President of the Bank of England in the 1920's, the second richest man in Britain)

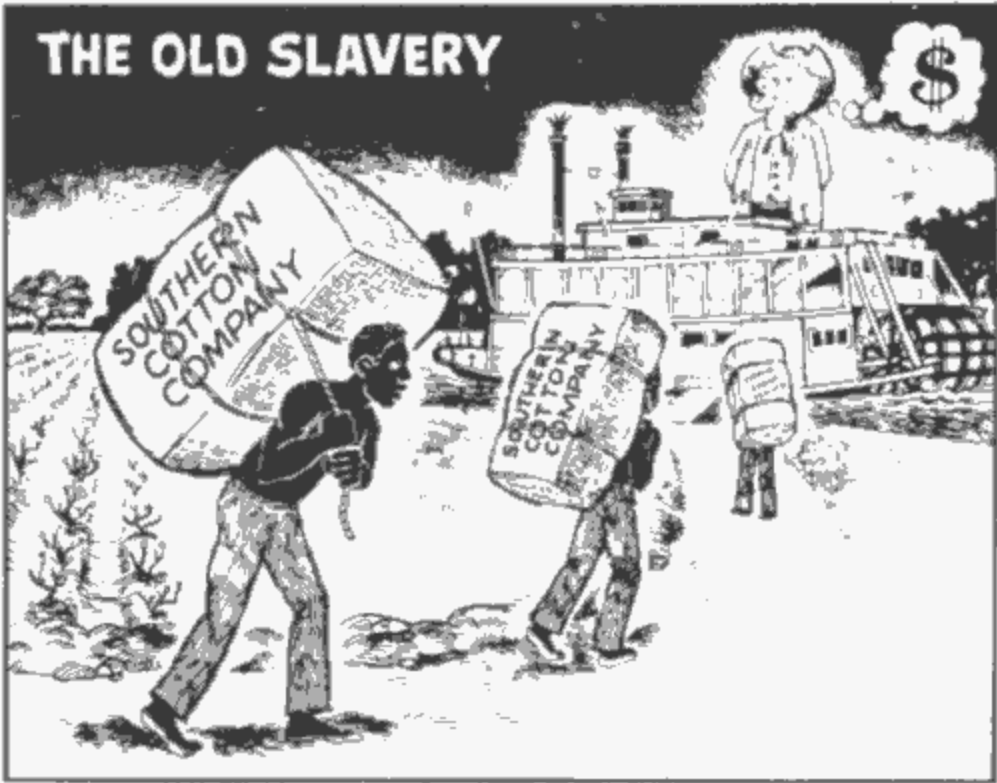
"Banking was conceived in iniquity and was born in sin. The Bankers own the earth. Take it away from them, but leave them with the power to create deposits, and with a flick of a pen they will create enough deposits to buy it back again. However, take it away from them, and all great fortunes like mine will disappear, and they ought to disappear, for this would be a happier and better world to live in. But, if you wish to remain the slaves of Bankers and pay the cost of your own slavery, let them continue to create deposits."

### ***MARTIN LUTHER***

(Martin Luther was strong in condemning interest on money. He said in part:)

"Meanwhile, we hand the small thieves... Little thieves are put in the stocks, great thieves go flaunting in gold and silk... Therefore is there, on this earth, no greater enemy of man (after the devil) than a gripemoney, and usurer, for he wants to God over all men. Turks, soldiers, and tyrants are also bad men, yet must they let the people live, and confess that they are bad, and enemies, and do, nay, must, now and then show pity to some. But the usurer and money-glutton, such a one would have the whole world perish of hunger and thirst, misery and want, so far as in him lies, so that he may have all to himself, and everyone may receive from him as from a God, and be his serf forever."

- Encyclopedia Britannica, page 105



Pope Pious XI said in his encyclical letter **THE RECONSTRUCTION OF THE SOCIAL ORDER**: "This power becomes particularly irresistible when exercised by those who, because they

hold and control money, are able also to govern credit 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 no one dare breathe against their will."

**ENCYCLOPEDIA BRITANNIA:** "For many people this is a difficult idea to accept. In essence the process is simple, but the common tendency to identify "money" solely with coin or currency stands in the way of either understanding or ready acceptance of the idea. It is worthwhile, therefore, to examine the process in more detail and to anticipate and reply to some of the questions commonly raised."

"The great contrast is with lending of the third type, where banks furnish neither their own money nor the money received from others; instead, they establish deposit credit against which the bank's customer can draw checks. These deposits are created as part of the lending operation. New circulating medium thereby comes into existence." \* - Encyclopedia Britannica, page 105

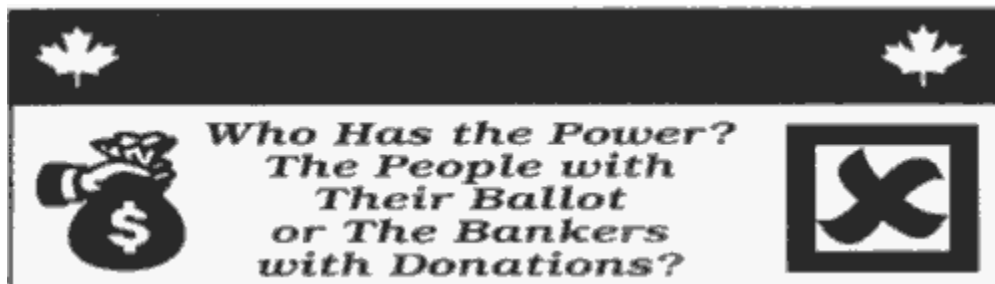
**MARRINER ECCLES** (Chairman of the Federal Reserve questioned by Representative Wright Patman on September 30, 1941, before the House Banking & Currency Committee):

**Patman:** Mr. Eccles, how did you get the money to buy those two billions of Government securities?

Eccles: We created it.

**Patman:** Out of what?

Eccles: Out of the right to issue credit money.



### ***HOW IT HAPPENED - THE GOLDSMITH***

Here is a short and simple story. It may be called a fable, but it is true in its portrayal of how our present monetary system evolved. A certain rich man wanted to go abroad for a two-year vacation. He owned in cash ten thousand shekels of gold. He could not take the gold with him because of its weight and the danger of being robbed; so he went to a goldsmith to ask whether he could leave his gold with him for safekeeping. The goldsmith, who had a large security vault, wanted to be paid to keep the rich man's gold. He asked for 10% - or 1,000 shekels. The rich man readily agreed to deposit his gold with the goldsmith and left on his trip abroad.

As soon as the rich man had left his gold and departed, the goldsmith told his helper to go and spread the word that his master had a few shekels of gold to loan to financially secure customers at 15% interest. Soon the borrowers came. One wanted fifty shekels, another one hundred, etc. In all cases the goldsmith wanted collateral as security. If the borrower defaulted, he would lose his collateral such as a house, a farm or business.

However, to the goldsmith's surprise most of the borrowers did not take delivery of the gold. Instead, all they wanted was the goldsmith's receipt saying "I owe you x number of gold shekels" which could be used to claim the gold when they wanted it. In modern terms they had what we call a demand deposit.

As the days proceeded, the goldsmith had loaned out his 1,000 shekels which were drawing 15% interest. Yet to the goldsmith's surprise nearly all the shekels were still in his vault. The only people who took their gold were a few of the small borrowers. The others wanted only receipts (IOUs) showing that the goldsmith held their gold and that they could have it when they needed it.

As time went on, the goldsmith found that the people were accepting his receipts (IOUs) in payment of goods and services rather than using the gold. When the occasional person did claim his gold and used it for the payment of goods, etc., the one who received the gold brought it back to the goldsmith for safekeeping and accepted an IOU.

This gave the goldsmith a terrific idea. If only the occasional person wanted the gold, and even then most of it would come back in a deposit, he could loan out the rich man's 9,000 shekels and collect interest on them for the next two years, as well as loan out his own 1,000 shekels and collect interest on them. Even if the rich man should come back sooner than expected, the goldsmith could pay him his 9,000 shekels, and the people who were using the goldsmith's IOUs and paying him interest would not even know the gold was no longer there.

So he proceeded to loan out the rich man's shekels and to his delight nearly all the rich man's gold stayed in his vault as did his own 1,000 shekels. In other words, the people were satisfied to use the goldsmith's IOUs as a medium of exchange believing that the gold was there if they wanted it.

When the rich man did return, the goldsmith paid him his 9,000 shekels. The 1,000 shekels of his own was enough to pay the occasional person who wanted gold, and he found that even most of that came back to him as a deposit for safekeeping. So now he was collecting interest of \$1,500 on 10,000 shekels every year when he had only 1,000 shekels, or 10%, in reserve. (continued on next page)

**After a time, when the goldsmith** was convinced that his customers did not want what he owed them, namely gold, except in rare cases, but that they were willing to pay him interest on his IOUs, which were supposed to represent gold, this gave the goldsmith a brilliant idea. He thought that if the people are willing to pay him interest on the money he owes them, namely, on his paper receipts (his IOUs), he could become the richest man in the entire world.

This was too good to be true. Sooner or later some smart fellow would find out what he was doing and tell the king. And once the king would realize that he could issue his own paper receipts (IOUs) to pay for his government's expenditures, he may even go so far as to issue enough receipts to supply the whole economy. If this were to happen the goldsmith knew his profitable game would be over.

So the goldsmith set out to find the wisest man in the village and told him his story of how he could become the richest man in the world if only there were some way that he could get a monopoly on the storing of gold as a reserve and on the issuing of paper receipts (IOUs, or in other words, paper money) and the loaning of them for the purpose of collecting interest. The wise man said, "You know, that may just be possible while the king is still ignorant about money matters. The king like everyone else runs short of money. When he does and he comes to you to borrow money, you ask the king to give you, as the goldsmith, the exclusive right to issue paper receipts (your IOUs) against

gold reserves. However, it may be wise for you to include the rest of the goldsmiths in your scheme. With their support the extent of your profits and power will be unlimited. Once you and the other goldsmiths have the exclusive right to issue all the paper receipts against the gold reserves, then your IOUs will become paper money."

The wise man warned, "Never issue interest free paper money with which people can pay their interest. They must pay the interest with GOLD. This will soon put all the gold into the hands of the goldsmiths. Then no one, not even the king, can issue paper money, simply because he will have no gold to use as reserves. Furthermore, once the people have used all their gold to pay interest, they will have no choice but to pay the interest with the principal of paper money they borrowed from you, or to borrow the money to pay the interest. Therefore, you (the goldsmiths) must be sure never to pay your expenses, nor build new buildings with newly created money, because money spent into circulation will be interest free and could be used by your borrowers to pay their interest. This would make the system work without creating a shortage of money. However, if no interest free money gets into circulation, then your customers have no choice; they must pay you the interest using some of the principal they borrowed, or borrow the money with which to pay the interest. **THIS IS COMPOUNDING.** In either case a shortage of money will continue to be created because the payment of interest will reduce the money supply and will force the people, the businesses, and finally the government into a debt they cannot pay. This will mean you can foreclose on the collateral (houses, farms, or factories) of individuals and businesses and you will have control not only of all their money but of their property as well. The government will become nothing but a tax collecting agency with the purpose of levying taxes on the people to pay you interest on the government debt. Finally, you can get control of even the government. The government must do your bidding, and your system will be secure. The government will be acting on your behalf rather than on behalf of the people."

The goldsmith said, "Oh my, oh my, oh my, you are a wise man. Thank you, thank you, thank you. Should you ever be in need of money, just come to me and I will repay you well." Here the fable ends. Whether the goldsmiths acted on the advice of the wise man or on their own initiative matters little. The fact remains that this evolved into our present banking system. The evil of not being able to pay both debt and interest is still with us, and has now grown into a MONSTER threatening to destroy our economy and our country. Once the goldsmiths had the exclusive right to issue all paper money (IOUs) against gold reserves, our modern banking system came into existence.

The 1965 Encyclopedia International under "Money and Monetary Systems" says:

The goldsmiths learned from experience that although their notes were payable on demand, in practice not every noteholder came in to ask for redemption at once. As a result, the goldsmiths always had a stock of metal on hand. Taking advantage of this fact, they wrote extra notes to borrowers. The goldsmiths thus created money by writing notes against which they had only a fractional reserve. Thus began the banking business, and for a long time anyone could become a banker just as easily as he could be a grocer or a barber.

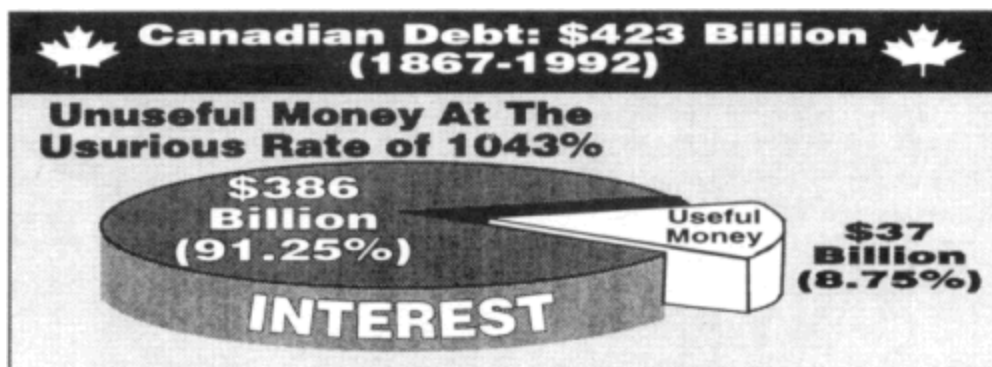
The large banks, however, were government-chartered. The earliest ones include the Bank of Sweden (1656) the Bank of England (1694), and the Royal Bank of France (1716-20). They issued bank notes just as the goldsmiths did, and these printed notes circulated nationally, like today's paper currency. (pp 212-213)

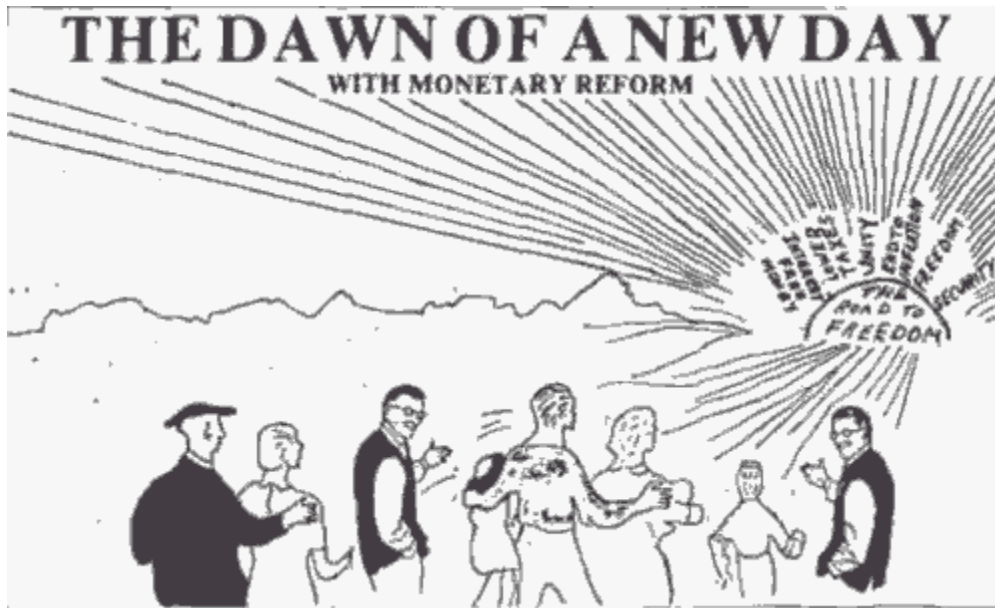
**Our present banking system was born in fraud**, deceit and treachery. It has been perpetrated in the same manner as the goldsmith buying the favor of the king. Now the bankers, through their political donations, are buying the favor of the government.

Here are a few statistics:

	<b>LIBERALS</b>	<b>CONSERVATIVES</b>
<b>1989</b>	\$237,609.59	\$231,188.46
<b>1990</b>	\$256,202.44	\$234,997.33
<b>1991</b>	\$237,797.17	\$236,686.52
<b>1992</b>	\$244,301.54	\$242,093.04
<b>1993</b>	\$450,424.60	\$469,147.45
<b>TOTAL</b>	<b>\$1,426,335.34</b>	<b>\$1,414,112.80</b>

We have all heard about the concentration of wealth in Canada where so very few people own and control most of the assets of the country. The above statistics only show the donations made by the Chartered Banks to the two political parties. This is only a fraction of the donations which come from the corporate sector - many corporations, of course, have interlocking directorships whereby the same officials serve on the Board of both corporations and the banks. Together with the political donations of these corporations and the individual donations of those who serve on them, these funds make up the majority of the election "war chests" these parties use to gain and maintain power. It is little wonder then that each successive government manages to protect the interests of the bankers who got them elected. Before we allow cuts to any more important programs shouldn't we ask why our way of life is being sacrificed for the sake of compound interest agreements between bankers and their friendly politicians?





In years gone by, when someone advocated monetary reform, he was immediately ridiculed and branded as a crackpot or "funny money" advocate. However, those days are gone. Most people today know that there is something wrong with our monetary system. When they see the value of money fluctuating - going up and down like a yo yo - they know there is something wrong. They may not know the nature of the problem, but they know that there is no stability in our money.

Most people look upon money as a medium of exchange. But, money is more than a medium of exchange. It is also a measure of values, a standard of deferred payment, as well as a store of values. Therefore, if money is to be a true measure of value, it must have stability.

You can imagine what would happen if the pound was 16 ounces one day and 12 or 14 ounces the next day; or if the foot had 12 inches one day and 10 inches the next day. The same applies to the gallon measure. If this was done, chaos would follow. The same applies to money. Saving, borrowing and repayment become a highly risky business when money is unstable. We see what confusion was caused by changing to metric, although at least this was one stable method to another and there was no fluctuation in either system. No, there is no doubt we must bring back stability into our monetary system.

But at last news is coming from an increasing number of economists who are advocating a sound and stable monetary system. The governments made a bad decision back in 1936 when two systems were offered to them. One was by John Maynard Keynes, the other by Irving Fisher. Keynes wrote a book called *The General Theory of Employment, Interest and Money* in which he advocated that the government should borrow huge sums of money and then spend this money on a public works program. He called it priming of the economic pump to get the economy rolling again.

Irving Fisher, an economics professor at Yale University, also wrote a book about the same time called *100% Money*. In this book he advocated that the government should issue our money rather than let the banks create the money and have the government borrow it and pay interest on it as Keynes proposed. This is so important, let me repeat it. Fisher advocated that the government should issue the money, thereby creating neither debt nor the burdensome interest which must be paid through taxation. Had we followed Fisher rather than Keynes, Canadians would be in clover today.



Irving Fisher was not the only one at the time advocating that the government issue our money supply. Government issuance of the money supply was also advocated by the Chicago Group of economists. This group was comprised of Professors Harvey Simons, Lloyd Mints, A.G. Hart, Frank Knight, Garfield Cox, Henry Schultz and Paul H. Douglas. There are so many economists, businessmen and even former bankers in the U.S.A. now supporting this view that space does not permit the publishing of all their names.

There is one more outstanding economist who has backed monetary reform. It is Nobel Prize winner Milton Friedman. He wrote a book in 1960 called, *A Program for Monetary Stability*. On page 65 he stated that he was in favor of what Henry Simons and Lloyd Mints were advocating, that is, 100% reserve. In other words, he advocated that governments, rather than private banks, issue the money supply.

We also have some outstanding Canadians advocating the same. John Hotson, Professor of Economics, University of Waterloo, Professor Gordon Borham of the University of Ottawa, (*Economic Thinking in a Canadian Context*, page 589), and Professor Warren Blackman of Calgary University.

### ***THE NEED FOR ELECTORIAL & PARLIAMENTARY REFORM***

You may have wondered why the people of Canada have not done anything to change this financial dictatorship. The reason is quite simple. The establishment has made you believe that we have a democratic form of government, when in reality we have not only a financial dictatorship but a political dictatorship as well. Every four or five years we have an election. From the time the writ is issued until you have elected a party to power you have the democratic right to vote for the party of your choice. But, as soon as you have elected a government, and it does not matter which party is elected, you have a dictatorship until the next election.

Here is why. In our so-called democracy, the people of the different parties elect their leader. When the party gets elected, the leader of the party becomes the Prime Minister and has the right to choose his cabinet. The cabinet is in reality the government. The Prime Minister can fire any cabinet minister which he himself has chosen if the cabinet minister does not agree with him. This makes him a dictator, no less so than Hitler, Mussolini or Stalin, for that term of government. If you do not like the dictator you have, you can elect a new dictator in the next election, because no matter which party you elect, the leader of the party then becomes a dictator.

If we want true democracy, this must be changed. The power to choose the cabinet must be taken out of the Prime Minister's hands and put into the hands of parliament, namely, the elected members of parliament. In a city government, the mayor is not a dictator because the council decides who the different committee members shall be. With such a change a situation such as Prime Minister Mulroney firing his cabinet minister because he voted against the language bill. Bill 72, could not happen, unless the majority of the elected members agreed. Then you will have True Democracy.

### ***PARLIAMENTARY REFORM***

The duration of a parliament will be clearly defined and general elections for its renewal will be held on a fixed date, unless a majority of the Members of Parliament express non-confidence in a specific vote on the credibility of the government.

Members of Parliament would thus be free to vote on bills according to their conscience and constituents because their vote would not threaten the future of the government.

We should have a Triple E Senate, representing the interest of all provinces in Ottawa, with equal representation from each province.

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