

# Banks' Super Profits Attacked

THE PLAN TO re-balance the market with "the commons" took a step forward in London in June when James Robertson launched an attack on the way banks exploit their power to create money "out of thin air", writes *Hugh Fraser*.

He delivered a lecture promoted by the New Economics Foundation, to compete with the annual speech to the City of London by Britain's Chancellor of the Exchequer, Gordon Brown.

NEF Director Ed Mayo said that economic reform was made necessary not so much by failure of the market as by the failure of the state to fulfil its obligations. "Re-balancing the market with the commons is the big idea behind the new economics around the world," he said. Mr. Robertson's speech launched a new report which he had prepared with Joseph Huber of the Martin-Luther University in Halle, Germany.\*

Mr. Robertson said that British banks were making £21 billion in super profits. Because commercial banks rather than the Bank of England were allowed to expand the money supply by creating credit, the annual loss of public revenue was estimated at £45 billion. If the Bank of England had the sole right to create credit, it would be possible to reduce income tax by 12p in the £.

Worldwide, the private creation of credit gave banks super-normal profits of \$140 billion every year. "With a free lunch on that scale, it is no wonder that some of the cats look rather fat," declared Mr. Robertson.

Mr. Robertson said that the central bank should have sole right to decide how much credit should be put in circulation. He regarded this reform as a parallel one to the public sharing of the value created by nature and society.

In his book, Mr. Robertson urges the advocates of land taxation and of monetary reform to collaborate rather than to dispute which of the two reforms was the more important. He saw parallels between the two proposals, one of which was that these reforms would smooth out the peaks and troughs of economic cycles. Another was that the revenue from seignorage – the public creation of money – and land value taxation, would make it possible to reduce other taxes.

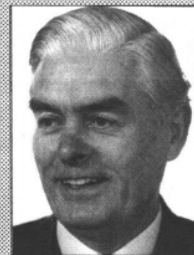
Describing the tax system as perverse, Mr. Robertson pointed out that the government was correct to raise £22.5 billion by auctioning radio spectrum licences. But he also recommended that government should raise revenue from the increased value of land that was created by the extension of the Jubilee underground rail line.

\* Joseph Huber and James Robertson, *Creating New Money*, London: New Economics Foundation, £7.95.

# PERSONALLY SPEAKING

## The Synergy in Society

### KENNETH JUPP



**M**ISSING IN POLITICS, and therefore in government, is an understanding of the simple truth that all individuals are different. Their fingerprints and DNA codes demonstrate this. Every bit of the national territory they inhabit is no less individual and different, as shown by the astonishing variations of climate, fertility, air, sunshine, water, and density of population.

The hallmark of truth is simplicity, and for this the metaphysical viewpoint is important. It simplifies what would otherwise be complicated: and the simple fact is that humanity and the earth are two living creatures, whose *synergy* – their combined energy – produces wealth. Yet one and the same power animates both. The power and the glory of the Absolute are reflected in humanity, and in the rest of Nature – but unequally. Justice is the matching of the two.

Man is dependent on the earth for food, drink, clothing and shelter; and the earth is the one and only source of all the materials used in making the amazing variety of artefacts which have graced different civilisations all over the world since the beginning of time. But only recently has Mankind awakened to the fact that with modern technology they have been destroying their precious source of material at ever increasing speed. Man has plundered the earth for its minerals, poisoned its surface with industrial waste, and its atmosphere with nuclear emissions, endangering many of its animal species in the process, and even exterminating some. To crown it all, millions of human beings born upon the earth and dependent upon it for their sustenance have been cast out into want, starvation, and disease through being deprived of any right of access to the earth's rich resources.

International conferences are organised to debate global warming, conditions in the third world, destruction of the environment, and regulation of pollution. A variety of movements have sprung up to protect animals, preserve trees, rescue declining species, give aid to the poor and so on. The debate goes on, and will go on interminably in the search for a new way of working.

Yet nothing new in the way of working is needed. Through his greed and arrogance Man has violated the earth by working against

it. Yet the secret of a good workman is and always has been that he understands his material, and is in sympathy with it. He works with it rather than upon it, and certainly never against it. This is obvious to those who live in close contact with the earth and its materials. Every good farmer or stockbreeder, horticulturist or gardener, has a feeling for the earth, and for what it does for him. He co-operates, making a synergy of his work and the work of nature: a combination of energies, a joint effort. This is nothing new. The carpenter or joiner, the sculptor or painter, well know, understand, and work in sympathy with their material. It is not so obvious, but is nevertheless also true of those who work with human beings: teachers with the efforts made by their pupils, physicians with the inherent natural powers of their patients. Salesmen too work in sympathy with their customers, and customers with their suppliers. The scientist or engineer making a heavier than air flying machine, might appear to be defying and overcoming gravity. But the appearance is deceptive. In fact he works with gravity and the other forces of nature to achieve airworthiness.

The emphasis on this simple fact is necessary because so much useless effort is lost today, in going against Nature. It is a characteristic of twentieth century governments the world over. The synergy of labour with earth creates wealth. But the extent to which any individual can avail himself of material with which to work depends entirely on what is available to him in the position he occupies. So does the extent to which he can co-operate with his fellow creatures, whether as co-partners, suppliers, customers, advisers or whatever. This is a vitally important phenomenon, which everyone except the wilfully blind can see, but which governments simply do not take into account.

If a family is not positioned in the nation's territory where they can use the resources of Nature and the Community, not only does the nation lose the contribution the family might have made to the gross national product, but it has to carry a heavy burden of taxation to support families who could easily support themselves. How many politicians see this? Plans to help the poor are a complete waste of time if they do not provide for each family having space in which to live, and space from which to get a living.