

Submission No D240

R M (Rod) Linger
119 Wet Caves Road
Caveside Tas 7304

1 July 1999

Fax: 03 6367 8173

Productivity Commission

Re: Public Hearings on Impact of Competition Policy Reforms on Rural and
Regional Australia

Following point was amended

8. Once one gains a grasp of the present fatally flawed monetary system, and along with that an understanding of how an honest monetary system should work, in accordance with God's Laws, which forbids the charging of usury (interest), then it becomes very difficult to come to grips with the rationalise of the architects of National Competition Policy. Rather they remind me of a dog chasing it's own tail, I don't think they'll know what to do if they catch it! Maybe NCP should be re-named National Co-operation Policy. With a change in direction to reflect that change.

Some further information will be presented at the public hearing.

Yours Sincerely

Rod Linger.

Supplement to Point 3

So that we all understand the methods by which money is created and destroyed, and the reasons that the present system demands that banks bankrupt as many people as possible I will explain the system as I understand it.

When a bank loans money it does not loan peoples' deposits as many believe, the banks always issue new credits. In the case of unsecured loans these new credits may be backed by people's deposits but the actual deposit itself is never loaned out. In the case of secured loans these credits are backed by some valuable asset or other, generally a house or land, banks seem to love real estate as security. In this latter case, supposing I am the borrower, I go to my bank manager with the deeds to my property, these I hand to my bank manager and the bank effectively takes ownership of my property. Note at this point, the bank did not pay me for my property, did not pay tax on the value of it, and did no work to compensate me for my property, I simply gave my property to my bank. In exchange my bank manager establishes a deposit in my cheque account for an agreed sum. This deposit in my account becomes a liability to the bank, but the means of paying this liability has just been created out of nothing simply by adding the value of my property to the assets of the bank, so that when I walk out of the bank, having established a loan in this manner, I am richer by x amount, but nobody anywhere is a corresponding amount poorer. Some will argue that this is not money, yet once I spend it into circulation the one receiving it does not realise that. He may deposit it in his account or he may exchange it for notes and coins. This he is able to do. But either way the total amount of money in circulation has just been increased by the amount that I borrowed. I am then required to pay interest on the credit borrowed from the bank, so that over a period of time I may be required to pay back to the bank two or three times as much as I originally borrowed, but don't forget that only the amount of the original loan was ever put into circulation, the extra amount required to pay the interest was never put into circulation, meaning that it is an absolute impossibility for every borrower to pay back the full amount of their loans plus the interest, simply because the money to pay the interest never existed in the first place.

We should at this point look at the way money is destroyed, or as it is properly called, the credit is extinguished.

When at the end of the loan period, assuming I was one of those that worked hard enough or was extremely lucky or operated dishonestly enough to have managed to pay the interest demands of the bank and still come up with enough spare to pay off the original principal of the loan on that final wonderful day that I walk into the bank with a nice fat deposit in my account and write out a cheque for x amount, pay off the original loan amount and take back control of my deeds to my property, when I walk back out of the bank I have just become x amount poorer yet nobody anywhere is a corresponding amount richer. The credit creating ability has been taken away from the

bank, the credit has been extinguished and x amount of money has disappeared from circulation. This process explains the Boom-Bust cycle.

This process is quite different to the one when private individuals lend one another money. In this case the lender is poorer and the borrower is richer by the same amount and vice-verse when the debt is repaid.

Back to the banks. Now don't forget the interest the banks charged. If it didn't exist where did it come from? It came from the credits they created in the first place, so naturally not every borrower can possibly find the money to pay the total debt, so some will just have to be bankrupted; and be forced to default on the payment of some, or all, of the principal. The system demands it. When this happens what happens to the original credit that was created by the bank? It is written off as a loss by the bank and remains in circulation as money. This is the tricky part. Don't forget the bank has already taken possession of it anyway, supposedly as "legitimate income" (interest etc). When the bank writes off the default credit the bank can use it to offset so-called "legitimate income" by claiming that the default is a loss, thereby keeping an equal amount of income tax free. Don't forget however, that had the principal been paid off it would have been extinguished and removed from circulation. This other way the bank gets to leave it in circulation and keep what they created out of nothing and what's more keep it tax free. Also note that in the case of a secured loan default the bank takes possession of your asset and sells it off to recover the principal. In this case the bank never seems to mind how much under value the asset is sold for, any shortfalls are still regarded as a liability of the borrower, yet anything received up to the liability, is regarded as return of capital, and again kept by the bank and not shown as income. But remember the bank had not paid for the asset in the first place, so it was never theirs, so anything they get is tax free income. Again the original credit is never extinguished. Is it any wonder the banks would rather bankrupt you if at all possible rather than assist you to pay off the principal?

When a Government can not raise enough funds from taxes to fund all Government spending, they borrow, to do this they issue bonds which the banks use as collateral and issue credit secured by the bonds. Again money is created out of nothing and interest is charged. To get the money to pay the interest Governments are forced to increase taxes, reduce spending or borrow further. As all tax dollars only exist as a result of debt, increasing taxes only adds to the overall national debt and removes purchasing power from the hands of the nations consumers thereby forcing a push for higher wages to overcome the shortage, which adds to inflation, or lowers the living standards of the public, if not adequate, which it never is. If governments reduce spending, this again takes purchasing power out of the hands of consumers and at the same time reduces services available to the people. Again a lowering of living standards.

If Governments increase borrowing, there may be a short term rise in living standards but to service the debt Government must again raise taxes or reduce spending or borrow further so we end up worse off than ever.

There is another alternative, that is to sell off some of the assets we already own, like TELSTRA, or the Railways or Qantas or the Commonwealth Bank, this again may lead to a short term increase in living standards, but then you find you've disposed of your income earning ability but you still haven't cleared the total debt and what's more these valuable assets are generally bought up by some International Corporation that doesn't pay any tax (due to the 1953 Double Taxation Act). So again we the people are worse off than ever. At the moment Governments seem to be running around "like chooks with their heads cut off" trying all these means to get us out of the economic mess they've gotten us into, but nothing is working. Are you yet starting to work out why nothing is working, and why it never will while this crooked monetary system operates? Or do you understand full well just how the system works? as I believe does Little Johnny, but you have no intention of changing anything, after all, if you are enjoying the great benefits of the fraudulent system there is little incentive to change it is there. This system just takes all wealth from the ones that produce the wealth and gives it to those that do nothing productive at all. Yet the "architects of NCP" have the absolute gall to suggest we have to become more productive and more competitive in the productive sector. Australian farmers in particular are already accepted as the most efficient farmers in the world, but its still not good enough for the likes of these economic illiterates.

I am convinced that if these competition policies are continued with, then the lowest common denominator will prevail, and our living standards will be lowered to that of Third World Countries, in the nation that less than 100 years ago had the highest standard of living in the world. It's far from that now, unemployment and homelessness is at a all time high, I believe. Although it's hard to get a true indication of the unemployed because Governments use all sorts of means to fudge the figures to make it look better for themselves, for instance anyone on unemployment benefits is not shown as unemployed if they have done one hour of work in a week. When I first went out to work in the '60s anyone that did not have a 40 hour a week job was regarded as unemployed.

Supplement to Point 4

Let us imagine for a moment that the objectives of NCP are able to reach their absolute full potential, 100% efficiency, and every conceivable consumable commodity is able to be produced without the expenditure of any human effort whatsoever. Everything has been automated. All the decisions are made by some super human computer, all the labour is carried out by robots that receive their directions from the master computer, all transport has been automated and again receives its direction from the master computer all the produce is automatically collected from the production centres out in the country (where nobody lives anymore, as no labour is required there, so all the country people have moved to the habitation centres on the coastal regions). The goods are then delivered untouched by human hands to the habitation centres where all the humans live. That is the few that are left, because most have either scratched one another's eyes out or died from boredom, these few now live in little boxes all the same, and the humans are by now the strangest looking creatures, resembling some imaginary alien being, with large heads with big eyes and scrawny bodies with no muscles. This has come about from years of inactivity, doing nothing but watching TV, playing video games and probably too much homosexual activity and drug use, and of course they can't afford food anymore, even though there is plenty of it available. These strange beings can't get work now days. There are no jobs for humans anymore. But the system demands paid work so they can have access to the goods being produced, however the only jobs going are for computers and robots and they're prepared to work for nothing, so its very hard to compete with them, they don't eat food and their only needs are provided by other computers and robots. The humans can't get welfare anymore that ceased when everyone stopped paying taxes even GST didn't help because no one could afford to buy anything anyway. Even the few large corporations that for a while owned everything (and didn't pay any tax anyway) finally went under, their directors were replaced by computers, and eventually to improve efficiency the computers jobs were handed over to the one super computer that controls everything. The whole world is now 99% efficient. The one thing that is spoiling things are those few humans that are left after all they serve no practical purpose and it's just terrible to take away from the environment just to provide for them. At this point the master computer decided that the remaining humans should be extinguished and it was done, the unnecessary robots were decommissioned and the mission was complete. 100% efficiency had been achieved.

This may be a fable, but I believe it indicates what NCP will achieve if allowed to continue.

Supplement to Point 7

I suggest that the Australian Government establish a National Credit Authority. This could be the Reserve Bank which should have the authority to issue the nations credit debt-free at the direction the parliament operating along similar lines to the original Commonwealth Government Bank.

This could be used to issue credit to equal the shortfall inherent in the present system, and also over time to eliminate the current debt which has grown, from around A\$3 Billion in 1973, to somewhere around \$230 Billion now I believe.

Even the sale of the first part of Telstra only halted the debt spiral for less than 12 months, the total debt has now grown back to a level greater than the level prior to the Telstra sale. This debt growth can never be stopped while the present debt-usury money system is the only one operating, as we are required to borrow into existence the money to pay the interest on the previous debt which then becomes a debt in itself, and the whole debt grows exponentially.

The reason Australian governments over the last 50 years or so have chosen not to use this debt free credit facility that is clearly available to them defies logic. Any thinking person is forced to draw the conclusion that those that are in positions of influence are either economically illiterate, or traitors, or a combination of the two.

There are those that will say I'm espousing the printing of money and that would cause inflation. Well the fact is printing money or issue of credit, there's no real difference, is being done on a massive scale anyway, but it's being done by the private banks and increasing our debt and that should be stopped. Just look at the Reserve Bank financial aggregates and you'll find that in March 1998 when the private banks held less than \$21 Billion in currency, that they were actually issuing credits to the value of over \$530 Billion, a ratio of 25.31 to 1. This then results in people having deposits of over \$332 Billion, note that the M3 figure rose by over \$30 Billion during 1997. If that isn't printing money I don't know what is. But it's probably true to say that "The fear of inflation is more destructive than the fact" it's more important that the supply of money is equal to the demand for it. But the money must be put into circulation without increasing our debt.

Let me tell you about the experience of Guernsey Is. In 1815 they wanted to build a market place that was going to cost 5500 pounds. Now their local government only had 1000 pounds of English money but they didn't want to put their small population into debt to provide what they wanted, they had all the materials and the manpower needed, all they lacked was money. What they decided to do was to get the printing press going and print 4500 pounds of their own money, this was done and the work was carried out. All the materials were paid for and the builders were paid to do the work and the printed notes went into circulation as money and the people could use it

to buy other goods and services that they required. Now what the planners had done to ensure that their country did not become flooded with worthless cash was to extinguish the money they had created. This is how they did it. At the completion of the job rent was charged for the use of the market place, which the people didn't mind at all because they now had a wonderful facility that they had always wanted, but thought they couldn't afford. So at the end of every year following the construction, a certain amount of this money that they received as rents was extinguished simply by taking the notes and throwing them in the incinerator. Now this went on until finally the entire amount that had been printed in the first place had been destroyed. But the strange thing was that they still had their market place, everybody had been paid, all the materials had been paid for and they had no debt as no interest had been applied for issuing the credit of the country. This true story well describes the nature of money. Guernsey Is. still to this day issues a part of its own money supply and they have no debt and no unemployment.

Britain from the signing of Magna Carta in 1215 to the founding of the Bank of England in 1694 had an inflation free economy, for over 500 years; while the tally stick money system operated exclusively, the price of a loaf of bread did not increase. Usury was out-lawed and punishable by death according to Magna Carta. The middle ages are sometimes called the dark ages, but in truth they were anything but dark ages. The average family man could provide for his family (and there were no contraceptives back then) all they required by working an average of 14 weeks per year and they were well clothed, well housed, and well fed. This was the period during which most of the great cathedrals and chapels were built. We saw evidence of this just recently when Prince Edward was married. Men had time to spare, after their requirements were met, to devote to community projects it was in reality a prosperous age and this was before the industrial revolution 1750-1850.

But all this prosperity ended in 1694 when the Bank of England was formed by William Patterson, (who incidentally was a former pirate of the high seas, they haven't changed much have they). At this point the Bank of England issued credit to the Earl William of Orange and charged interest on it. Gods Law was broken and the debt spiral began. I recently came across this short statement:

An examination of history will show that every large empire of the past crashed largely due to the interest and debt system, and that no empire of the past endured for much more than 300 years on such a system. It takes just about that long for the greater part of the wealth of a nation to be accumulated into the hands of a very few people. The masses, being impoverished, rise up in rebellion and the economic system crashes, and with it, the Government. Interest has now been legal in Britain for over 300 years. It became legal in the time of William of Orange around 1670. He signed a note for money he borrowed and agreed to pay interest. With the legalizing of interest there came also into being our National debt.

Our forefathers in inaugurating legalized interest have passed on to us a burden and a curse, which we in turn add to and pass to our children as an inheritance.

Man Thinking

At this stage it seems that our debt system is on borrowed time. We are seeing the collapse of National economies all around us. And Australia, contrary to what our illustrious leaders would have us believe is on a downhill roller-coaster we are now one of, if not the, most indebted nations on earth, on a per capita basis. This doesn't make any sense at all, when according to a World Bank survey reported in the papers in September 1995. They did an appraisal of mineral resources, assets and industrial developments of 192 nations across the face of the globe which found that on a per capita basis Australia was the richest nation on earth, with a per capita wealth of \$835,000 American which with the exchange rate would have made it over \$1 million Aust = a family of 4 should be worth over \$4 million. Next richest nation was Canada \$704 thousand in 3rd place was Luxembourg and the United States came in in 12th place.

So how come the richest nation on earth can have so much debt, we cant afford this, we cant afford that, reduce education, reduce police forces, reduce health standards, illiteracy on the rise, crime on the increase, people dying because they cant afford health care, we cant do this or that because we haven't got the money.

What an absolutely preposterous lie! I suppose at this stage I'll be labelled a conspiracy theorist. Let me quote what Dr Edwin Vieira has said "The establishment will always ridicule that which they can not refute. What we could call the financial establishment has always been and remains today, a, if not the, primary conspiratorial power in our political economy." "Anyone that claims there is no conspiracy is living in political Disneyland."

Dr Susan George, who's no slouch. She was in 1992, a consultant to UNESCO, the United Nations University. The UNS Economic Commission for Europe, the International Union of Food Workers, and the Government of Nicaragua.

At that time she was on the International advisory board of the UN Economic Commission for Africa and its "Associate Director of the Trans National Institute. Her books include "A Fate Worse Than Debt" and others. She said

"There are three institutions, they are the World Bank, the IMF and GATT which is the General Agreement on Tariffs and Trade. All these institutions are centralised, hierarchical, completely undemocratic and working with a lot of money contributed by their members, mostly their richer members. What do they do with that money? Well in many ways they are helping to subjugate all the economies of the World."

“The World Bank is in charge of imposing this economic doctrine. The IMF is in charge of imposing structural adjustment, in other words austerity programs in the third world, and GATT is involved with indeed reducing not only barriers to trade, but any standards, environmental standards, health standards and high wages that could be considered impediments to Trade.”

“I feel very much that the undemocratic nature of these institutions will mean that a whole new world order is put into place, and that it is an undemocratic authoritarian order run by the elites of the rich world on their own behalf”.

I think that is pretty close to the truth. Why can't we get a rational discussion by our elected representatives on these issues?

Final Supplement

It is again my contention that the whole rationale for the National Competition Policy is disastrously flawed as it is based on a similarly disastrously flawed economic model, and that the whole rationale should be re-examined.

I believe it is futile to discuss any individual issues as they are mostly based on the way the flawed economic system effects individual interests.

I feel it is more important to address the root cause of our economic problems rather than rely upon band-aid measures.

I fear, that if a revolution in economic practices does not soon take place, we may face a different and much more disastrous revolution. I pray to God that the situation can be remedied before it comes to that. The people are waking up to the Scam!

Please address the problem. To persist with the present destructive system is nothing short of lunacy.

Addition to Final Supplement

If, after consideration of the evidence presented by myself, and others, the Commission still decides that there is wisdom in continuing with the National Competition Policy, that deregulation, removal of trade barriers, corporatisation and privatisation, are really going to improve living standards of the general population, then whatever you do, don't forget Banking. Why not de-regulate banking completely? Let every small business and individual enjoy the benefit of being able to monetise their own assets, and issue the credits represented by their own wealth. This way small business could finance their own development without charging themselves interest if they so choose. Then I'm sure small business could be competitive, a level playing field might be a reality.

At present any individual that attempts to issue their own money, are called counterfeiters and are locked up, yet the bankers do it every day on a massive scale and it's accepted as legitimate. If the present situation is permitted to continue by those people in positions of influence, then I for one will be reminded of the words of Jesus Christ, and apply them to those people that could have changed things. "You are the synagogue of Satan", "there is no truth in you", "May God have mercy on your souls".

Yours sincerely

Rod Linger

