

### Shipwreck survivors

An explosion had blown their ship apart. Each one grasped the first bit of wreckage that came to hand. And when it was over, there were five left, five huddled on a raft which the waves carried along at their will. As for the other victims of the disaster, there was no sign of them.

Hour after long hour their eyes searched the horizon. Would some passing ship sight them? Would their make-shift raft finds its way to some friendly shore?

Suddenly a cry rang out: "Land! Look! Over there, in the direction the waves are carrying us!"

And as the vague silhouette proved itself to be, in fact, the outline of a shore, the figures on the raft danced with joy.

They were five. There was Frank, the carpenter, big and energetic. It was he who had first cried, "Land!".

Then Paul, a farmer. You can see him, front and left in the picture, on his knees, one hand against the floor, the other gripping the mast of the raft.

Next is Jim, an animal breeder; he's the one in the striped pants, kneeling and gazing in the direction of land.

Then there is Harry, an agriculturist, a little on the stout side, seated on a trunk salvaged from the wreck.

And finally Tom, a prospector and a

mineralogist; he is the merry fellow standing in the rear of the picture with his hand on the carpenter's shoulder.



### A providential island

To our five men, setting foot on land was like returning to life from the grave.

After they had dried and warmed themselves, their first impulse was to explore this little island on to which they had been cast, far from civilization.

A quick survey was sufficient to raise their spirit. The island was not a barren rock. True enough, they were the only men on it at the moment. But judging from the herds of semi-domesticated animals they encountered, other people had lived here in the past. Jim, the animal breeder, claimed that he could improve the herd and get a good return from it.

Paul found the island's soil to be quite suitable for cultivation, for the most part.

Harry discovered some fruit trees which, if properly tended, would bring in a good benefit.

Frank was mainly impressed by the large stands of timber and their many species of wood. It would be no big

deal to cut trees and to build houses for the little colony.

As for Tom, the prospector, he was mainly interested by the more rocky part of the island. Many signs led him to believe that the underoil was rich in minerals. Notwithstanding his lack of tools, Tom felt that his ingenuity and initiative would allow him to produce metals from the ore.

Every person could thus practice his favorite trade for everyone else's benefit. Together they thanked Providence for what might otherwise have been a major tragedy. And the island was called Salvation Island.



### True wealth

And so, they go to work.

The carpenter builds houses and makes furniture. At first they find their food where they can. But soon the fields are tilled and seeded, and the farmer harvests his crops.

As seasons pass, the island's wealth increases, not with gold or paper money but with real wealth, things which feed, dress, shelter, things that answer needs.

Life wasn't always as smooth as they wished it to be. They lacked many of the things they had grown accustomed to in the civilized world. But their lot could have been a great deal worse.

Besides, all had experienced the depression in Canada. They still remembered the hardship they had endured while stores, filled to overflowing, stood within walking distance of their doorstep.

At least, on Salvation Island, no one forced them to watch the things they needed go to waste before their eyes. Taxes were unknown here. Nor did they live with the constant fear of seizure by the bailiff.

They worked hard at times, but at least they could enjoy the fruits of their toil.

Thus the island was developed, all the while thanking God and hoping for the day they would be reunited with friends and family, having retained both life and health, two of the greatest blessings.



### A serious inconvenience

Our men often got together to talk business.

Under the simple economic system they had developed, one thing bothered them more and more; they had no money of any kind. Barter, the direct exchange of goods against goods, has its drawbacks. The products to be exchanged are not always present at the same time. For example, wood delivered to the farmer during the winter could not be redeemed with potatoes until another six months had passed.

Or else, one man might have an article of considerable size he wished

to exchange for a number of smaller articles produced by different men at different times.

All this made business more difficult. With money in circulation, each one could sell his products to the others for money. With this money they could buy from the others the things they wanted, at the moment they wanted or at the time these became available.

All agreed that a money system would be practical. But none of them knew how to set up such a system. They knew how to produce true wealth, goods, but they did not know how to produce the symbols, money.

They did not know how money begins and how to make it begin when there is none and that we decide to have some... Many well educated men would no doubt have been faced with the same difficulty; our governments were all in that same predicament during the ten years prior to the war. The only thing the country lacked at that time was money, and the government remained paralyzed by this problem.



### Arrival of a refugee

One evening, when all five men were sitting on the beach going over their problem for the hundredth time, they suddenly saw approaching a small boat with a solitary man at the oars.

They made haste to help him. He was given proper treatment. They then engaged in conversation. They learned that he too had escaped a

shipwreck of which he was the sole survivor. His name was Oliver.

Delighted to have a new companion, they gave him a warm welcome and they took him on a tour of the colony.

“Even though we're lost and cut off from the rest of the world,” they told him, “we can't complain. The earth and the forest are good to us. The only thing that we are missing is money to facilitate the exchange of our products.”

“Well, you can thank Providence,” replied Oliver. “Money has no secrets for me. I am a banker, and in no time I can set up a system of money guaranteed to satisfy you.”

A banker! A banker! An angel coming down from heaven could not have inspired more reverence. Are we not accustomed, we civilized people, to bow down before bankers, they who control the lifeblood of finance?



### The god of civilization

“Mr. Oliver, as our banker, you will have no other work to do other than to look after our money.”

“I shall carry out this duty having, as any banker would, the satisfaction of forging the community's prosperity.”

“Mr. Oliver, we're going to build you a house worthy of a banker. But in the meantime, do you mind living in the building we use to hold our meetings?”

“That will be fine, my friends. But let us first unload from the boat what I

was able to salvage from the wreck. There is a small printing press with some paper and accessories, and above all, there is a little barrel that you will need to handle with the greatest care."

They unloaded everything. The small barrel aroused intense curiosity in these good people.

"This barrel," declared Oliver, "contains an unequalled treasure. It is filled with gold!"

Full of gold! Five souls came close to parting with five bodies. The god of civilization had landed upon Salvation Island. The golden god, always hidden, yet ever so powerful, so terrible, whose presence, absence or slightest whims can decide the fate of hundreds of nations!

"Gold, Mr. Oliver, you are indeed a great banker! Do accept our humble homage and our oaths of fidelity."

"Yes, my friends, gold enough for a continent. But gold is not for circulation. Gold must be hidden. Gold is the soul of sound money, and the soul must remain invisible. But I'll explain this further when I lend you money."



### The secret burial

Before they went their separate ways for the night, Oliver asked them one last question: "How much money will you need to begin with in order to facilitate trading?"

They looked at one another, then deferentially towards the banker. After a bit of calculation, and with the

advice of the kindly banker, they decided that \$200 each would do.

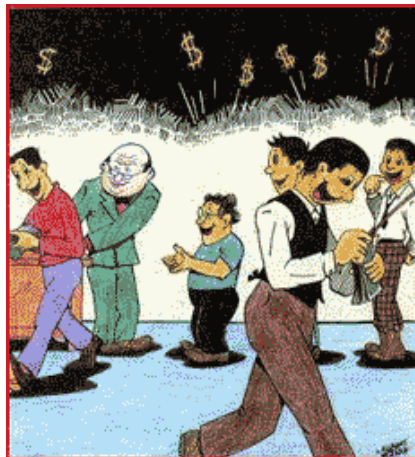
The men parted, exchanging enthusiastic comments, going to bed late. It was morning before they could get any sleep, after having spent the night lying awake dreaming of gold, their eyes wide open.

As for Oliver, he wasted no time. Fatigue was forgotten as he concentrated on his future as a banker. By dawn's first light, he dug a pit into which he rolled the barrel. He then filled in the hole, covered it with tufts of grass and went so far as to transplant a shrub so as to erase all traces.

Then he went to work with his little press to turn out a thousand \$1 bills. Watching the clean new banknotes come out of his press, he thought to himself:

"How simple it is to make money. It will draw its value from the products it will buy. Without products, these bills would be worthless. My five naive customers don't know this. They believe that money derives its value from gold. I hold them in my power through their ignorance!"

At night fall, the five came running to Oliver.



### Who owns the new money?

Five bundles of new banknotes were sitting on the table.

"Before distributing the money," said the banker, "I would like your attention.

"Now, the basis of all money is gold. And the gold stored away in the vault of my bank is my gold. Therefore, the money is mine. Oh! Don't look so sad. I'm going to lend you this money, and you're going to use it as you please. I will only charge you the interest. Considering that money is scarce here, since there is none, I think I am reasonable in asking a meager 8% interest."

"Oh, that's quite reasonable, Mr. Oliver."

"One more thing, my friends. Business is business, even between good friends. Before getting your money, each of you is going to sign a document whereby you promise to pay back both interest and capital under penalty of confiscation of property by myself. Oh! This is a mere formality. Your property is of no interest to me. I'm satisfied with money. And I feel sure that you'll keep your property and that I'll get my money back."

"That makes sense, Mr. Oliver. We'll work harder than ever in order to pay you back."

"That's the spirit. And any time you have a problem, you come and see me. Your banker is your best friend... Now here's two hundred dollars for each one of you."

And the five men happily went away, their hands and their heads filled with dollar bills.



### An Arithmetic's problem

Oliver's money circulated on the island. Made simpler by money, trade doubled. Everyone is happy and the banker is greeted with respect and gratitude.

Nevertheless, Tom, the prospector, looks worried. His products are still underground. He has only a few dollars left. How can he reimburse the banker his soon to be expired loan?

After wrestling with his own problem, Tom decided to look at it from the standpoint of the whole community.

"Can the population of the island taken as a whole" he mused, "meet its obligations? Oliver issued a total of \$1000. He's asking \$1080 in return. But even if we were to bring him every dollar bill on the island, we would still be \$80 short. Nobody issued the extra \$80. We turn out products, not dollar bills. Oliver can therefore take over the entire island, since we, together as a group, cannot pay back both money and interests.

If those who can afford to pay back do so, without care for the others, some will fail right away and some will survive. But their turn will come and the banker will seize everything. Better to unite now and settle this matter as a group.

Tom had no problem convincing the others that they had been taken in by

Oliver. A meeting with Oliver was decided upon.



### The benevolent banker

Oliver guessed what was on their minds, but he put on his best front. Frank, impulsive as ever, stated their case:

"How can we bring back to you \$1080 when there is only \$1000 on the entire island?"

"That's because of the interest, my friends. Did your production not increase?"

"Yes, but the money hasn't. And it is money you're asking for, not our products. You are the only one who can make money. But you made only \$1000, and yet you ask \$1080. This is not possible!"

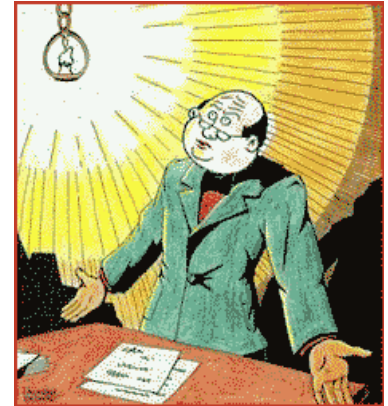
"Now listen, my friends. For the greater good of the community, bankers always adapt themselves to the conditions of the times. I will require that you pay only the interest, only \$80. You will hold on to the capital."

"Are you going to cancel the \$200 each one of us owes you?"

"Oh no! I'm sorry, but a banker never cancels a debt. You still owe me all the money you borrowed. But, each year, you will redeem only the interest. I won't pressure you into paying back the capital. Maybe some of you won't be able to repay even the interest because of the money changing hands among you. But you can organize yourselves into a nation

and set up a system of contributions called taxes. Those who have more money will pay higher taxes. The others will pay less. As long as you bring me, collectively, the total amount owed as interests, I shall be satisfied and your nation will thrive."

The five of them left, somewhat pacified, but still thoughtful.



### Oliver exults

Oliver is alone. He is deep in reflection. His thoughts run thus:

"Business is good. These men are good workers, but stupid. Their ignorance and naivety is my strength. They asked for money, and I gave them chains instead. They covered me with flowers while I was picking their pockets.

"Oh great Banker, I feel your banking genius coursing through my entire being! Illustrious master, how right you were when you said: 'Give me control of a nation's money, and I care not who makes its laws.'"

"I am the master of Salvation Island because I control its money.

"I could rule the universe. What I, Oliver, have done here, I can do throughout the world. Let the day come when I can leave this island! I know how to rule the world without wearing a crown.

And the whole structure of the banking system reveals itself to Oliver's delighted mind.



### The cost of living becomes unbearable

Meanwhile, things went from bad to worse on Salvation Island. Production was up, and bartering had dropped to a minimum. Oliver collected his interest regularly. Money had to be set aside for him. Money tended to agglomerate instead of circulating freely.

Those who paid the most taxes complained against those who paid less and they raised their prices so as to compensate their loss. The less fortunate who paid no taxes lamented the high cost of living and bought less.

Morale was low. The joy went out of living. No one took an interest in his work. Why should he? Products sold poorly and when they did sell, taxes had to be collected for Oliver. They did without. Recession hit. And each one accused his neighbour of lacking in virtue and of being the cause for the high cost of living.

One day, Harry, sitting in his orchard, pondered over the situation. He finally arrived at the conclusion that this "progress", born of the banker's monetary system, had spoiled everything on the island. Unquestionably, all five had their faults, but Oliver's system seemed to bring out the worst in human nature.

Harry decided to demonstrate this to his friends and to unite them for

action. He started with Jim who was not hard to convince. "I'm no genius," he said, "but I have sensed this for a long time. This banker's system is more rotten than last year's manure."

One by one they reached the same conclusion, and they decided to have another meeting with Oliver.



### Enslaved by Oliver

All hell broke loose at the banker's.

"Money is scarce on the island, sir, because you take it away from us. We pay you and pay you, and still owe you as much as at the beginning. We work, we improve our land, but find ourselves worse off than the day you arrived. Debts! Debts! Over our heads with debts!"

"Now my friends, let us reason. If your lands have improved, it is thanks to me. A good banking system is a country's best asset. But to benefit from it, you must first have faith in the banker. Come to me as you would to a father... Do you want more money? Very well. My barrel of gold is worth many times a thousand dollars... See, I will mortgage your new properties and lend you another thousand dollars at this very moment."

"Twice the amount of debt? Twice the interest to pay every year, forever?"

"Yes, but I'll lend you more, as long as you expand your domain; and all you will have to pay are the interests. You'll lump together your debts, this

will be called a consolidated debt. And you can add to your debt, year after year. But your income will rise also. Thanks to my loans, you will develop your country."

"So then, the more the island is developed, the more our total debt will increase?"

"As with all civilized countries, the public debt is a measure of a country's prosperity."



### The wolf devours the lambs

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### Control of the press

Oliver knew that whoever controls the nation's money, controls the nation. But he knew also that to maintain that control, it was necessary to keep the people in a state of ignorance and to distract them by whatever means.

Oliver had noticed that two of the five islanders were conservatives and three were liberals. This showed in their evening conversations, especially since they had become his slaves. Arguments would break out between conservatives and liberals.

On different occasions, Harry, less partisan than the others, had suggested to unite the people to exert pressure on the authorities...A dangerous power for any dictatorship.

Such a union, Oliver could not tolerate; it would mean the end of his rule. No dictator, financial or otherwise, could stand up to a people united and educated.

Oliver set out to foster political strife between them.

The printing press was put to work, turning out two weekly newspapers, "The Sun", for the Liberals, and "The Star", for the Conservatives.

"The Sun" argued that "If you are no longer in control of your own life, it is because of those traitorous Conservatives who have sold out to big business."

While "The Star" argued that "The national debt is due to the Liberals, those political daredevils."

And the two political factions fought it out while forgetting the one who had laid chains upon them, the money controller, Oliver.



### A priceless bit of information

One day, Tom, the prospector, found a lifeboat that had run aground in a small cove at the end of the island. The lifeboat was empty except for a trunk in good condition lying on the bottom of it.

He opened the trunk. Among some clothing and a few other things, something caught his eye: The first bookbound issue of the Michael Journal. He had found a copy of a Social Credit publication.

Curious, Tom sat down and began to read it. His interest grew; his face lit up.

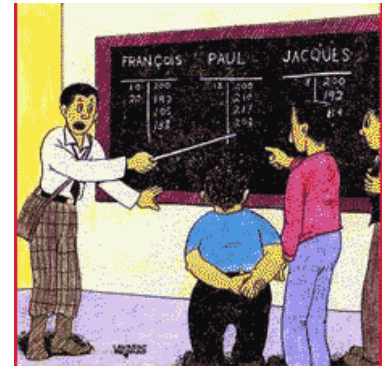
And then he cried out: "This is what we should have known all along:

"Money does not draw its value from gold but from the products it can buy.

"Money is a form of accounting, with credits passing from one account to the next according to purchases and sales; the total amount of money being based on the total amount of production.

"Each time production increases, the amount of money must increase accordingly. Never at any time should interest be paid on new money. Progress is not to be measured by a public debt, but by an equal dividend given to each individual... Prices are to be adjusted to purchasing power by a compensated discount. Social Credit..."

But Tom could no longer contain himself. He got up and set off at a run, book in hand, to share his fantastic discovery with his four companions.



### Money: Basic accounting

Tom becomes the teacher:

"This, he said, is what we could have done, without the banker, without gold and without underwriting contracts.

"I open an account for each one of you. In the column on the right you will find the credits, the amounts that increase your account; to the left are found the debits which decrease your account.

"We each wanted \$200 to begin with. Upon agreeing, let us write \$200 to each one's credit. Each person now has \$200.

"Frank buys \$10 worth of products from Paul. I deduct \$10 from Frank's account, leaving him \$190. I add \$10 to Paul's account who now has \$210.

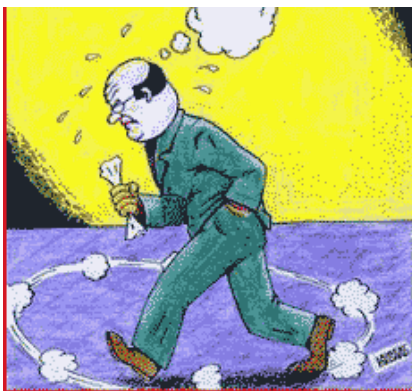
"Jim buys \$8 worth from Paul. I deduct \$8 from Jim's account which leaves him \$192. Paul's account increases to \$218.

"Paul buys \$15 worth of wood from Frank. I deduct \$15 from Paul's account, leaving him with \$203. I add \$15 to Frank's account and it goes up to \$205.

"And so on and so forth, from one account to another, in the same way that banknotes go from one man's pocket to another's.

"If one of us needs money to expand production, we grant him the credit he needs, interest free. He repays the credit once he has sold his products. The same applies to public works.

"Likewise, each one's account is periodically increased by an additional amount, but without taking anything away from anyone, in order that all may benefit from the progress made by society. That's the national dividend. This way, money becomes an instrument of service."



**The banker's despair**

Everyone understood. The members of this small community were now Social Crediters. The following day, Oliver, the banker, received a letter signed by the five:

"Sir, you have needlessly driven us into debt and exploited us. We no longer need you to run our money system. From here on, we will have all the money we need, with no gold, no debt and no thieves. We are establishing, at once, the system of Social Credit on the island. The national dividend will replace the national debt.

"If you insist on being repaid, we can return all the money you gave us, but nothing more. You cannot claim what you have not made."

Oliver was in despair. His empire was crumbling. The five were now Social Crediters. Money and credit were no longer a mystery.

"Oh! What can I do, Oliver thought. Should I ask for their forgiveness, become like one of them? How could I, a financier and a banker, do such a thing? No, I would rather do without them and keep to myself."



**The fraud is revealed**

To avoid any future claims, the five men decided to have the banker sign a document attesting to the fact that he again possessed all he had when he first arrived on the island.

An inventory was taken; the boat, the oars, the printing press, and the famous barrel of gold.

Oliver had to reveal where he had hidden the barrel. Our boys pulled it out of the hole with considerably less respect, this time around. Social Credit had taught them to despise gold.

Upon lifting the barrel, the prospector found it to be surprisingly light.

"I doubt very much whether this barrel is full of gold", he said.

Frank did not hesitate any longer. A blow of the axe, and the contents of the barrel were exposed: Gold? Not so much as a grain of it! Just rocks. Plain, worthless rocks!

Our men couldn't get over it:

"To think that we were mesmerized to such an extent by this low life! How could we possibly go into rapture over the mere mention of gold?"

"That we should have mortgaged all of our possessions for a few pieces of paper that were based on a shovelful of rocks! A thief and a liar!"

"To think that we have sulked at and hated one another, for months, for such a fraud! That devil!"

By the time Frank raised his axe, the banker had already fled toward the forest.



**Farewell to Salvation Island**

No one ever heard of Oliver after his barrel was gutted and his hoax revealed.

Shortly after, a ship that had run off course, noticed signs of life on this uncharted island, and anchored off at a short distance from shore.

The men learned that the ship was en route to America. So they decided to take with them what they could carry, and to return to their country.

Above all, they made sure they brought back with them the first bookbound issue of the Michael Journal that had freed them from the banker's clutch, and enlightened their minds with an inextinguishable light.

They promised one another that, upon arrival in their country, they would get in touch with the publishers of the Michael Journal and join its worthy cause.