Eight Principles to Minimise Abuses of Wealth

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Introduction

This paper is the fourth in a series. It has the objective of suggesting ways to address issues identified in previous papers regarding the world banking system and neoliberal ideology. The intent is not to portray any single solution but simply to indicate that the current monetary system is not the only option; that there are potential directions and alternatives as to what currently exists.

A car is not evil because it is driven by a drunk and someone is killed. A rifle used to hunt meat for the pot doesn't become evil when it is used to murder someone. Similarly, money in itself is not evil. If used correctly, it is a valid, useful and very powerful tool. It is the abuse of money that is the problem, where the tool becomes an end in itself to bring power, and this corrupts it. At that point money becomes the root of many kinds of evil. The challenge then, is to identify, develop and implement measures that ensure the correct use of the tool, to minimise its abuse.

The following principles represent ideas that could potentially be applied to minimise abuses of wealth in the world.

First principle – All wealth should be transparent

There is irrefutable evidence that there are immensely wealthy family groups that wield truly massive influence on world affairs through numerous education institutions, think-tanks, trusts and foundations. Yet the members of these families do not even register, or barely register, on rich lists like Forbes. When one then also looks at the secretive nature of the banking industry (e.g. Swiss bank accounts) and calculations of world gold reserves that apparently should exist but are not observable, these sorts of factors raise significant questions about the purpose of the secrecy.

When one further looks at the whole nature of fractional reserve banking and the creation of vast amounts of fiat money by secretive banking interests (like the US Federal Reserve) for the purpose of outright usury, and when one also observes the multitude of dishonesty cases by mega-banks involving hundreds of millions of dollars, it becomes very difficult to adopt any other view than that the whole world banking system is corrupt.

If one then takes the view that the correct function of a banking business is to provide services at reasonable prices to society and industry, but one then begins to see substantial evidences that bankers actually see themselves as the elite in a Darwinian system with powers greater than kings, this is disturbing. When one further sees evidence of this elite secretly using their vast wealth over decades (if not centuries) to control media and education, finance politicians and governments, support wars, engineer social structures, and generally pervert democratic processes (when people think there is democracy) this is even more disturbing.

When one opposes slavery, believes in social justice and caring for the welfare of the needy, and believes in good stewardship of the environment, but then perceives a world banking system actively promoting the opposite of these things, it becomes difficult not to feel very deep concern. When one then translates the actions of such a banking system into damage to the wellbeing of billions of individuals, communities, cultures, societies, nations and the world's environment, one begins to have a sense of evil that transcends that of Hitler and Stalin.

From this it is clear that the first step, the first principle, in dealing with any potential problem of money being put to evil use is to establish transparency; to bring anything that is hidden and in darkness into the light. The possession and location of all wealth, therefore, should be in the light and seen by all. Any deliberately hidden or undeclared wealth by any individual or group should automatically be made illegal under law and any perceived property or ownership rights to that hidden wealth should automatically be forfeited to the world when investigations show its discovery. It should be a case of "show it or lose it".

For this is the truth: the wealth of the world belongs to the world and all who are in it and who depend on it, both now and into the future. The wealth of the world cannot be "owned" by bankers or any other elite individuals or group. The definition of "ownership" is essentially the freedom of choice to do what one wants with one's wealth.

Does any individual or group have the freedom to take the world's wealth with them when they die? All a person can be is a steward, good or bad, of a portion of the world's wealth for a brief time. Does any elite group have the freedom to use the world's wealth to enslave everyone else? Do they have the freedom to destroy the world's wealth (the environment) that everyone depends on? An individual or group can only have that freedom while they live and can get away with it through either deception and/or use of force. Then it becomes a matter for the rest of society to take personal responsibility.

It is the personal responsibility of everyone in the world to ensure that enslavement and destruction of their environment is not permitted to happen. Liberty, fraternity, equality and the rights of all! That is what people have fought and died for in revolutions and wars of freedom, not for a perverted Social Darwinian ideology that a rich elite might use to justify to themselves as to why they can exploit the rest. This planet belongs to us all. Ultimately, bankers, elites and all other of the world's creatures must always be taught that they can never own the world and in fact that it is the world that owns them. If necessary, this must be made plain when the world calls them to account, and returns what has come from the world's dust back to its dust.

Obviously, too, there should be no "safe havens"; no corrupt nations or institutions or any other mechanisms where the wealth of the world can be hidden away. For the good of all wealth should be transparent to all.

Second principle – The influence of private wealth should be separated from the state and media

Two cornerstones of Western democratic society are the principles of separation of church from state (religious freedom) and the separation of media from state (freedom of the press). However, it is now clear that Western democracy, and in fact the whole of world civilization, requires a third separation, that of private wealth from these other three (the state, media, and religion).

Essentially, measures need to be in place to ensure that neither governments nor the mediums that influence the way society thinks can be dominated by any group that has vast wealth. To ensure freedom from monetary domination that leads to slavery and other forms of exploitation, private banking and financial influences must be separated from state, media and religion/education. This means

a. Governments must supply currency (not privately owned banks like the US Federal Reserve).

b. Wealthy interests and/or individuals must not be able to own and dominate the vast majority of media, either nationally or transnationally.

c. The private financing of education, religion and any other institutions that influence how society thinks must be without strings attached (eg. without the obligation or bias to promote particular monetarist ideologies such as neoliberalism, Marxism, or Christian prosperity doctrine, etc.)

In regards to the first point above, listen again to the early American presidents:

If the American people ever allow private banks to control the issue of their currency, first by inflation, then by deflation, the banks…will deprive the people of all property until their children wake-up homeless on the continent their fathers conquered….. – Thomas Jefferson in the debate over the Re-charter of the Bank Bill (1809)

History records that the money changers have used every form of abuse, intrigue, deceit, and violent means possible to maintain their control over governments by controlling money and its issuance. - James Madison

If congress has the right under the Constitution to issue paper money, it was given them to use themselves, not to be delegated to individuals or corporations. - Andrew Jackson

The Government should create, issue, and circulate all the currency and credits needed to satisfy the spending power of the Government and the buying power of consumers. By the adoption of these principles, the taxpayers will be saved immense sums of interest. Money will cease to be master and become the servant of humanity. - Abraham Lincoln

Issue of currency should be lodged with the government and be protected from domination by Wall Street. We are opposed to ...provisions [which] would place our currency and credit system in private hands. – Theodore Roosevelt

I am a most unhappy man. I have unwittingly ruined my country. A great industrial nation is controlled by its system of credit. Our system of credit is concentrated. The growth of the nation, therefore, 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 civilized world, no longer a Government by free opinion, no longer a Government by conviction and the vote of the majority, but a Government by the opinion and duress of a small group of dominant men. - Woodrow Wilson a few years after he signed the 1913 Federal Reserve Act.

Third principle - Abolish fractional reserve banking

The following article was posted 13 April 2014 on Washingtons Blog at: http://www.washingtonsblog.com/2014/04/conservative-economist-wants-basically-ban-banking.html

<u>Challenging a Sacred Cow of Banking Dogma - Prominent Economists Call for End to Fractional Reserve Banking</u>

Excessive leverage by the banks was one of the main causes of the Great Depression and of the 2008 financial crisis. As such, lower levels of "fractional reserve banking" – i.e. how many dollars a bank lends out compared to the amount of deposits it has on hand – the more stable the economy will be. But economist Steve Keen notes (citing Table 10 in Yueh-Yun C. OBrien, 2007 "Reserve Requirement Systems in OECD Countries", Finance and Economics Discussion Series, Divisions of Research & Statistics and Monetary Affairs, Federal Reserve Board):

> *"The US Federal Reserve sets a Required Reserve Ratio of 10%, but applies this only to deposits by individuals; banks have no reserve requirement at all for deposits by companies."*

So huge swaths of loans are not subject to any reserve requirements. Indeed, Ben Bernanke (Fed. Res. Gov.) proposed the elimination of all reserve requirements for banks (http://www.federalreserve.gov/newsevents/testimony/bernanke20100210a.htm#fn9):

> *"The Federal Reserve believes it is possible that, ultimately, its operating framework will allow the elimination of minimum reserve requirements, which impose costs and distortions on the banking system."*

Economist Keen informs Washington's Blog that about 6 OECD countries have already done away with reserve requirements altogether (Australia, Mexico, Canada, New Zealand, Sweden and the UK). But there is a growing recognition that this is going in the wrong direction, because fractional reserve banking can destabilize the economy (and credit can easily be created by the government itself.)

It was big news this week when one of the world's most prominent economics writers – liberal economist Martin Wolf – advocated doing away with fractional reserve banking altogether… i.e. requiring that banks only loan out as much money as they actually have on hand in the form of customer deposits:

> *"Printing counterfeit banknotes is illegal, but creating private money is not. The interdependence between the state and the businesses that can do this is the source of much of the instability of our economies. It could – and should – be terminated." ****
>
> *What is to be done? A minimum response would leave this industry largely as it is but both tighten regulation and insist that a bigger proportion of the balance sheet be financed with equity or credibly loss-absorbing debt. I discussed this approach last week. Higher capital is the recommendation made by Anat Admati of Stanford and Martin Hellwig of the Max Planck Institute in The Bankers' New Clothes.*

A maximum response would be to give the state a monopoly on money creation. One of the most important such proposals was in the Chicago Plan, advanced in the 1930s by, among others, a great economist, Irving Fisher. Its core was the requirement for ***100 per cent reserves against deposits****. Fisher argued that this would greatly reduce business cycles, end bank runs and drastically reduce public debt. A 2012 study by International Monetary Fund staff ("The Chicago Plan Revisited" by Jaromir Benes and Michael Kumhof) suggests this plan could work well.*

*Similar ideas have come from Laurence Kotlikoff of Boston University in Jimmy Stewart is Dead, and Andrew Jackson and Ben Dyson in Modernising Money. (The IMF study can be found at [http://www.imf.org/external /pubs/ft/wp/ 2012/](http://www.imf.org/external/pubs/ft/wp/2012/) wp12202.pdf) ****

Opponents will argue that the economy would die for lack of credit. I was once sympathetic to that argument. But only about 10 per cent of UK bank lending has financed business investment in sectors other than commercial property. We could find other ways of funding this.

Our financial system is so unstable because the state first allowed it to create almost all the money in the economy and was then forced to insure it when performing that function. This is a giant hole at the heart of our market economies. It could be closed by separating the provision of money, rightly a function of the state, from the provision of finance, a function of the private sector."

In fact, a lot of experts have backed this or similar proposals, including:

- *Bank of England Chief Mervyn King*
- *Prominent conservative economist Milton Friedman*
- *Prominent liberal economist Irving Fisher*
- *Prominent conservative economist Lawrence Kotlikoff*
- *Prominent liberal economist James Tobin*
- *Prominent conservative economist John Cochrane*
- *Prominent liberal economist Herman Daly*
- *Prominent conservative economist Murray Rothbard*
- *Prominent British economist John Kay*
- *Conservative Spanish economics professor Huerta de Soto*
- *German economist Thorsten Polleit*
- *Conservative French economist Jörg Guido Hülsmann*
- *Head economics writer at the Guardian Ambrose Evans-Pritchard*
- *Bloomberg columnist Matthew C. Klein*

Interestingly, the Chicago Plan for full reserve banking came very close to passing in 1934. But the unfortunate death of one of its main Congressional sponsors – Senator Bronson M. Cutting – in a plane crash reversed the momentum for the bill.

As Wikipedia notes:

> ”*Cutting played a key role in the political struggles over the reform of banking which Roosevelt undertook while dealing with the Great Depression, and which resulted in the Banking Reform Acts of 1933 and 1935. As a supporter of the Chicago Plan proposed by economist Irving Fisher and others at the University of Chicago, Cutting was among a handful of influential Senators who might have been able to remove from the private banks their ability to manipulate the money supply by enforcing a 100 percent reserve requirement for all credit creation, as stipulated in the Chicago Plan. His unfortunate death in an airliner crash cut short what may have been his most enduring legacy to the nation.”*

Fourth principle - Abolish the use of GDP (Gross Domestic Product) as a measure of national wealth and social wellbeing.

GDP (and GNP) as a measure of the increase of a nation’s wealth or wellbeing is totally misleading. To again quote Robert F. Kennedy from (http://www.yesmagazine.org/new-economy/what-is-real-wealth):

> *Our gross national product counts air pollution and cigarette advertising, and ambulances to clear our highways of carnage. It counts special locks for our doors, and the jails for the people who break them. It counts the destruction of the redwoods, and the loss of our natural wonder in chaotic sprawl. It counts napalm, nuclear warheads, and armored cars for the police to fight the riots in our cities. Yet the gross national product does not allow for the health of our children, the quality of their education, or the joy of their play. It does not include the beauty of our poetry or the strength of our marriages, the intelligence of our public debate or the integrity of our public officials. It measures neither our wit nor our courage, neither our wisdom nor our learning, neither our compassion nor our devotion to our country. It measures everything, in short, except that which makes life worthwhile.*

While GDP does represent economic activity which reflects things like business profits, employment incomes, taxes paid to government, and these do affect wellbeing in society, GDP alone gives a very inaccurate measure of wealth and wellbeing. GDP arguably has its main value in indicating to banks the returns they are likely to receive in interest and fees from fiat money flowing through the system. This appears to be the main reason why GDP is currently used in politics. The second reason is the lack of commonly accepted alternatives.

The use of GDP or anything similar as any sort of measure of wealth or social wellbeing should be abolished. It should be regarded as not only politically incorrect but also illegal. Politicians, bankers, educators and any others who use GDP figures to indicate or imply a measure of wealth or wellbeing in a society or community or nation should be held to account for misleading the public. While this at first may prove difficult because of a lack of alternative measures, if it is illegal to use GDP, alternatives will be found.

Fifth principle - Develop money supply systems based on real national wealth.

When bankers control a nation's money supply they control a nation. When bankers control the money supplies of many nations, including the superpowers, they control the world. As we saw in a previous paper *Understanding the World banking System,* when banks issue money as debt created out of nothing (such as with the U.S Federal Reserve) the banks profit from the interest on the debt. When financiers have the power to control the money supply, they have the power to create and profit from recessions.

The challenge then is to take the power of making new money and destroying money out of the hands of those who might place private profit motives above the wellbeing of nations and their citizens.

(And if a money supply is also based on real assets and commodities that have real value rather than intrinsically valueless fiat money created under the current fractional reserve banking system it may also represent a measure of a nation's wealth more reliable than GDP.)

The idea in simple terms, is that as the real wealth of the nation increases, the amount of money in circulation would be increased. If the nation's real wealth decreases, money would be withdrawn. If we want to know how wealthy the nation is at any one time, we count the money in circulation.

One option for this sort of money system could be to adopt a social credit approach. Social credit refers to the ideas of Clifford Hugh Douglas (1879-1952). According to Wikipedia, Douglas said social credit policies are designed to *disperse economic and political power to individuals* and he defined them as *a practical Christian philosophy* (but he did not envision a Christian theocracy).

According to Oliver Heydorn Ph.D., founder and director of *The Clifford Hugh Douglas Institute for the Study and Promotion of Social Credit* (www.socred.org but speaking on the website http://henrymakow.com/2015/01/social-credit-a-simple-explanation.html):

> *[Social credit proposes that instead of money being issued as debt-money via central banks, debt-free money instead would be] created by an organ of the state, a National Credit Office, and distributed to consumers. Some of it would be issued indirectly in the form of a National Discount on all retail prices, while another portion would be issued directly in the form of a National Dividend to citizens.*
>
> *Since the productive capacity of the modern, industrial economy is enormous, an honest representation of our productive power would allow us to enjoy an abundance of beneficial goods and services alongside increasing leisure. Our economies could become socially equitable, environmentally sustainable, and internationally concordant.*
>
> *Unlike some other monetary reform proposals, Social Credit does not advocate the nationalization of the banks. It is completely opposed to any scheme that would see us jump from the frying pan of a self-serving private system into the fire of a complete state monopoly over money and its issuance. The latter would be a fine basis for the introduction of a totalitarian society.*

> *Social Crediters, by contrast, stand for the decentralization of economic and political power in favour of the individual. Social Credit's proposal for an honest monetary system is not socialist but rather anti-socialist. It is completely compatible with a free enterprise economy (incorporating free markets, private property, individual initiative, and the profit motive)*
>
> *Getting an understanding of Social Credit is well worth the effort, as it may just manage to save civilization.*

In New Zealand, the idea of a social credit money supply was famously given the derogatory label of “funny money” by one prime minister. However, the truth is rather the opposite. The current fiat money system is “funny money” created out of nothing and a social credit money system would be “real money” because it is intended to be based on real value and reflect real wealth within an economy.

Sixth principle – Ensure justice in taxation.

Some argue that with a social credit money supply system there would be no need for taxation; that funding for government and other purposes could come from a national dividend (or if that was insufficient, perhaps also from a goods and service tax). This argument is presented by Carl Peterson in his book *The Zen of No Tax.* No doubt this is something that could be investigated but the principle being sought here is: whatever system is applied, it should be morally fair and just.

In the West there is an ethic that taxes should be paid based on the teachings of the Bible. For example, when Jesus was challenged on whether people should pay taxes He asked whose face was on a coin. When the answer came back *Caesar’s*, Jesus responded, *Then give to Caesar what is Caesar’s and to God what is God’s.* (Matthew 22:15-22).

The Apostle Paul taught a similar message: *Therefore, it is necessary to submit to the authorities, not only because of possible punishment but also because of conscience. This is also why you pay taxes, for the authorities are God's servants, who give their full time to governing. Give everyone what you owe him: If you owe taxes, pay taxes; if revenue, then revenue; if respect, then respect; if honour, then honour.* (Romans 13:5-7).

Thus there is no argument that taxes are something mandated even in the Bible. However, when we look at our world economic system in regard to taxation there appear to be two questions relating to justice that must be asked:

1. Is everyone paying their taxes?

2. What are taxes being used for?

The answer to the first question is “No, many of the rich are not and nor do they think they should.”

In the previous article, *Understanding the World Banking System* it was explained how a rich elite appeared to support Libertarian and Social Darwinian philosophies that opposed the paying of taxes that support welfare systems and lessen inequalities caused by the imbalance of wealth.

It once was said, *the only things certain in life are death and taxes*. Now we need to add to this saying, *But that only applies to the poor and honest because many of the rich don't pay taxes.* It only takes a brief search of the internet to find numerous examples that show that the taxation systems used in the world today are totally corrupted in favour of the wealthy.

- A brief search of the internet shows that whistleblower Hervé Falciani of the world second largest bank (HSBC) leaked the files of 100,000 customers. The files led to accusations that HSBC's private banking arm had aggressively marketed Swiss accounts to its wealthiest customers, allowing some to hide millions of pounds in undeclared 'black' accounts and avoid paying taxes in their home countries.

- On a site for Blomburg Business on May 2, 2013 it was reported: *According to Tax Justice Network, a U.K.-based organization that campaigns for transparency in the financial system, wealthy individuals were parking as much as $32 trillion offshore at the end of 2010…. Offshore trusts, holding companies, and other entities often shield assets from tax authorities.*

- Wikipedia, on the subject of Tax Avoidance stated: *An IRS report indicates that, in 2009, 1,470 individuals earning more than $1,000,000 annually faced a net tax liability of zero or less. Also, in 1998 alone, a total of 94 corporations faced a net liability of less than half the full 35% corporate tax rate and the corporations Lyondell Chemical, Texaco, Chevron, CSX, Tosco, PepsiCo, Owens & Minor, Pfizer, JP Morgan, Saks, Goodyear, Ryder, Enron, Colgate-Palmolive, Worldcom, Eaton, Weyerhaeuser, General Motors, El Paso Energy, Westpoint Stevens, MedPartners, Phillips Petroleum, McKesson and Northrup Grumman all had net negative tax liabilities.*

- In New Zealand in 2013 a TV documentary called *Mind the Gap* identified that detected welfare benefit fraud was costing the country $23 million dollars per year and that detected tax evasion (also fraud) was costing $1,000 million per year (with another $5,000 million undetected). The documentary also stated that in the previous year 850 people were prosecuted for benefit fraud, with a 60 percent chance of going to prison, but only 50 people were prosecuted for tax fraud, with only a 20 percent chance of going to prison, even if the fraud was over $200,000. Clearly there is one law for the rich and one for the poor in New Zealand.

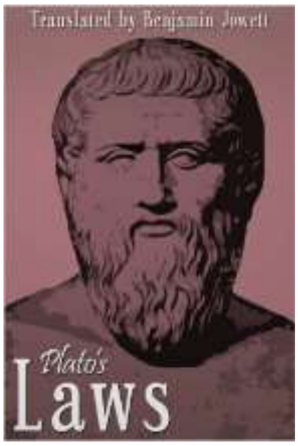
This leads us to the second question: "What are taxes being used for?" Most people understand that taxes are necessary because they go to pay for infrastructure, amenities and services that benefit a nations citizens; like roads, schools, hospitals, police forces etc. However, in the article *Understanding the World Banking System,* it was also explained how political oscillation between the political Right and Left was apparently financed by the wealthy and led to the lowering and raising of taxes, which in turn caused oscillation between deflation and inflation of economies. It was explained how this served as a "fiat money pump" that enabled bankers to inject and circulate money into economies so that they could harvest wealth through interest and make periodic acquisitions of valuable assets at reduced prices in recessions.

Thus we can see that not only are the rich avoiding paying taxes so that a disproportionate tax burden is carried by the poor; the taxes that are actually collected are then used as part of a worldwide banking mechanism for enslavement, usury, robbing the poor and destroying the world's environment. Yes, the Bible teaches that everyone should to pay taxes. But it also speaks strongly against usury and oppression of the poor by the rich. If the rich elite will not pay their taxes then why should the rest?

Supposedly Americans uphold the Bible and we understand from their history that unfair taxation sparked the American Revolution, which led to their Declaration of Independence and Constitution. The abolition of slavery was also arguably the major driver of the American Civil War. Now, with its money system, all these things have become a mockery. What has happened to you America?

Seventh Principle – Apply Plato's Law of Wealth Distribution

Ancient Greece is acclaimed as the birthplace of democracy and it is our ancient friend Plato who offers insight into a common sense and fair solution to the current vast wealth inequality. In his "Laws", Plato said that the wealth of the richest individuals should not exceed five times the wealth of the poorest (five times or ten, it is the principle that is important). A system is suggested along the following lines:



a. Personal income in real terms is taxed so that the fulltime income of the wealthiest does not exceed ten times the fulltime income of the least wealthy.

b. The effective personal assets in real terms of the wealthiest persons are taxed in such a way (eg. capital gains taxes) so their wealth does not exceed ten times the assets of the least wealthy.

c. The way for the wealthiest to become even wealthier is to increase the wealth of the least wealthy in terms of income and assets (if the wealth of the least wealthy is increased by a dollar, this would allow the wealthiest to increase their wealth by ten times as much.)

d. The basis of taxation is at a personal, individual level, and in real terms. Schemes that pool the wealth (income and assets) of any sort of group, family, business or organisation or community into the hands of one or a few persons, for their personal use and personal benefit, would not be allowed.

e. It would be the responsibility of "The System" (whatever it was e.g. capitalist or communist) to provide work for each person who was in a position to work (people would have a right to work). On the other hand, it would be the responsibility of each person who was in a position to work to actually work or they wouldn't get paid (so people would also have a responsibility to work). The underlying principle is "no parasites" – neither upper-class parasites who exploit the masses nor lower-class parasites who exploit the system.

f. Ultimately, the system would be applied not only within nations but across all nations.

g. There will always be those who try to corrupt the system (as well as system failings). Considering the damage that wealth inequality is doing to people and our planet, the common agreed penalty for any serious, deliberate breach might appropriately include a permanent stripping of wealth from individuals down to the level of the least wealthy.

The world has the technology to apply a global system based along these lines, if there was the human will to do so. What would a system like this achieve? The following effects are suggested:

1. **It would quickly depower consumption**. Greed and opportunity for making vast individual wealth appears to be the main driver of our consumption based economies and many associated mental, social and environmental ills in Westernised nations. The tolerance of extreme wealth imbalance is arguably the primary driver of debt, of the destruction of our environment and of many of the sick social behaviours in our World today. If there was a **strongly enforced upper wealth limit** on individuals it would therefore significantly **reduce the whole incentiv**e driving our current system that is **destroying us**.

2. **It would reduce overpopulation pressures.** The ultimate aim would be to move towards a global system for wealth equality. When the people in Asia, Africa and Latin America have the same wealth as in Western countries, it would reduce high birth rates and other global pressures on the environment in those non-Western nations, which cause conflicts between communities and nations.

3. **It would reduce corruption**. Someone quoted, *Money is power* and Lord Acton quoted, *Power corrupts and absolute power corrupts absolutely.* Thus we could say, *Extreme wealth leads to extreme corruption.*

4. **It would reduce the spread of massive lies**. It would make it more difficult for individuals and groups to amass vast amounts of wealth to be used for financing the development and spread of destructive ideologies (like neoliberalism and pseudo-scientific misinformation used by climate change deniers). It would make it a lot harder for wealthy elites to control vast swaths of the media and the internet.

5. **It would not destroy democracy or communism or capitalism or globalisation**. Plato's Law still aims to provide personal reward for entrepreneurial activity but it also balances this with community responsibility to create a healthier world. In this it certainly supports a global approach.

Eighth principle – Promote local alternatives without usury over foreign banks

Foreign owned banks make massive profits out of nations. In the previous article *Understanding the World Banking System* it was shown that in New Zealand in 2013, foreign owned companies took NZ$15.5 billion in earnings offshore. (This equated to a third of the nation's total export earnings and the same as the dairy industry (first largest) and forestry industry (third largest) combined earnings. Total GDP was NZ$211 billion.) Nearly half of these $15.5 billion in earnings went to foreign owned banks.

When one looks past the advertising, there are actually many alternatives to foreign owned banks. If all New Zealanders traded through the alternatives they would save the New Zealand economy seven billion dollars a year that could then be reinvested within the nation. These alternatives include:

- **Government owned banks** - Owned by the people through their elected representatives. (Kiwibank is an example in NZ).
- **Community Banks** - Ownership vested in a community trust **(**Taranaki Savings Bank is an example in NZ).
- **Co-operatives or Mutuals** which are owned and controlled by their members - The people who save, borrow and do their transactional banking or trading within them. (Credit Unions and The Cooperative Bank are NZ examples.)
- **Community trading schemes** - These are co-operative (nobody owns them) and are controlled by the users. (Examples are various barter systems, green dollars, etc.)

Alternatives to lending with usury also exist. For example, in New Zealand the Christian lending organization *Liberty Trust* provides home loans without interest based on people saving a 20 percent deposit over 10 years beforehand, and then paying off the loan within seven years.

Another example is Islamic banking. This is banking activity that is consistent with the principles of Sharia, which prohibits acceptance of specific interest or fees for loans of money (classed as usury), whether the payment is fixed or floating. According to Wikipedia, Sharia compliant financial institutions represented approximately one percent of total world assets as at 2014.