

NATIONAL CREDIT and “THE “BRADBURYYS””

The following is an excerpt from “Scotland and its Money” by James Gibb Stuart, a booklet written to promote “Scottish Independence through Money Reform”, but with a very international message. Read on to discover how the Bradbury notes (so called because they bore the signature of the then Secretary to the Treasury) temporarily broke the bankers’ monopoly of our money creation, by being printed debt-free by the government of the time to finance the needs of the people. This could – and should – happen again!

Who Should Control the Credit?

So how do we become truly free? How do we aspire to being a truly sovereign nation? Go back to what Sir Robert Menzies said, that “*there can be no independence without financial independence*”. This means in effect that no nation has sovereign status which does not control and issue its own money. From the days of renegade Scots financier William Paterson, who founded the Bank of England in 1694, all credit has been seen to emerge from the private banking system as a debt upon the community. Thus debt and indebtedness have to go on accumulating and can only be alleviated by widescale bankruptcies and closures at times of social and industrial distress. Staggering National Debts are being sustained and financed, to the detriment of their peoples, by most of the industrialised countries of the Western World, and in the lesser-developed “South” poor producer nations face crippling financial sanctions when they default on their interest payments to American or European bankers.

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Credit is an intangible thing whose nature somehow escapes the attentions and the understanding of a vast majority of our citizens, including elected politicians. For reasons which will subsequently emerge, it is not taught at school, neither is it discussed with any depth or clarity on the financial pages of our prestige newspapers. Yet it is the sustenance and the essential life-force for all social, commercial and industrial activity. It pays the immediate cash needs when hospitals, factories and infrastructures are being built. It fuels the ships and aeroplanes that carry the goods that earn the foreign currency that puts the balance in the Balance of Payments. It finances all forward planning, such as house purchase, motorway construction and imaginative schemes of environmental improvement. Without credit, a society resorts to simple barter, the exchange of goods and services at the point of mutual need and requirement.

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Borrowing to Pay the Interest

So when a nation assumes control of its own credit, what's the big difference? Just this, that there will be an overseeing Authority, not only to monitor the activities of the private bankers – ruling on such matters as the level of interest rates and fractional reserve requirements – but also able to make judicious issues of its own Government-sponsored credit (National Credit) whenever circumstances demand it.

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Facing up to the Bankers

It was Abraham Lincoln who said *“the privilege of creating and issuing money is not only the supreme prerogative of Government, but isGovernments’ greatest creative opportunity”*

Lincoln is still revered as one of the great formative figures of the American Republic. Had he survived the aftermath of the Civil War, he would have used his mighty influence to run the country without incurring further debt; that he was assassinated in his hour of triumph is perhaps a salutary reminder of how savagely the Money Power can react when it senses that its credit monopoly is under threat.

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Issue of the “Bradburys”

IF National Credit is such a lifesaver, such a precious device for uplifting the standards and expectations of all mankind, why have the big industrial economies not adopted it already? Why go on with oscillating interest rates, three-trillion dollar debts, credit squeezes, dilapidated municipal and national infrastructures, withering unemployment and gross under-utilisation of both human and material resources, if it could all be solved by breaching the bankers' monopoly and investing Government with responsibility for the nation's credit?

The answer to that lies in the power that money can wield, to ensure that measures which would regulate its activities are discouraged and subverted. Money can be used to influence politicians and thwart the stated purpose of whole legislatures. Money can buy favourable publicity and newspaper chains, radio and television stations; it can dominate all outlets of mass opinion. Money can threaten the image and status of public spokesmen, ambassadors, diplomats, even Presidents and Prime Ministers. Those who, out of ignorance or cupidity, first conceded to the banking industry a total monopoly on the creation of credit, little realised what an awesome force they had released upon society.

Because of this all-pervasive power of reward and sanction, the intricacies of money creation are seldom allowed to become the subject of public debate. They are deliberately shrouded in mystique. Thomas Robertson, the Glasgow Scot who wrote "Human Ecology", referred to them as *the abracadabra of finance*, and William Greider, an American who recently published a revealing study of the U.S. Federal Reserve Bank, entitled it "Secrets of the Temple", as though to suggest that the moguls who control the United States money system are like high priests practising an occult science above and outwith the scope of ordinary mortals.

But from time to time the veil is drawn aside, and an insight may be gained to the reality within. The Rt. Hon. Thomas Johnston, M.P., Lord Privy Seal and former Secretary of State for Scotland, thought just such an occasion had arisen at the outset of the First World War, when Britain's foreign trade was brought to an abrupt standstill by the opening of hostilities, and the bankers informed the Government that they were on the verge of a calamitous financial crisis.

It appeared that the Bank of England held only about £9 million in gold reserve, and there were hundreds of millions of pounds of negotiable credit in the hands of the general public, which, should there be a run on banking resources, would have brought the whole financial edifice crashing down in ruins. Over the August Bank Holiday, during which their doors were mercifully closed, the bankers pleaded with the then Chancellor of the Exchequer, David Lloyd George, to declare a moratorium while they jointly worked out a solution.

The future war leader did everything that was asked of him, and allowed the trading banks to hold their affairs in suspension for a further three days. When eventually they re-opened their doors, the public discovered that instead of being paid in gold, it was being asked to accept a brand new type of Treasury note, printed in one pound and ten shilling denominations. Obviously the Royal Mint had been busy over the extended holiday, and in those crisis conditions had established a use of paper money which would continue to the present day.

These notes were the famous 'Bradburys', so called because they bore the signature of the then Secretary to the Treasury. It is recorded that to meet the requirements of the wartime emergency, some three hundred million pounds of these Treasury notes were issued. The equivalent in today's value would be many billions, and it was all effected without fuss, in a very short period of time.

Thus a government, under duress, had taken charge of its own credit. Its action had been supported and welcomed by the public, and was entirely beneficial to the economy of the day. And it was all accomplished without any increase in either public or private debt. .

Of all the points in this booklet, what you have just read is perhaps the most crucial - that in August 1914 a British government *created £300 million of its own Treasury money, that it was immediately accepted as full legal tender by the general public, and that it found its way into circulation without any disruption in the normal trading processes of the nation.*

The money had been pledged against the intrinsic wealth of the British people, against the materials and productivity that would be engendered by its distribution. It did not matter to the farmer or the factory worker whether the cash he held in his hand had been created by a private bank or an instrument of Government. What did matter was its purchasing value in relation to his needs.

It was physical money, in the respect that it came in the shape of rectangles of engraved paper, and its change of ownership was by a conscious act of transfer, as between purchaser and vendor. Nowadays it has to be equated with that other type of money which has no physical characteristic, yet which is vastly more important in the cumulative finances of the nation:- credit transfers; treasury bills and all manner of marketable securities. The stuff that is moved in millions of pounds, dollars, marks and yen every trading day through cheque books and the electronic digits on computer screens!

“THE GREAT WAR LOAN RAMPS”

In his book "The Financiers and the Nation", Tom Johnston goes on to say that with the key principle of national credit firmly established by the successful launch of the 'Bradburys', there was nothing to prevent the Government from financing the entire war by the same method - nothing, that is, except the power and persuasiveness of the bankers' lobby. Having got themselves off the immediate hook, the banking interests were not long in recovering their composure, and in petitioning the Chancellor to ensure that there would be no more issues on an interest-free basis. If the war was to be financed, it would have to be financed on borrowed money, and they, the bankers, would stipulate the means and the methods by which this would be achieved.

This was at a time when the flower of the nation's manhood was about to be sacrificed on the battlefields of Flanders. No doubt the young braves volunteering in their thousands to take on the Kaiser's war machine paid little heed to the procedural devices of finance. But as a result of that decision (to pay for the conflict by successive issues of War Loan, rather than through a charge on the national credit), those who survived the trenches would ultimately learn that their sacrifices had not ended with the signing of the Armistice.

During the five years 1914-19 the National Debt rose from £700 million to £7,000 million, and the peacetime governments of the twenties and thirties attempted somewhat ineffectually to rectify the situation by operating a "sinking fund". In plain language that

means they tried to siphon credit out of the economic system for debt redemption - regardless of the fact that whole neighbourhoods in our big cities were falling down through neglect, and a whole generation - that gallant wartime generation - was wasting away in enforced poverty and idleness. All because the big important people who understood such things had firmly declared that there was no more money!

Johnston's final comment: *"The nation staggers along, cutting the bread and cheese of its poor, and starving the social services, in a vain attempt to meet the charges incurred in the Great War Loan Ramps"*.

Labour M.P. Norman Smith's book "The Politics of Plenty" sums it all up by quoting a bitterly eloquent limerick:

The people still go to the poll,
And think they have final control;
But really they dance
To the tunes of finance,
And solace themselves with the dole!