

Necessary Child

December 24, 2011

Constantly in the news today is the world's financial and economic crisis, especially in Euroland. A Dutch commentator (courtfool.info) proposes for his country a classic solution: get State money out of the hands of the banksters. Christmas may seem a strange moment to consider such money problems, but the whole question is whether apparent solutions are real solutions.

Unless the Euro was positively designed as a means of forcing political unity upon the variety of European nations, it was, as a common currency for a dozen very different national economies, flawed from the start. To begin with it did enable the poorer member nations to borrow and spend, borrow and spend, while it did help the richer nations to export and lend, export and lend, but the process could not go on for ever. When the poorer countries could no longer manage even the interest on their debts, the richer countries were also threatened with the paralysis of their economies by the bankruptcy of their major banks that had made the foolish loans.

At this point the European Commission, the European Central Bank and the International Monetary Fund co-operate to provide emergency funding, in other words to solve the problem of debt by more debt! However, a condition of receiving these funds is that the hopelessly indebted countries must submit to international guardianship, which will impose spending cuts that make the national governments less and less able to rule. As for the richer governments, they too must make themselves unpopular by cutting spending, in order to cover the losses incurred by their major banks' foolish loans, says Mr.de Ruijter.

Now comes his solution. He says it is simple. Instead of

pouring dozens of billions more into a Euro that is doomed to disappear sooner or later, and instead of having the international agencies impose spending cuts, “we can introduce State money.” A State central bank will replace the present central bank which, as in almost all States of the world, is now under private control. The State bank alone will be authorized to create money. All loans will be supplied as State money. All private or non-State banks will be forbidden to create balances out of thin air, in other words fractional reserve banking will be forbidden (cf. EC 224). These non-State banks will receive a fee for their services, but they will not be allowed to charge interest.

And who will control the State bank? Mr. de Ruijter writes, “It will fall under the responsibility of the Minister of Finance, and it will be controlled by Parliament. A commission of well formed people will watch over the long term interest of the money system.”

Well and good. But, Mr. De Ruijter, who will do the forming of these “well formed” people? At what school will they learn truly to look after the common good? And what motivation will be given to them powerful enough to prevent them from being cunningly bought out by the banksters? Democracy? It is democracy that has landed Europe in its present mess!

There is only one true and complete solution: the divine Child in the Crib of Bethlehem. Happy Christmas, dear readers (and thanks to all of you that sent me a Christmas card, but thanks also to those that didn't!).

Kyrie eleison.