

# Interest, Inflation and Environmental Destruction

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Analysis by [Critical Thinking](http://freecriticalthinking.org/)  
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# Third flaw in the economic system

## Interest on money - usury



Margrit Kennedy shows in her book [Interest and Inflation Free Money](#)

- Everybody pays interest
- Interest doesn't treat us equally
- Interest drives exponential debt growth
- Demands exponential economic growth – unsustainable
- Discounting our future
- Interest drives inflation which is why we demand a “time value” for money

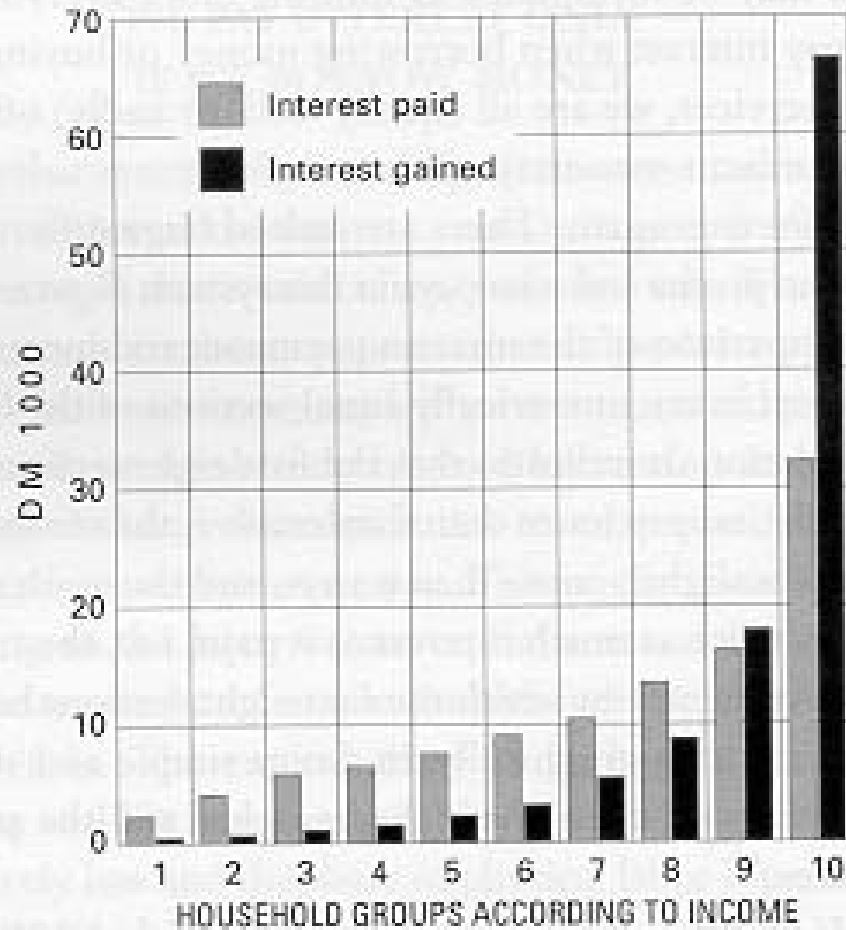
- Banks create money from nothing and charge us for using it
- Bank created (debt) money equals [97% of the UK money supply](#)

# COMPARISON OF INTEREST PAID & GAINED

In ten groups of households of 2.5 million each.

Applied interest paid or gained = DM 270 billion (1982)  
 (= interest transfer from private to private funds)

Applied credit interest = 5.5%



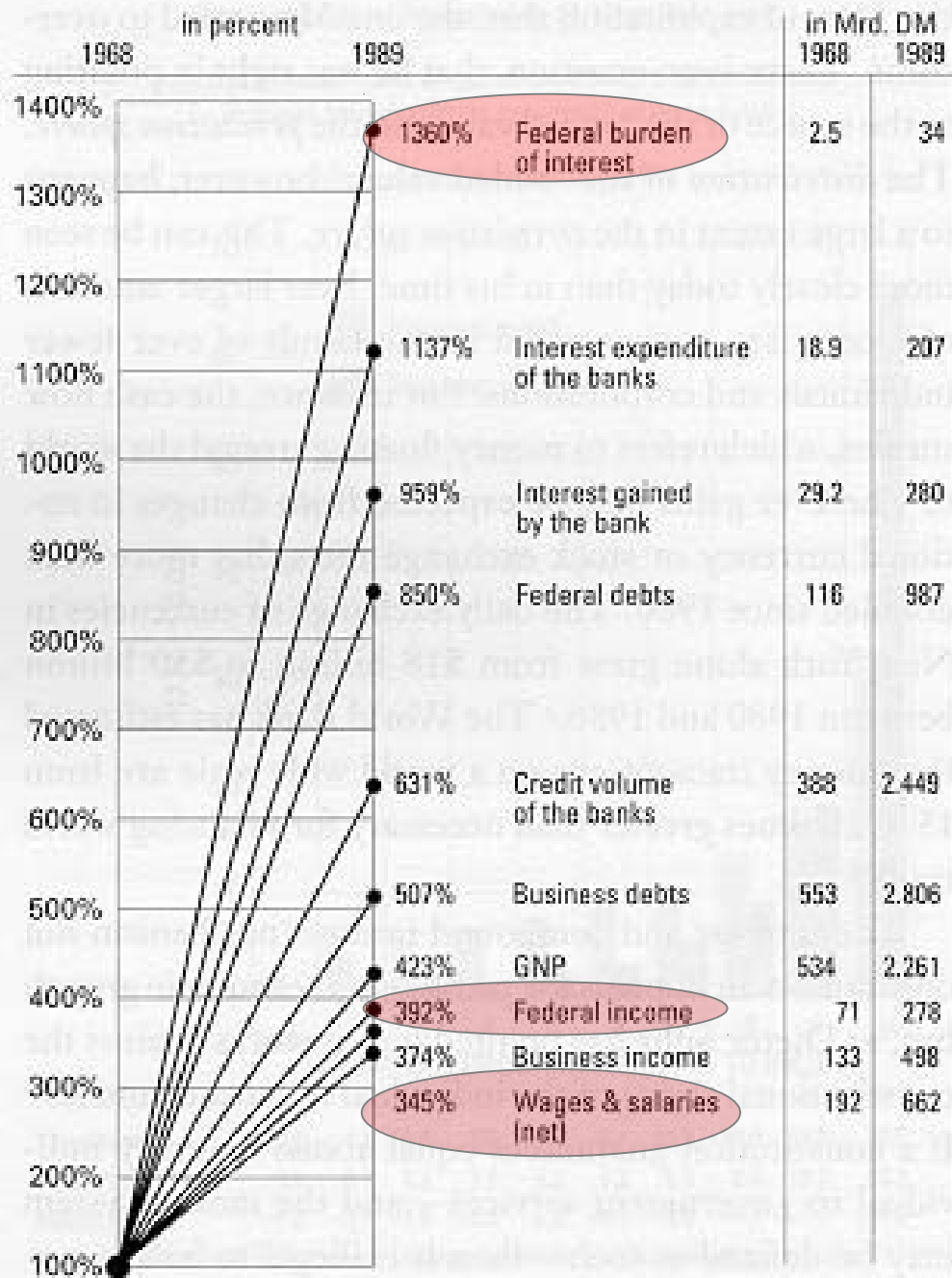
Interest paid	2.3	4.1	5.9	6.5	7.6	9.1	10.5	13.5	16.3	32.3
Interest gained	0.5	0.7	1.1	1.5	2.3	3.2	5.5	8.8	18.0	66.5
Balance	-1.8	-3.4	-4.8	-5.0	-5.3	-5.9	-5.0	-4.7	+1.7	+34.2

All values in thousands of Deutsche Marks per household per annum.

From  
**Interest and Inflation Free  
 Money**

**West Germany 1982**

# DEVELOPMENT OF VARIOUS ECONOMIC INDICATORS

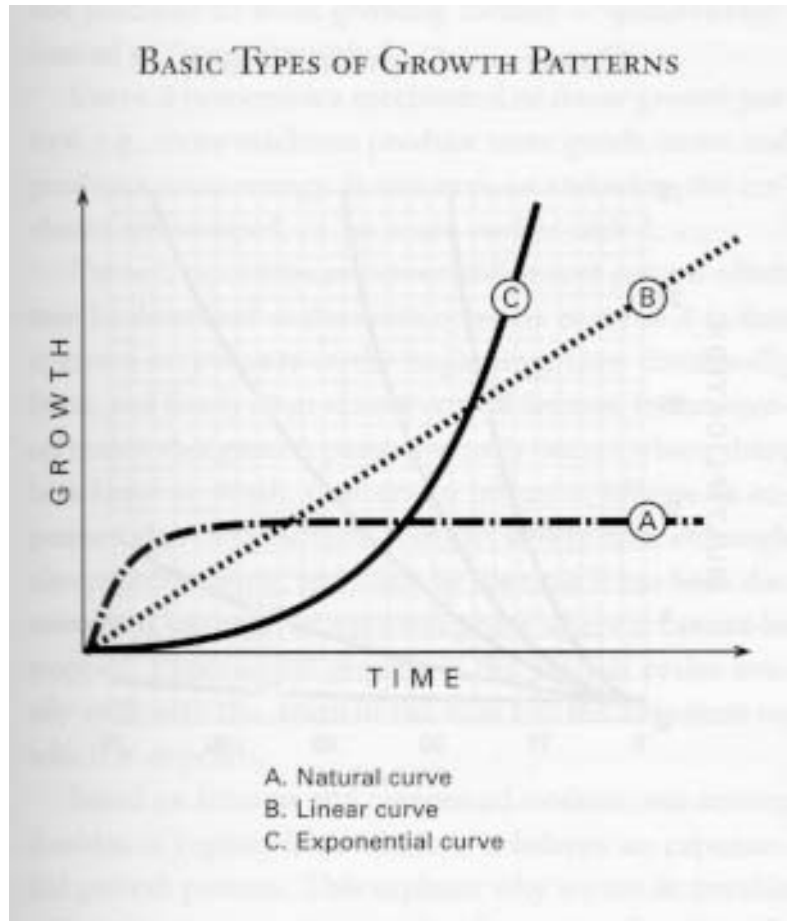


Source: Helmut Creutz from Reports of the Federal Bank, etc.

From  
**Interest and Inflation Free  
 Money**  
**West Germany from 1968 to  
 1989**

# Economic system demands exponential growth

- The exponential function



A = Natural growth  
C = Exponential growth



Doubling the number of grains on each square takes 18,446,744,073,709,551,615 grains to fill the chessboard

# Discounting our future



- **Discounted cash flow (DCF)** is calculated, using interest rates, as the basis for valuing future income, dividends or receipts
- A forest is seen as worth more as logged timber today than as a thriving forest in the future
- Why should money have a “time value”?



# Solutions

a) **Interest Free National Currency** (possibly backed by land) – spent into the economy by government to create infrastructure

b) **100% of land rents accumulated for the common good** – to fund public services and citizens income

c) **Unconditional Citizens Income** for all adults

Independent,  
democratically  
accountable  
Central  
Monetary  
Authority

# A World without Interest

- **Infrastructure** – national currency created to fund development – running costs paid from land and resource rents



- **Private Enterprise** – funded by equity investment, co-operative and mutual models



- **Housing** – security of tenure subject to payment of land rents



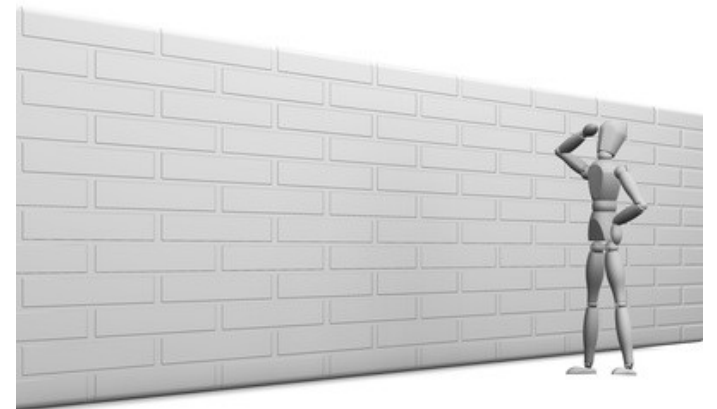


# Major obstacles to change

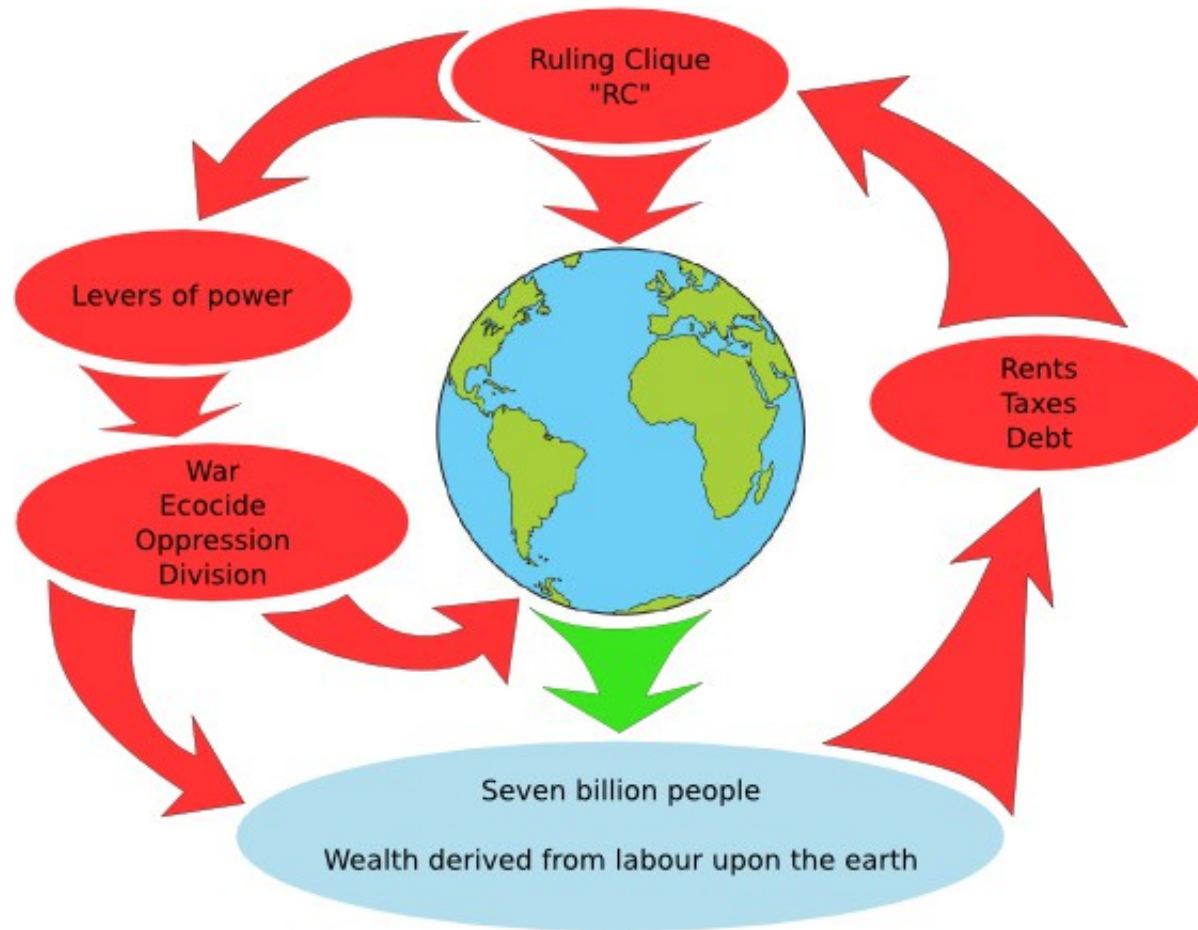
Banking Interests – global power over politics, business, media, economics and public institutions

Exclusive land and resource rights for private accumulation

Means to Life is conditional on employment



# The current global political economy



This analysis and accompanying ideas come from the [Critical Thinking](#) project at the Free University and build upon the work of many different groups and individuals both living and deceased, around the world.

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