



Extrait du Association pour l'Économie Distributive

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(Basic income european network)

# Open letter to G. Fragnière

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**Dans le cadre de ces pages que nous réservons depuis quelques numéros à l'association internationale pour le revenu garanti (créée en septembre dernier par des représentants de 14 pays européens) nous avons publié la traduction française de plusieurs interventions au Congrès de Louvain-la-Neuve. Celle de G. Fragnière, dans notre numéro de Mai, a donné à P. Vila l'envie de poursuivre la discussion en s'adressant dans nos colonnes à son auteur. Nous prions nos lecteurs qui ne lisent pas l'anglais de nous excuser de publier dans cette langue sa lettre ouverte. Mais si, comme nous l'espérons, elle nous vaut des réponses de la part des membres de B.I.E.N. (dont la langue de travail est l'anglais), nous publierons la traduction du débat ainsi engagé.**

Dear Mr Fragniere,

Thank you for your concise proposals about B-I-(basic income), published in French in "la Grande Relève", May 1987. You aptly correct the stillkeeping opinion which tends to belittle B.I. as another social charity. All French abundantists must realize the importance of your program.

We hope and try to convince our fellow-citizen that the sources of economic crises lie beyond the orthodox descriptions of the "statu-quo" policy-makers, be they on the side of liberal or state capitalism. The main contradiction in their theories is that they restrict the right to consume to wage position owners only, while economic progress inevitably reduces the number of these positions.

Our zero-order information channels keep people's minds on the social disputes and crimes without looking for the roots of the crisis.

At expert level an opinion smear is still prevalent against the necessary B.I.  
What could be done here and now about it ?

We need firstly to inform all European people of goodwill to start with in this journal.

Secondly we should prepare practical reforms, constitutional and legislative, towards a B.I. system.

In this perspective I am taking the liberty to comment on your arguments and to venture a few suggestions.

### 1. Prices

You want to put forward a natural price value for goods and services, to be based on wealth creation. It is effectively the sole fair criterion, known only at the instant of exchange. Thinking about resources, man does not create wealth ; he merely draws into the (exhaustible) world's supply. Less this wealth-tapping process requires labour, the more valuable it is.

From the point of view of the orthodox "demand and supply" statics of exchange, the trouble with economic modernization is that it amplifies too rapidly our outputs ; financial speculation itself becomes disoriented..

This has created as many different sub-crises with different phase-lags as there are nations with various traditions, social assets and economic links.

Hence the ever-mistaken predictions of our orthodox economists. One key element forgotten in their equations is the distinction you make between the real value of the wealth created by a given operation, and the financial sum allowed by the banking system to represent it. This difference is just recently suggested in the traditional French press (C. de Boissieu, le Monde, 26 May 1987) : in fact the two sums never coincide. They remained almost similar in old times of stagnant scarcity ; they now differ widely, as the banks fiddle more and more with money creation ; internal checks on their accounts remain impossible except for deposit accounts, as banks branch into one another to form a world monopoly that keeps quiet and serves no other interest than theirs. The effect of this monopoly on the Debt of nations was

nicknamed in the early 1920's by Major H.C. Douglas in England as the "A+B" theorem of money creation, and can be summarized as follows ; when lending you a sum of money for the value A the bank makes you sign an agreement that you will repay in due time the value A+B. Your operation may yield more than this value in production, but to find the money sum B you must take it from other pockets, in fact from another bank loan. Generalizing this to nations shows how the bank monopoly holds an advantage on entrepreneurs and nations. Since Philippe Auguste, our states have been in growing debts to banking institutions and State powers protect the money power in exchange of easier terms for settling this Debt. Recent rebellion against this rule have caused Napoleon's fall, and the short-lived break from IMF engagements by De Gaulle in 1962.

The last twenty years have seen a dangerous rise of world-scale financial rings which openly operate over the heads of government "authorities".

### 2. Wages

In your second point you turn to the consequences of the "bankism" on employment. The orthodox schoolmasters have extended to wage values the market demand-and-supply rule. Keynes's equations oversimplified the problem by assuming "quasi-full" employment ; however the last twenty years of econometry results invalidate these models totally. Your argument on prices and the above discussion confirm the economic necessity to dissociate the human right to consume from jobs. In our economies of surpluses it should be another fundamental right of individuals to feel free from the tyranny of want, or of administrative-employee statute, reminders of feudal inefficiency.

Looking more economically at the work function of people we need to evaluate the real credit increment of employed service, as different from the bank credit evaluation. If it became no longer a moral duty to hold a job we could end with the sordid indulgence of employment on social charity grounds and with all the distortions which paralyse our Social Service reformers. Medical institutions suffer from the contradiction of money power versus begging-for-help of a growing mass of penniless customers, again more acute with the medical progress. Real welfare will become, with education, a bigger challenge than Steel or chemicals per se.

### 3. Social aspect of B.I.

The only nationalised services modern states need are those of Credit, which would record the real economic wealth aggregates and manage individual accounts on the basis of B.I., under the same principles as the INSEE description, but with more transparency than in the actual French system where statistics and individual accounts ignore one another.

Our liberals were justified in 1982-1984 to demand proper evaluation of costs in the French State enterprises, but, now, their policies oriented on financial profits has in reverse advantaged private speculation and they must turn back to less anti-social measures or will soon be outvoted. Party politics simply occult the need for much more fundamental reforms such as B.I.

Since the last eighteen months the world financial circuits have been visibly disturbed. Their unlimited control on credit, money circulation and foreign exchange started to go wild, leaving larger and larger place to high-risk speculation, another kind of concurrence extenuating war. The steady orchestration of harvest and distribution of the real production crop gave way to barter practices between producers and to some characteristics frauds. So far the Japanese authorities seem to have resisted these swindles the best, Americans and British the worst. Are times ripe for banker's repentance ?

On your points 4 and 5 one cannot but fully agree. It is consumable production that money should reflect and follow through its many circuits, not the other way round, production to be waiting on money warden's goodwill ; for this representation to be true we should cancel the equivalent credit sum at the final stage of consumption. Would then the sum of credit gains of all operators represent the whole country assets ? No, because real credits amounts to much more than the present performance of the system. We

should be able to add to it the value of useful potentially available production and the not-yet developed resources on a yearly extrapolation basis weighted by tendency indicators.

Further, for a given population real credit increases with internal solidarity, education and production-oriented research. Here the time factors need investigation, questions more strategic than the parameters of the weapon's race.

This introduces new unknowns like the value of creativity, energy and social well-being of our fellow citizen. All qualities very far from the beating-up and mutual extortion features still required in the present money-power system.

The sharing of a basic Income among all human beings of a country is the simplest social justice and the best self-regulator of the economy. Those citizen with productive incomes are nowadays the privileged class, lucky enough to hold the favourable conditions that only a few well-informed teachers can detect when interviewing would-be workers, but that nobody can precisely foresee. All human beings are consumers

(not all require the same consumption ; none of the essentials of daily Burundi life coincide with Dutch necessities) ; but everywhere people need more and more education, self-formation, research and social amenities which are not immediately productive. Our successes of to-morrow lie in our present education system, otherwise a basic Income might not appear in France although its basic principle were proposed fifty years ago by Senator Jacques Duboin.

Unfortunately, militancy of a few and qualitative descriptions are not enough to dissipate the horizon. The chance of our EEC nations lies in mutual clarity about their respective situations, their differences and in their steadiness in negotiation ; painful first steps on the road to evolutive democracy. At least these negotiations have prevented the stupidity of ever-exporting surpluses, deficits and unfair deals. Europe now means much more than steel, wheat, services and ECU transactions.

You conclude by an appeal to hold the challenge and to start a B.I.E.N. concertation. While I think we all agree about it basically, I feel this plan still needs protection, much more than "our" gold reserves. Defence of such a reform should be carefully organized everywhere ; can we hope for a tidal-wave success storming all our countries together, or is inter-nation tactics more likely to win ?

The avenues of "power" are no longer on barricades ; neither in bourgeois drawing rooms or ministry offices. They are in a clearer appreciation of the people for rights, justice and love. The mediatico-political entertainment of our present commercial culture maintains too cloudy an atmosphere around the tribal "faits divers" of our political "class". For a millenary, imperialist feuds have decimated our ancestors' youth at every generation. Let us not run for scapegoats but realize that for the last two centuries finance power has successfully checked any attempt to do without its rule ; it invested in turn every leading nation, France at the close of the eighteenth century, England throughout the nineteenth century, the USA since. It has led them through economic imbalance in moral decline and political backwardness. The Japanese authorities seem to sense the danger of opening their currency channels to the great creditmongers (recent information suggests however that they are giving up through the blind computer-transactionite, and suffer moral obligations to respect their proletarian workers while holding out the pressure of their esclavagist satellites).

Here in B.I.E.N. circles we should prepare a program with securities from Bank-monopoly retaliation. The risk that the Cities of London and Frankfurt might yield to overseas operators seems to me no less a menace as the Soviet KGB and armies over here.

Be it one country at a time or all together, we need planning quantitatively the various scenarios of B.I. and we must prepare a careful strategy to implement it.

It remains our best hope to emerge out of this economic World War.