A WEEKLY COMMENTARY

ON TARGET

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The price of Freedom is eternal vigilance –

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THOUGHT FOR THE WEEK: "The Lord Chief Justice of England, Lord Acton, in 1875 said: 'The issue which has swept down the centuries and which will have to be fought sooner or later is the people versus the banks.' That time has come."

– Preface to "Bankers and Bastards" by Paul McLean and James Renton, 1992

POLITICAL AXIOM No.1: THE BANKS *ARE* BASTARDS by James Reed: Australia's major banks, it has been revealed, were reaping record profits, whilst at the same time telling us how terribly poor they were, as their justification for rising mortgage interest rates off their own bat, independent of the Reserve Bank ("Banks raking in record profits but crying poor", *The Australian*, 24/9/08, p.1).

None of this should surprise us. The historical arrogance that comes from having a monopoly over the creation of credit no doubt produces a pathology which makes these institutions highly immuned to telling the truth. As with postmodernism, there is no truth in the world of money beyond that of money: money is the alpha and omega and reason for the existence of being itself. The banks are bastards, of course, and philosophically horrendous ones at that.

Further reading:
"Bankers and Bastards" by (former Senator) Paul McClean and James Renton, Barrister/Solicitor of the High Court of Australia. Written in 1992 this book is about the way banks and bankers have moved from being the respected pillars of the community into being profit-orientated purveyors of dubious financial 'products'. The authors became involved in the matter because people came to them for help. Price $20.00 posted.
"The Money Trick" from the Institute for Economic Democracy. Creating money from nothing is a bank's best trick. The manipulation of money and credit creation affects every country in the world, in peace or conflict. It is little understood by ordinary people as well as most bankers, accountants and economists. An informed population can take steps to end this dictatorship of finance so the power of credit can be harnessed for the common good, not for greed and power. What we all need to be able to do is draw on the social credit of our communities and nation! Price $13.00 posted.

HOW ARE YOU ENJOYING THE ECONOMIC COLLAPSE SO FAR? by James Reed: The economic collapse so far: we are in the middle of an economic crisis as great as that of the 1930s. Due to intrinsic instabilities in the private-credit-creation-debt-producing economic system, crises like this are inevitable. But such crises are made worse by layers of shonky banking practices. Something like the U.S.-style subprime housing crisis is now rocking Sydney (*The Australian*, 26/9/08, p.4).

The economic writers that I have read believe to a man that all will be well – after one year, two years... – because today, unlike the 1930s, economists understand monetary policy. Governments will bail out sinking, stinking banks. So much for the Darwinian rule of Free Markets! But a cost of these bailouts is a transfer of 'economic toxins' from private firms to the government. At some point an economic doomsday will arise, as government debts spiral out of comprehension.

It is better that the crash happens now while there is still time for social crediters to work on their fellow Australians to help bail out the sinking ship of state – and set it to rights. Left too long, the crash is likely to be so severe as to destroy all the lifeboats.

"<u>WALL STREET AND THE RULE OF LAW</u> by John Brett: One of the foundations stones of our successful nation, bearing in mind it was started as a penal colony, was that "The Rule of Law" was in place and adhered to from the moment Governor Philip set foot on the shores of Botany Bay. Whatever those laws' shortcomings might have been, if there were shortcomings, they delivered a very different nation to other new nations of those times being formed around the world, particularly in South America where the "Rule of Men" led to so much bloodshed and desecration of indigenous peoples. Not entirely remedied to this day.

While our founding people had come from a nation with a thousand or more years experience in the evolution of The Rule of Law, which came to them from the defunct Roman Empire a thousand years before them, that long history was studded with examples of reverting to the Rule of Men whenever a war started. Still happening to this day.

Most Australians only have a vague idea what the Rule of Law means, but if you give them a simple example they will agree that it is important and should be taught in our schools and universities. Which raises the question – "Why isn't it taught in our schools any more"?

An example that convinces them, because of its partial failure, are the laws about "Property". Somebody breaks into your house and steals your jewelry or TV, or steals your car or your money. You notify the police, whose function is to find the missing property and the person who stole it. The accused is then dealt with in the Law Court, where they may be instructed to return the stolen property, and for punishment pay a fine or go to prison.

The "Rule " is that the law applies to everybody, even the Police and the Magistrate, as well as the people who make the laws.

But there is a vast field of human activity where the Rule of Law does not apply, where over 90% of all human activity is licensed to proceed, where you may never recover your stolen property, because there are no laws and therefore no police to apprehend an accused, or even carry out an investigation. In this field, the Rule of chosen Men reigns supreme. They are unknown, unchallenged, unseen, unimpeachable, unmerciful, unjust and most of all *unlawful*.

These are the people who create and destroy the world's money supply, a "Law unto themselves". They insist there can be no Laws about their activities, because, apart from notes and coins, *all money is invisible* and you cannot have laws about things that are invisible! (No law of gravity?) As money is the major dynamic of all power exercised on earth by man, where very little activity would take place without it, these men amongst themselves virtually control the world unseen.

This is why, outside of the "Law of the Land" 2,000 years ago, Christ whipped out the money-makers who were installed in the Temple. At the following midnight *(illegal)* trial, only false accusations were brought against him and *no mention was made* of his illegal whipping of the money-makers, days before. But a way was found to unlawfully dispose of him.

Would it be so again, if he were to reappear at the Temple in Wall Street this month? Would we all be part of the rent-a-mob led by our church leaders crying, "crucify him – crucify *him" – instead of the Barabasses in the Banks?*

IT'S PLANNED THAT WAY! by Jeremy Lee: My recent article claiming that the $U.S. dollar crisis was designed has produced further, ample evidence. Secretary to the Treasury Henry ('Hank') Paulson, who demanded *carte blanche*, immunity from legal challenge or surveillance, to manage a tax-funded bailout package of $700 billion for his Wall Street mate, finally had his package bulldozed through. The minority who held the first vote back were subject to arm-twisting and head-kicking, and the second attempt was successful. But the meltdown didn't go away. In fact it spread through Europe and Asia.

Prime Minister Rudd and Treasurer Swan departed Australia's shores for Wall Street after assuring us that we had to have a "global solution". Obviously, they had no idea that, in early Australian history, their own party, the ALP, had formed the Commonwealth Bank as a "peoples bank" to prevent the very 'debt bubble" now destroying the world's economies.

The Commonwealth Bank and Sir Denison Miller: The Commonwealth Bank originally was run by a single Director, Denison Miller, who used the bank intelligently in war and peace to finance Australia. Under his policies, Australia did not need foreign debt, financial poverty, unpayable mortgages and inflation for its economic development.

If Prime Minister Rudd, Treasurer Swan and, for that matter, members of the Opposition, took note of Australia's early successes, this country could lead the world out of this mess. The mesmerizing seduction of Hank Paulson, the Federal Reserve in America, the IMF and World Bank, etc., would fall to the ground as the worthless dross it really is.

Not all industrial nations are swallowing the Paulson/Bush plan. The article below, by author and economist William Engdahl, merits close attention as an example of the divisions at the top.

BEHIND THE PANIC by F. William Engdahl:

"Financial Warfare over future of global bank power", 9 October, 2008: "What's clear from the behaviour of European financial markets over the past two weeks is that the dramatic stories of financial meltdown and panic are deliberately being used by certain influential factions in and outside the E.U. to shape the future face of global banking in the wake of the U.S. sub-prime and Asset-Backed Security (ABS) debacle. The most interesting development in recent days has been the unified and strong position of the German Chancellor, Finance Minister, Bundesbank and coalition Government, all opposing an American-style E.U. Superfund bank bailout. Meanwhile Treasury Secretary Henry Paulson pursues his Crony Capitalism to the detriment of the nation and benefit of his cronies in the financial world. It's an explosive cocktail that need not have been.

Stock market falls of 7 to 10% a day make for dramatic news headlines and serve to foster a broad sense of unease bordering on panic among ordinary citizens. The events of the last two weeks among E.U. banks since the dramatic state rescues of Hypo Real Estate, Dexia and Fortis banks, and the announcement by U.K. Chancellor of the Exchequer, Alistair Darling of a radical shift in policy in dealing with troubled U.K. banks, have begun to reveal the outline of a distinctly different European response to what in effect is a crisis 'Made in U.S.A.'

Well-thought-out long-term strategy: There is serious ground to believe that U.S. Goldman Sachs ex CEO Henry Paulson, as Treasury Secretary, is not stupid. There is also serious ground to believe that he is actually moving according to a well-thought-out long-term strategy. Events as they are now unfolding in the E.U. tend to confirm that. As one senior European banker put it to me in private discussion, 'There is an all-out war going on between the United States and the E.U. to define the future face of European banking.'

In this banker's view, the ongoing attempt of Italian Prime Minister Silvio Berlusconi and France's Nicholas Sarkosy to get an E.U. common 'fund', with perhaps upwards of $300 billion to rescue troubled banks, would de facto play directly into Paulson and the US establishment's long-term strategy, by in effect weakening the banks and repaying U.S.-originated Asset Backed Securities held by E.U. banks.

Old hands at using panic to centralize power: As I document in my forthcoming book, "Power of Money: The Rise and Decline of the American Century," in every major U.S. financial panic since at least the Panic of 1835, the titans of Wall Street-most especially until 1929, the House of JP Morgan-have deliberately triggered bank panics behind the scenes in order to consolidate their grip on U.S. banking. The private banks used the panics to control Washington policy including the exact definition of the private ownership of the new Federal Reserve in 1913, and to consolidate their control over industry such as U.S. Steel, Caterpillar, Westinghouse and the like. They are, in short, old hands at such financial warfare to increase their power.

Now they must do something similar on a global scale to be able to continue to dominate global finance, the heart of the power of the American Century.

That process of using panics to centralize their private power created an extremely powerful, concentration of financial and economic power in a few private hands, the same hands which created the influential U.S. foreign policy think-tank, the New York Council on Foreign Relations in 1919 to guide the ascent of the American Century, as *Time* founder Henry Luce called it in a pivotal 1941 essay.

Henry Paulson's background: It's becoming increasingly obvious that people like Henry Paulson, who by the way was one of the most aggressive practitioners of the ABS revolution on Wall Street before becoming Treasury Secretary, are operating on motives beyond their over-proportional sense of greed. Paulson's own background is interesting in that context. Back in the early 1970's Paulson started his career working for a rather notorious man named John Erlichman, Nixon's ruthless adviser who created the Plumbers' Unit during the Watergate era to silence opponents of the President, and was left by Nixon to 'twist in the wind' for it in prison.

Paulson seems to have learned from his White House mentor. As co-chairman of Goldman Sachs according to a *New York Times* account, in 1998 he forced out his co-chairman, Jon Corzine 'in what amounted to a coup' according to the *Times*.

Paulson, and his friends at Citigroup and JP Morgan Chase, had a strategy it is becoming clear, as did the Godfather of Asset Backed Securitization and deregulated banking, former Fed Chairman Alan Greenspan, as I have detailed in my earlier series here, Financial Tsunami, Parts I-V.

No effective government oversight to regulate the ABS: Knowing that at a certain juncture the pyramid of trillions of dollars of dubious sub-prime and other high risk home mortgage-based securities would come falling down, they apparently determined to spread the so-called 'toxic waste' ABS securities as globally as possible, in order to seduce the big global banks of the world, most especially of the E.U., into their honey trap.

They had help. In recent testimony under oath by Eric Dinallo, the Superintendent of the New York Insurance Department at the AIG Bailout Oversight Hearing, into the AIG rescue by Paulson, Dinallo testified that funding cutbacks in recent years directed by the Bush-Cheney Administration had reduced the responsible department that should regulate or watch over the $80 trillions in Asset Backed Securities (ABS), which included the toxic sub-prime and Alt-A mortgage securities and much more. The Bush Administration took the staff from more than one hundred people down to one – yes that was not a typo. One as in *'uno'*.

Continued in The Bulletin

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