A WEEKLY COMMENTARY

ON TARGET

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The price of Freedom is eternal vigilance –

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THOUGHT FOR THE WEEK:

Usury overthrows trade, decays merchandise, undoes tillage, destroys craftsmen, defaces chivalries, beats down nobility, brings dearth and famine, and causes destruction and confusion.

– Thomas Wilson, 1569

I believe that banking institutions are more dangerous to our liberties than standing armies. If the American people ever allow private banks to control the issue of their currency, first by inflation, then by deflation, the banks and corporations that will grow up around the banks will deprive the people of all property until their children wake-up homeless on the continent their fathers conquered.

– Thomas Jefferson, 1802

"The recovery to profitability has been amazing, leaving Barings to conclude that it was not actually terribly difficult to make money in the securities business." – Peter Baring, Chairman of Barings, to Brian Quinn, Director of the Bank of England, 13 September, 1993 – as quoted in "Nick Leeson: Rogue Trader", 1996

The Prime Minister of Iceland, Geir Haarde, sent shivers through the global financial system when he asserted that Iceland can not, and will not pay the foreign liabilities of its banking sector and that the interests of Iceland will have first priority.

Yesterday, Haarde told a press conference: 'The point is this. The total indebtedness is such that there is no way that the Icelandic population can take responsibility for the debt these private companies have incurred. It happens everyday in bankruptcies, that some are burnt.'

– Harsha Sanka, freedom@harshankar.org 2008

THE COLLAPSE OF FINANCIAL PAPER CASTLES by Brian Simpson: Ecological economist, Professor Herman E. Daly of the University of Maryland has said that the present financial crisis is due to the "overgrowth of financial assets relative to the growth of real wealth". Daly has said that "financial assets have grown by a large multiple of the real economy" and that "paper exchanging for paper is now 20 times greater than exchanges of paper for real commodities".

It is in the nature of the present financial system – born of debt due to the creation of credit *ex nihilo* as a debt to the financial system itself – that debt will always outgrow the product of real physical wealth. Debt, a *virtual* quantity is potentially infinite but real physical wealth on a finite planet is by definition finite.

Paul Craig Roberts, Assistant Secretary to the Treasury in the Reagan administration, has observed that because "exploding debt liens have simply outgrown the wealth", no bail out can succeed: "Historically, debt that cannot be redeemed has been repealed by inflation. The same inflation that wipes out debt will wipe out savings."

That will be the next scene in the great saga of the economic collapse of globalism. It is a pity that we small folk must be hurt as the evil giants tumble.

REMEMBER NICK LEESON, DERIVATIVES AND BARINGS BANK? by Betty Luks: The unfolding revelations of the gambling habits of the banks, hedge-funds, etc., on the Money Market's roulette tables reminded me of the fellow who, in 1995, brought down Barings, Britain's oldest merchant bank. The up-and-coming derivatives/options trading 'whiz kid' Nick Leeson, was sent out to SIMEX, the Singapore money market to trade on the bank's behalf.

Until the 1996 publication of his own story in "Nick Leeson: Rogue Trader"* his role in the affair was shrouded in rumour. The U.K. authorities and the Bank of England didn't pursue the legal means to bring him to trial in the U.K. On Friday 1 December 1995, he pleaded guilty to two offences of deceiving the auditors of Barings in a way 'likely to cause harm to their reputation' and to cheating SIMEX. The following day he was sentenced to six and half years in prison and when his book was published he was serving that prison sentence in Tanah Merah prison, Changi, Singapore.

As to the Bank of England's report into what happened and why, Leeson was scathing: "...while I have included references to the Bank of England's report in the book, I would in no way like the reader to think that this signifies my agreement with that report. It doesn't. The Bank of England's report is a waste of paper and is shamed by the Singaporean version."

He continues: "I also believe that very high-level questions need to be asked both of the Bank of England and of the Serious Fraud Office (SFO). So far these questions have been avoided."

"There are reasons why I did not return to the U.K. to stand trial. I will not pretend to know or understand the machinations behind the decision, but I would like to draw attention to the fact the Singaporean report states that they were restricted in their access to the majority of evidential documents held in the U.K. This is contrary to the views expressed by the SFO throughout my internment in Germany."

* Try the internet for copies of "Nick Leeson: Rogue Trader", 1996, published by Little, Brown and Company ISBN: 0 316 87958 4.

LIKELY TO CAUSE HARM TO THE BANK'S *REPUTATION*? If Nick Leeson in 1995 can be gaoled for being "likely to cause harm to a bank's reputation" what can the public expect to happen to those who have been instrumental in causing banking defaults on a massive scale – and thus "likely to cause harm to many a bank's reputation" in 2008?

In *OT* Vol.44 No.28 we quoted Ellen Brown: "Let the Lawsuits Begin: Banks Brace for a Storm of Litigation": http://www.webofdebt.com/articles/bracing-storm.php

Ellen Brown quoted from the *San Francisco Chronicle*, December 2007, attorney Sean Olender had suggested that the real reason for the subprime bailout schemes being proposed by the U.S. Treasury Department was not to keep strapped borrowers in their homes so much as to stave off a spate of lawsuits against the banks.

Sean Olender wrote: "The sole goal of the freeze is to prevent owners of mortgage-backed securities, many of them foreigners, from suing U.S. banks and forcing them to buy back worthless mortgage securities at face value – right now almost 10 times their market worth. The ticking time bomb in the U.S. banking system is not resetting subprime mortgage rates. The real problem is the contractual ability of investors in mortgage bonds to require banks to buy back the loans at face value if there was fraud in the origination process.

"...The catastrophic consequences of bond investors forcing originators to buy back loans at face value are beyond the current media discussion. The loans at issue dwarf the capital available at the largest U.S. banks combined, and investor lawsuits would raise stunning liability sufficient to cause even the largest U.S. banks to fail..."

If Nick Leeson can be sent to gaol for being "likely to cause harm to their (Baring Bank's) reputation and to cheating SIMEX" there must be literally hundreds of private bankers, their managers and minions who are legally responsible for the world's present woes.

BRADBURY'S FLIMSIES, BANK OF ENGLAND AND REAL HISTORY: Another matter of historical importance, was brought to mind, this time by the governor of the Bank of England's recent public statement. Mervyn King, the good governor has revealed to a nervous British public "the U.K. economy is now likely to be entering a recession." Well bully for him. Anyone who has been following the historical threads of money-debt-creation over the centuries could have told him this deflation of the financial system has happened on a fifty-year-or-so cycle for hundreds of years. This time it is worse because there were too many 'cowboys' playing with their customers' investments on the Derivatives Roulette Wheel, and the private bankers had gotten far too greedy. What did the chairman of the Barings Bank, Peter Barings, say in the 1990s? "...leaving Barings to conclude that it was not actually terribly difficult to make money in the securities business."

But as to this other matter – what did the governor of the Bank of England say?
Source: http://news.scotsman.com/scotland/King---admits-that.4615304.jp

"Not since the beginning of the First World War has our banking system been so close to collapse." What happened back in the early 1900s?

Bearing in mind that early in the history of banking, the goldsmith/bankers issued notes to their customers for the *receipt* of deposits made to the banks, a type of IOU. Anyone who has access to an early Bank of England note, or drawing of one, will see the bank promised to pay the bearer on demand the denomination equivalent in precious metal, e.g. = one gold sovereign, when the paper note was presented to the bank. Early in the First World War period people lost confidence that the Bank of England had enough gold sovereigns in its vaults to honour its own bank notes – and a 'run on the bank' took place. People wanted gold sovereigns in place of these bank receipts or IOUs.

After a time the Bank of England ran out of gold sovereigns and the banks had to close their doors; you see, ten times more IOUs (receipts, bank notes) had been issued than the number of gold sovereigns in the vaults. The banks had been practicing 'fractional reserve banking' for quite some time without the public's knowledge. The goldsmiths/bankers were up to their old, old tricks once again.

What happened next? With the assistance of the government of the day, a new note was printed, this time guaranteed by the government, the banks' doors were reopened and the new note was issued in replacement of the old Bank of England note. This new note – remember, now backed by the government of the day – became known as Bradbury's Flimsies.

The reader is able to study this bit of history at his leisure. Go to www.alor.org/ and scroll down to Movie Files. Download the section The Black Magic of the Money Cult.

For those who want them, a set of the full definition DVDs on "Social Dynamics" is available for AUS$25.00 posted from Heritage Book Services, P.O. Box 27, Happy Valley, S.A., 5159.

Meanwhile, *The Scotsman* tells us: "...chief executives of leading banks have been summoned to a meeting with the government tomorrow. New Business Secretary Peter Mandelson said the meeting aimed to impress on bankers the importance of continuing to lend to smaller firms at competitive rates."

In other words, without bank credit (read *debt*) at 'competitive rates' (low interest charges) the productive/economic system will grind to a halt. You need to read "The Money Trick" to gain a better understanding of the modern private banking system and its control, directly and indirectly, over all nations. The booklet is $13.00 posted from all Book Services.

SO, THERE IS NOW A 'COOLING OFF' PERIOD: Andrew Bolt, *Herald Sun*, 22/10/08, drew attention to a blogger, Benny Peiser, who says Europe is going cool on warming policies, and is belatedly checking just how much it will hurt to cut emissions. But what also took our attention was the following:

Emeritus Professor Chris Ollier, a geologist of the University of Western Australia, sees clear parallels between global warming science and Lysenkoism, Stalin's own bogus "science": 1. Work first through political organisations; 2. Claim that the science is settled. There is nothing to debate; 3. Disregard, or deny, all the accumulating evidence that the predictions might be wrong; 4. Demonise the opposition (Mendelian geneticists; 'Global Warming' Deniers); 5. Victimise the opposition (execution and exile; loss of jobs or research funds, public and media humiliation); 6. Relate to a current ideology (Stalinism; Environmentalism); 7. Support a vast propaganda machine; and, 8. Create a huge bureaucracy where many people have careers dependent upon 'the ruling concept'. Others have noted the parallels, too.

YOU CAN READ ABOUT IT by James Reed: At present the sad news is that about one in four Year 9 students are only reading at the level of the top 20 per cent of Year 3 students. The first national literary and numeracy tests have revealed that one in 10 students across the nation failed to meet the minimum literacy standard for their year.

This problem is due to the problematic nature of the modern school, where decades of socialist doctrines and leftist dogmas have taken their toll. Feminism, a badge of honour among the largely female population of teachers, is a ruling ideology that discriminates against boys and produces enormous psychological problems from its onslaught.

Much school time is spent on politically correct issues such as Aborigines, women, gays, migrants, refugees, 'racism' – you name it. Traditional British history has been eliminated in favour of the "new history". We are now reaping the foul, leftist seeds of destruction that were sown in the 1960s.

TERRORISM, POSTMODERNISM AND THE CULTURAL WARS by Brian Simpson: Postmodernism is the Leftist philosophy that there is no truth or objective reality, only culturally relative realities. Consequently one should feel very guilty about White culture and support trendy Left-wing causes (e.g., homosexuals, women, coloured folk, transsexuals, etc., etc.) Actually, the political thesis doesn't follow from the logical thesis, even by warped Leftist logic. If all there are, are culturally relative realities, then the reality of the neo-Nazi, racist, etc., is just as "valid" as the most pink of 'pinkos'. This though is too much reality for the postmodernist and they "never go there".

Predictably enough, there is even a postmodernist take on terrorism: it is our own fault, a view being pushed within the same segments of our so-called higher education institutes (e.g. *The W.E. Australian* 20-21/9/08 p.1. "Some of Australia's top thinkers on national security have opened a new front in the culture wars – over whether a postmodernist interpretation of terrorism is brainwashing our next generation of military leaders.").

Seldom does this school of deconstruction mention the Zionist factor or anything politically incorrect. No, we are all at fault because, from a postmodernist perspective, we are terrorists because of our historical sins against all of those coloured folk.

This is a view from the end of the line. There is nowhere else to go but down – or to put down the institutions that produce this sewer gas.

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