A WEEKLY COMMENTARY

ON TARGET

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The price of Freedom is eternal vigilance –

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THOUGHT FOR THE WEEK: "In 1962, Aldous Huxley, reflecting on his predictions made thirty years previously in Brave New World, concluded that non-violent methods of control were most likely to be evolved, whereby people could willingly consent to a state of servitude, and become amenable to "mass production methods on the social level". It is not unreasonable to suggest that in the present state of affairs people will acquiesce to doing almost anything if there is a money income attached to it. Where the task offers prestige and job satisfaction, individuals will most strongly deny their servitude, obeying orders which go against their conscience or common sense in the belief that they are thereby acting for the common good. Hence the prevailing view that incomes are primarily derived from 'work', i.e., waged or salaried employment, has made it increasingly difficult for people to relate to Social Credit economic philosophy. As Dresden James (1931-2008) observed:

"A truth's initial commotion is directly proportional to how deeply the lie was believed. It wasn't the world being round that agitated people, but that the world wasn't flat. When a well-packaged web of lies has been sold gradually to the masses over generations, the truth will seem utterly preposterous and its speaker a raving lunatic." It wasn't the world being round that agitated people, but that the world wasn't flat. When a well-packaged web of lies has been sold gradually to the masses over generations, the truth will seem utterly preposterous and its speaker a raving lunatic."

If one wishes to move beyond 'flat earth' economics, it becomes necessary to make a serious study of alternatives. Over the past seven years, whilst I have been working on understanding Finance in Society, our tiny team of volunteers has struggled to offer some access to the rich legacy of literature from the Social Credit movement through the website, and through *The Social Crediter*, the back numbers of which are on the website. Social Credit may not be the whole answer, or the only alternative to business-as-usual debt financing of business, industry and farming. Nevertheless, it provides a powerful starting point for engaging in debate on alternatives to the status quo. If work does not create incomes – where does money come from?"

Douglas *Social Credit* website: >www.Douglassocialcredit.com<

– Frances Hutchinson, *"The Social Crediter"*, Vol.86 No.1, Spring 2010.

WOMEN TALKING COMMONSENSE MACRO-ECONOMICS TO WOMEN: Women talking macro-economics, Ann Pettifor. "My conversation earlier this week with Elena Sisti – of Italy's *Altreconomia* on macro-economics, reform of the finance sector, money, and yes, how we women have left the all-important matter of finance to the boys. Big mistake. It's time to get in there, and exercise influence. Too much is at stake...

To create credit there is no need for our banking system to depend on the weather, on land, or even on labour." The following, taken from The Social Crediter is a smatter from the original question and answer article:

Elena: You have always been convinced that the complication of finance could be explained to everyone and masses could be mobilised even for finance issues. Why have you always considered the finance sector as crucial for people?

Ann: Finance is not complicated really – especially not for women, most of whom have to manage budgets, small budgets. And managing a little bit of money, making it go far, requires far more skill and intelligence than managing huge sums of money.

The fact is we all need money to be economically active. The poor in particular need money. We are intellectually mesmerised by this thing we call money, partly as a result of our dependence on it, even though many have difficulty understanding it. The ones that have the most difficulty are economists. Very few economists understand or study the nature of money – in particular bank money. Having said that, some of the greatest economists and political leaders from President Abraham Lincoln, Adam Smith, John Maynard Keynes, President Roosevelt to J.K. Galbraith – understood the nature of money – and acted accordingly.

"One of the reasons we have difficulty understanding in particular the nature of bank money, is that for most of us our first experience of money is when we leave school; we are penniless, work for a week or a month, and then find money deposited in our bank. We think that the money arrives as a result of our economic activity.

In reality exactly the opposite is the case: money stimulates economic activity. Credit creates economic activity. Credit creates deposits. Expenditure creates income. The money deposited in the young worker's bank account existed prior to the economic activity of that young school-leaver, and made it possible for her to get paid work.

To put it slightly differently: it existed before that young person engaged in economic activity - it did not come into existence as a result of her activity. People find it hard to get their heads around this concept, but we must... or else we will fail to understand the financial system...

Before western societies invented bank money and institutionalised banking systems – there were often shortages of money in the economy as a whole. This was because money was linked to a commodity – like gold – which was limited, and indeed was used as an anchor, precisely to limit the availability of money. Then some geniuses (including one John Law) discovered that it was not necessary to have the same amount of 'money' or 'credit' in circulation, as there was gold in the bowels of the earth. One just needed to create enough money equal to the amount of economic activity in the economy...

We have just lived through three decades of financial de-regulation where economic policy makers have encouraged reckless, privatised credit creation. This in turn led to crazy speculation and gambling – in derivatives, collateralised debt obligations, and a range of other parcelled up, sliced-and-diced securities. At the same time central bank governors and finance ministers succeeded very successfully in repressing the inflation of wages and prices – while allowing the prices of assets (property, race-horses, works of art, stocks and shares etc.) to rocket upward in an inflationary bubble.

None of economic gurus complained about inflation of assets: However, none of the economic gurus of the time - from U.S. Federal Reserve Alan Greenspan, to European central bankers, to orthodox economists – while ferociously opposed to the inflation of prices and wages, ever complained about the inflation of assets. Why? It is my belief that this is because it is the rich, on the whole, that own assets. The rest of us live by our wages, or by the prices we can obtain as farmers or small business women... The rich live on rent from their assets – be it property, stocks and shares or any number of assets. And orthodox economists allowed bankers and the rich to inflate the value of their assets with easy credit. This enabled the rich to enrich themselves over the period of financial liberalisation to an extent probably unknown in our history.

Debt-induced deflationary spiral: But invariably that asset-price inflation bubble had to burst. Because if more credit is created than there is economic activity – then the result is inflation. And if inflation grows into a vast asset price bubble as it did in the 90s and early noughties, then it will invariably burst – leaving the detritus of excessive debt to spread the destructive forces of deflation over both assets and other economic activity. One has only to look at Japan's debt-deflationary spiral of the last two decades. Twenty years after Japan's asset bubble burst, property prices are still falling! Can you imagine what that would mean to us, if in 20 years time, the property that we thought would finance our old age – just keeps falling in value?

So today we are trying to clear up a mess, a mess made by the greedy and excessive explosion of unregulated credit-creation, which while the party was on, excessively enriched a few. This mess was created by the ideology of "easy" but expensive credit (i.e. credit lent at high rates of interest). (Many argue that low interest rates were the cause of the crisis. Not so. Interest rates were lowered after the bursting of the first of the asset bubbles - the dot.com bubble after 2000. In reaction to that first manifestation of the crisis – central banks lowered base rates. But that did not mean that, for example, sub-prime borrowers, or companies wanting to undertake risky investments paid less... they paid usurious rates, because of course they were risky, but to the bankers, very profitable borrowers!)

They should be indicted /imprisoned – but so far, nary a one: The mess that we are living through is a debt-induced deflationary spiral. As borrowers de-leverage their debt and save more; as they are bankrupted by high, real rates of interest, so they reduce their economic activity. As they reduce economic activity, so more companies go bust (especially if they have heavy debts), so more people have to be made unemployed. As more people lose their jobs and cut their economic activity – so prices fall more, and more jobs are lost. It is a wicked and vicious spiral. The perpetrators of this crisis – orthodox economists/central bank governors/regulators, politicians, reckless and irresponsible bankers and financiers – should be imprisoned and punished; but not a single one has even been indicted!

It's a wicked old world: The real worry is this: in a deflationary environment the cost of debt (including interest rates) rises. While the price of e.g. tomatoes can fall below the cost of growing tomatoes – the 'price' of money – interest rates – can never fall below zero. So while prices and wages might turn negative (i.e. people lose their incomes) the price of money cannot turn negative... It's a wicked old world.

Which is why we women should make a strong effort to understand finance and economics – monetary policy as well as fiscal (taxation) policy – and not let the boys in pin-stripe suits run the economy. They have amply demonstrated their incompetence.

There I go again! Another broad generalisation! And apologies for the very long answer..."

<u>**BREACHING NORMS OF HUMANITARIAN BEHAVIOUR**</u>: Phil Shiner, Supervisor of Public Interest Lawyers, United Kingdom, said during the panel discussion on the Seminar on Assistance to

the Palestinian People that the Advisory Opinion was extremely helpful as it had identified three different pre-empting norms Israel had breached, explaining that peremptory norms or *jus cogens* norms were actions recognized in international law that no State was ever permitted to commit, such as *genocide, slavery and denial of the right to self-determination*. The opinion was crystal clear that Israel was in breach of international law and set out the obligations of third States.

He said that customary international law was part of the common law of the United Kingdom and part of the jurisdiction of other European States. He had unsuccessfully brought two cases to Court where the United Kingdom was in violation of international law through, for instance, permitting the sale of arms to Israel, which had then been used in the Gaza offensive, and suggested that civil society, should identify E.U. States where legal actions in that regard could be brought.

The E.U.-Israeli Association Agreement is also in breach of *jus cogens* norms, as the Agreement includes a provision which says that relations between parties must be based on respect for human rights and democratic principles. That clause requires parties to respect customary international law and the principles of the United Nations Charter which prohibits acquisition of territory by force. He was working on a court challenge in that regard and suggested that what was being done in the U.K. could be done elsewhere.

Watch: Phil Sheiner Speech at UN 26.03.2010 from Kawther Salam on Vimeo. Speech delivered by Phil Sheiner of Public Interest Lawyers in Birmingham, U.K., at the U.N. Civic Society Meeting for Palestine held at the U.N. Vienna on 26.03.2010. *Source:* Palestine Think Tank, 29 March 2010.

RAUNCH-CULTURE, WOMEN AND CIVILISATION by James Reed: You know that a civilisation is at an end when amongst conservatives, critics such as myself sound the warning alarm and a salvo is fired to kill the messenger – not the enemy. Thus, nothing seems to upset a small segment of our readership more than critical remarks that may implicate ... women ... or powerful men who do 'dirty deeds'. My criticisms of our hyper-sexual, degenerate culture seem more upsetting than the degeneracy itself! Yet, even now in the mainstream press there are criticisms of sex culture or raunch-culture where unspeakable (for conservative Christians) sexual encounters become a form of weekend entertainment. The Cover Story in *The Weekend Australian Review*, 13-14/3/2010, says it all: "In 1998, the British author and feminist Natasha Walter wrote a book "The New Feminism", which attacked older feminists' censorious approaches to sex and romance, fashion and body image. 'The puritanism that was expressed by so many earlier feminists is a hindrance rather than a help,' declared the 31-year-old torchbearer for a generation who didn't want to be judged for what they wore or with whom they slept.

'Puritanism alienates women because it does not reflect the real, often wickedly enjoyable relationship they have with their clothes and their bodies' she declared.

Walter's book, lauded by some, derided by others as a work of "post-political blandness" and "cyclical amnesia" – urged activists to concentrate on political and economic issues and to quit the bedroom. 'Now feminism has nothing to bring to women's sexual experiences,' she wrote with cast-iron certainty.

Twelve years on, the women's movement has stalled, Walter is in early middle age and has written a new book, "Living Dolls: The Return of Sexism". Oddly enough, it charges back into the bedroom: its author has discovered that the personal can be intensely political, after all".

This new feminist critique of the activities of young women, seems to be from 30-something feminists, including former editors of top-selling women's magazines, who now fear for the future of children in raunch-culture. Sorry ladies, I think it is all too late. *Continued in* The Bulletin

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