

# RUNNYMEDE GAZETTE

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**EDITORIAL**

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# EDITORIAL

## HAVE LES AUTRES BEEN ENCOURAGED?

The February edition of the Runnymede Gazette carried an editorial under the headline *pour encourager les autres ... to encourage the others ...* that the Greek crisis was not so much about debt and austerity, as about asserting the power relationship between the Euro-oligarchy (and all the other oligarchic interests that stand both with it and behind it), and the constituent states of the EU.

So here we have it in all its horrible, nasty, gory detail, from the man who was right inside that crucible. The recent speech by the former Greek Finance Minister, Yanis Varoufakis, at Frangy, France, lays it all bare, blow by blow.

This important speech is reproduced here, only slightly edited, for reasons of room, mostly to remove some rhetorical flourishes. It is fascinating reading from a variety of standpoints, both positive and negative.

It contains much we could all agree ... *'Elections cannot change anything'*. We know that already. Quite apart from what happened in Greece, and that was bad enough, the masters of the EU have demonstrated their contempt for the ballot box many times before ... in France, Ireland, Holland and Denmark. If we vote the 'wrong way', that vote will either be ignored, circumvented, or a pretext found by which we will have to vote again after having been bullied into voting the 'right way'.

Those who believe that a Brexit 'referendum' here will be any different may yet gain be indulging the naïve delusions which seem an essential part of any contemplation of the EU.

So it is with veracity that Varoufakis talks of the *'the spectre of democracy'* which haunts the Euro nomenclature ... *those who detest it ...* in the context of the *'very European coup'* to which his country was subjected; and that this is not an issue of Greek democracy but of democracy right across the continent. We are all Greeks now, or very soon will be. Democracy is replaced by *control over your destiny by unaccountable, faceless, economically illiterate pseudo-technocrats.*

An example had to be made. A small country, which did not matter too much in the greater scheme of things provided an ideal victim. The presence of a recently

elected 'radical' government served only to put a large cherry on that cake. The price of non-compliance with the will of the oligarchy had to be demonstrated ... *The Troika's greatest fear was that our government might succeed ... the demonization of our government ... to paint us as communistic radicals so as to prepare Europe's public for our overthrow.*

A crisis therefore had to be deliberately engineered, not to bail out the Greek people, but to secure abject unconditional surrender to assert control, whilst and ... why waste a crisis? ... at the same time bailing out the likes of Deutsche Bank, BNP Paribas, Finanz Bank, and Societe General. *Our Athens Spring was crushed, just like the Prague Spring before it ... not crushed using tanks. It was crushed using banks .... Our government was crushed because we dared say no to the Troika.*

Varoufakis has much to add with which we might either agree outright or which might provoke careful thought ... *to de-politicise money, to turn Brussels, the Eurogroup, the ECB, into politics-free zones. When politics and money are de-politicised ... democracy dies. And when democracy dies, prosperity is confined to the very few who cannot even enjoy it behind the fences they need to protect themselves from their victims ... Maastricht is the Treaty of Versailles without a war ... Our continent began uniting ... but ended up divided by a common currency.*

But from here on we might start to interrogate Varoufakis himself, and what his own agenda really is, and whether his own thinking on certain issues is as clear as it might be.

At one moment he talks of the Euro being '*badly designed*' and of '*the euro's inevitable crisis*', and in the next of the '*the integrity of the euro.*' '*the strengthen(ing) (of) our monetary union.*'; and of Greece being '*a permanent and inseparable member of ... our monetary union.*' Nowhere does he consider the issue of the Euro being the deeply flawed and unworkable project which many economists acknowledge. Nowhere does he address the issue that Greece is in the wrong currency at the wrong rate of exchange both as regards its terms of trade within, and external, to the Eurozone.

He compounds that lacuna when he talks of French attitudes to Germany and of the French Maastricht referendum, but nowhere mentions the monstrous fraud engineered jointly by the then Greek government, the ECB, the EU Commission and Goldman Sachs to shoehorn Greece into the Euro in the first place.

He talks of '*democratising the Eurozone.*' although how it is possible to '*democratise*' a currency union is wholly unclear even for those who do not think such an exercise would be akin to manicuring a dead rat.

He slates '*nationalism*' and national stereotyping yet talks of '*proud nations*'. Whilst he is right that the '*flimsy alliances in the European Parliament*' are '*obsolete*' how his '*Pan-European coalition*' is going to come together without such '*flimsy alliances*' is again unclear. He sees Europe as capable of some unspecified form of democratic renewal, which he calls '*Decentralised Europeanisation*' but that this can and ought to happen within the context of the institutions as they are.

One moment he flirts with Euro-federalism. The next he complains of loss of sovereignty. This melange of cognitive dissonance comes together in the following litany of contradiction and impossibility (not the least of which is how all the rest of what he lists can be done without treaty change!):-

*'I call this overarching program because it Europeanises our common problems but proposes no federal treasury, no loss of sovereignty, no fiscal transfers, no German or*

*French guarantees for Irish or Greek debt, no need for Treaty changes, no new institutions. It gives more freedom to elected governments. It limits their impotence. It restores the democratic functioning of our Parliaments.'*

Cognitive dissonance is part and parcel of politics, but this pushes even the extreme limits that seem to have become an essential part of considering all matters European.

There is much talk of 'another Europe' within the ranks of some self-styled radicals. Yet it is like a mountain mist. The closer we get the more vague and moist it becomes. What much of this talk boils down to is a position of 'Europe regardless'. It gets back to the subject of the last RG editorial ... how bad does this institution have to become before we cry enough!

It is a pity such a great speech is spoilt by a lack of clarity over the differences between vertical and horizontal integration and between the intergovernmental and the supranational model. But at least in this regard, Varoufakis is typical of so many!

*Frank Taylor*

## **OUR DISCONTENT**

***Yanis Varoufakis; via Sonya Porter***

Let me tell you why I am here with words I borrowed from a famous old manifesto. I am here because: A spectre is haunting Europe - the spectre of democracy. All the powers of old Europe have entered into a holy alliance to exorcise this spectre. The state-sponsored bankers and the Eurogroup, the Troika and Dr Schäuble, Spain's heirs of Franco's political legacy, the SPD's Berlin leadership, Baltic governments that subjected their populations to terrible, unnecessary recession and Greece's resurgent oligarchy.

I am here in front of you because a small nation chose to oppose this holy alliance. To look at them in the eye and say: Our liberty is not for sale. Our dignity is not for auction. If we give up liberty and dignity, as you demand that we do, Europe will lose its integrity and forfeit its soul. Nothing good happens in Europe if it does not start from France. The Athens Spring united Greeks and gave them back

- their smile
- their courage
- their freedom from fear
- the strength to say NO to irrationality
- NO to un-freedom

• NO to a subjugation that in the end does not benefit even Europe's strong and mighty ... that magnificent Athens Spring, which culminated in a 62% saying a majestic NO to Un-Reason and to Misanthropy ... our Athens Spring, was also a chance for a Paris a Berlin, a Madrid, a Dublin, a Helsinki, a Bratislava, a Vienna Spring.

Our Athens Spring was crushed, just like the Prague Spring before it. Of course it was not crushed using tanks. It was crushed using banks. As Berthold Brecht once said, "Why send out murderers when we can employ bailiffs?" Why stage a coup d'état when you can send to a freshly elected government the President of the Eurogroup to tell the new finance minister, three days after taking office, that he faces a choice: the pre-existing Austerity Program, which resulted in his country's Great Depression, or the closure of the nation's banks? Why send troops in when you can have monthly Troika visits for the explicit purpose of taking over every branch of government and writing a nation's legislation?

Elections cannot change anything. When in my first Eurogroup meeting, back in February, I suggested to finance ministers a compromise between the existing Troika Austerity Program and our newly elected government's reform agenda, Michel Sapin took the floor to agree with me – to argue eloquently in favour of common ground between the past and the future, between the Troika program and our new government's election manifesto which the Greek people had just endorsed.

Germany's finance minister immediately intervened: "Elections cannot anything!", he said. "If every time there is an election the rules change, the Eurozone cannot function."

I replied that, given the way our Union was designed every, (very badly!), maybe Dr Schäuble had a point. But I added: "If it is true that elections cannot change anything, we should be honest to our citizens and tell them that. Maybe we should amend Europe's Treaties and insert into them a clause that suspends the democratic process in countries forced to borrow. That suspends elections till the Troika decides they can be held again. Why should we put our people through the rituals of costly elections if elections cannot change anything? But", I asked my fellow ministers, "is this what Europe has come to colleagues? Is this what our people have signed up to?"

Come to think of it, this admission would be the best gift ever to the Communist Party of China which also believes elections are a dangerous complication getting in the way of efficient government. Of course they are wrong. As Churchill said, democracy is a terrible system. But it is the best of all alternatives, in terms of its long-term economic efficiency too.

A frozen silence followed for a few seconds in the Eurogroup. No one, not even the usually abrasive Mr Djisselbloem, could find something to say until some Eastern European colleague broke the silence with another incantation from the Troika's Austerity Book of Psalms. From the corner of my eye I could see Michel Sapin looking desolate. I was reminded of something he had said to me in Paris, when we first met at his office: "France is not what it used to be."

From a young age I looked to France for inspiration, possibly reminiscent of the way in which Greece's re-emergence in the modern world was inspired by the French revolution, with quotations of Voltaire and Rousseau echoing in my head. At that moment, Michel's silence was difficult to bear. The sight and sound of France's impotence is a harbinger of a Europe that has lost its way.

### ***A very European coup***

Back in the days of our 1967-1974 dictatorship, when the tanks ruled the streets, Greek democrats would come to France, Germany, Austria, Sweden, Canada, Australia, to drum up support for the beleaguered Greek nation. I am not here today to drum up support for Greece's crushed democracy. I am here to lend the Greek people's support to France's democracy.

For this is what is at stake. French, Spanish, Italian democracy. Democracy throughout Europe. Greece was and unfortunately remains a laboratory where the destructive power of Self-Defeating Austerity was tested. Greece was never the issue for the Troika and its minions. You are!

It is not true that our creditors are interested in getting their money back from the Greek state. Or that they want to see Greece reformed. If they were, they would have discussed seriously our proposals for restructuring Greece's public debt in a manner ensuring that they get most of it back. But they could not care less. They instead insisted on our surrender. It was the only thing they cared about. They cared uniquely about one thing: to confirm Dr Schäuble's dictum that elections cannot be allowed to change anything in Europe. Democracy ends where insolvency begins. That proud nations facing debt must be condemned to a debt prison within which it is impossible to produce the wealth necessary to repay their debts and get out of jail. And so it is that Europe is turning from our common home to our shared iron cage.

This is important. You read newspapers and listen to radio and television programs that bombard you with the soothing narrative that the Eurogroup, the Troika around which the Eurogroup is built, the austerity programs are all about REFORMS, about forcing Greece's failed economy to increase its wealth to pay its debts and stop imposing upon the rest of Europe.

Only this is not how Europe works in practice. If you were a fly on the wall watching our negotiations you would see as well as I saw that Ms Lagarde, Mr Draghi, Mr Juncker, certainly Dr Schäuble, were interested in one thing: in dictating to us 'terms of surrender'. Terms that put and to end to the Athens Spring. Terms that wiped out the smile from those across Europe who looked at us and thought that a New Politics is possible. Terms imposed by creditors, which, incredibly, guarantee that we, the debtor, cannot repay our debts, old, and new to them.

### ***Toxic medicine***

Many of you will wonder, quite rightly: But why would creditors impose on Greece conditions that reduce Greece's capacity to pay back its debt to the same creditors? Why would creditors make the Greek government do things that prevent real reforms from being implemented that would make Greece better placed within Europe? Could it not be that the Troika is simply trying to make Greeks take a bitter but necessary medicine? And that we Greeks do not want to take our medicine? To do our homework, as Mrs Merkel might say?

These are crucial questions. They are crucial for you, for the people of France. Why? Because if we Greeks are the authors of our own problems, and if it is true that we are spoilt, lazy people who

refuse to do their homework and take their bitter medicine, then you have nothing to fear. You should not waste any time listening to people like me. But, if this is not so, if the medicine we are asked to take again and again is poisonous, if we have done our homework but the teacher does not even want to read it, then what is going on in places like Greece has nothing to do with Greece. It is about the politics of Europe, France in particular.

Let me be clear on this: The medicine is not just bitter. It is toxic. A doctor delivering such medicine would be arrested and disbarred. But in the Eurogroup, the fact that the medicine is killing the patient is seen as evidence that more of the same is needed. That the dose has to be increased!

For five years the Troika's Austerity Program has created the longest and deepest recession in history. We lost one third of our income. Unemployment rose from 10% to 30% in a country where only 9% of the unemployed have ever received unemployment benefits. Poverty engulfed 2 out of our 10 million people. It was never going to be otherwise.

In 2010 the Greek state went bankrupt. Our state could not pay its debts to the French and the German banks. So, what did Europe do? It decided to give the bankrupt Greek state the largest loan in history on condition of austerity that reduced the income from which the old and the new, huge, loans would be repaid. A ten year old can tell you that the insolvent cannot escape through more loans on condition that its income must fall. Austerity makes incomes shrink while debts grow. More debt, in the form of new bailout loans, on condition of even more income-sapping austerity, leads with mathematical precision to a catastrophe.

Everyone knew this. So, why did Europe do it? Because the objective was not to bailout Greece, Ireland, Portugal, or Spain! The objective was to bailout Deutsche Bank, BNP Paribas, Finanz Bank, Societe General, with taxpayers' money and put all the burden on the weakest of Europeans, causing a humanitarian crisis in Greece and a slow burning recession in France.

And then, when it was revealed that all this austerity in fact pushed Greece's debt up from 120% to 180% of national income, instead of reducing it, what did official Europe do? More of the same in 2012, in 2013, in 2014. Incomes continued to fall, poverty rose, unemployment reached world record territory, everyone owed money to everyone else and no one could pay. More loans to the state to be paid by the weakest of citizens was never an economic policy that was going to work. Like Macbeth who added crime to crime, trying to hide his previous crime by committing a fresh one, so did the Troika moved toxic bailout to toxic bailout, extending the crisis, deepening it, while all along pretending that it was about to be solved.

It was this misanthropic process that extinguished hope in Greece from 2010 to 2015. Last January we were elected to bring hope back. Rather than sit in the shadows and curse the darkness we decided to light a candle. To give hope and rationality another chance. And the people took notice. The little candle we lit illuminated people's faces, and not just in Greece.

From the perspective of Old Europe's Holy Alliance, that was a terrible crime for which we, and those who voted for us, would have to be punished, with more self-defeating austerity that will soon bring our public debt to 205% of national income.

### ***Common ground?***

Going back to my first appearance in the Eurogroup, I walked in with a determination to find common ground. Let me read to you extracts from my intervention with which I proposed a new partnership with the institutions and with my colleagues, the other finance ministers:

'The new partnership we propose to you should be based on realistic goals and efficient policies. We, the new Greek government, must earn a very precious currency without depleting an important capital good: We must earn your trust without losing the trust of our people – of the voters amongst which we enjoy, for now, sizeable approval ratings. For such approval is an important capital good in Europe's struggle to reform Greece and to render it stable and normal.'

'In this time of change, we hear your concerns. We need to put them to rest. I am here to convey to you a message on the new government's program and commitments to its Eurogroup partners. Greece, as a member of the Eurozone, is fully committed to find a solution jointly discussed between partners, in order to strengthen our monetary union.'

'We are committed to cooperate in good faith with all our European and international partners, on an equal footing. We are committed to sound public finances. Greece has made a vast adjustment over the past five years at immense social cost. Its deficit is now below 3% in nominal terms, down from 15% in 2010. We now have a primary surplus and our structural surplus, as measured by the International Monetary Fund, is the largest in the EU.'

'The new government takes this adjustment as its point of departure. We wish now to move forward, on the basis of a new mutually beneficial partnership. We are committed to deep structural

reforms. Our reform agenda aims at re-creating confidence among Greek citizens, growth in the economy, and credibility in Europe. It recognizes the need for deep reforms to anchor the long-term prosperity of Greece within the Eurozone. We recognize the tremendous efforts made by your countries taxpayers to support Greece's debt and maintain the integrity of the euro.'

'However, unrealistic, self-defeating fiscal targets have been imposed and hence must be revised. A primary surplus target of more than 3% of national income year-in-year-out has no historical precedent in any situation resembling that of Greece today. It will simply not be possible for our country to grow if we remain on the growth sapping austerity path imposed on our economy. It is also quite inconsistent with achieving a sustainably reduced debt-to-income ratio.'

'The new contract should recognize this evidence {and} will build upon reforms that are 'owned' by citizens' and domestic institutions, using many elements from the previously agreed policy. This also means that the hope of shared prosperity must be revived across Europe. We wish to discuss with you this home-grown agenda that reflects both our potential and specific constraints. We wish our growth to be inclusive, based on investment, and productivity gains. Growth based on further labour cost compression cannot work in Greece and has been rejected by our people.'

'Based on more realistic primary surplus targets and our home-grown, reform and growth agenda, the new contract we propose will restore a sustainable debt trajectory. We invite the IMF to work with us to assess debt sustainability building on the government's commitments. Greece will stand ready to make concrete proposals, in due time, on a menu of innovative instruments to reduce the debt burden efficiently, including debt swaps.' Then I concluded with these words: 'Dear Colleagues, Europe is whole and indivisible, and the government of Greece considers that Greece is a permanent and inseparable member of the European Union and our monetary union.'

'Some of you were displeased by the victory of a radical left-wing party. To them I have this to say: It would be a lost opportunity to see us as adversaries. We are dedicated Europeanists. We care about our people deeply but we are not populists promising all things to all people. Moreover, we can carry the Greek people along an agreement that is genuinely beneficial to the average European. In us you will find trustworthy partners who do not see these meetings as a means of extracting something out of nothing, of gaining at anyone's expense...'

I want to give you a whiff of the spirit of cooperation with which we approached the Eurogroup. While I was reciting these lines in the Eurogroup, Brussels' 'sources' leaked that I was being rude, that I was lecturing my colleagues, that I was rejecting the Troika's 'reforms'. I did not take these leaks personally because they were not a personal attack. It was part of a brutish propaganda campaign by which to justify the demonization of our government ... to paint us as communistic radicals so as to prepare Europe's public for our overthrow.

For five long months, our side would table clear, sophisticated proposals; about reforming the tax office and making it independent of my ministry but also of the oligarchy; about a debt restructure that would minimize Greece's new loans and maximize our repayments to our creditors; about a new development bank that would utilize public assets and would go into partnership with the European Investment Bank; about a bad bank with which to deal with non-performing loans, bad private debts that clogged up credit, preventing banks from lending, about tackling corruption, price fixing in retail markets, undeclared labour in labour markets, pension reforms that curtailed early retirement without pushing more old people into poverty.

Every time we proposed a sensible measure or reform, we were knocked back. My French colleagues were clearly out of their depth, having depressingly little influence. Even when we agreed on some measure with Michel Sapin or Pierre Moscovici, so what? If the President of the Eurogroup so chose, our agreement would not even be heard in the Eurogroup – not of course that Mr Djijsselbloem ever took these decisions on his own. When, cognisant of this, I took the matter to Dr Schäuble, Wolfgang refused to negotiate with me on anything of substance. It is the existing (failed) program or the highway, was his line. Go to the institutions." Which I duly did.

## **Stonewalling**

Our negotiations with the institutions, the Troika, were the most frustrating experience one can ever have. Like some annoying people who want to talk about everything at once, which means that you end up talking about nothing at all, the institutions insisted on a "comprehensive review" leading to a "comprehensive agreement", which meant they wanted to talk about everything.

They would say we need all your data on the fiscal path on which Greek economy finds itself, all the data on state-owned enterprises, pension funds, energy companies, on this, that and the other. To demonstrate our cooperation we went along, answered the questionnaires, held countless meetings providing the data. After a great deal of time was wasted finding facts that they already had, before we

the ministers knew them, they'd ask us what we intended to do on VAT. We would do our utmost to explain to them our sensible, moderate plans for VAT. They would listen, looking unconvinced, reject our proposal but fail to come up with a proposal of their own. And then, before pinning down an agreement on VAT, they would shift to another issue; we would put something sensible and moderate forward, they would reject it. Then they'd move onto another topic, like pensions, from there to product markets, to labour relations, from labour relations to all sorts of things. So it was like a cat chasing its own tail.

Perhaps the greatest impediment to holding a sensible negotiation was the Troika's fragmentation. The IMF was close to us on the importance of debt restructuring but insisted that we should remove any remaining protection of workers' rights and middle class professionals, like pharmacists or engineers. The Commission were far more sympathetic to us on these social issues but forbade any talk of a debt restructure lest they upset Berlin or Frankfurt. The ECB had its own agenda. In short, each of the institutions different red lines, which meant that we were imprisoned in a grid of red lines. Even worse, we had to deal with our creditors 'vertical disintegration', as the bosses of the IMF and the Commission had a different agenda to their minions or as the German and Austrian finance ministers had an agenda totally at odds to that of their Chancellors.

The days and the weeks were passing due to the determination of our creditors to delay and delay, while leaking to the press at the same time that we were the ones holding the negotiations back, our government was being asphyxiated on purpose. Even before we were elected the ECB had signalled that it would reduce Greek bank access to liquidity. Our opponents in the press turned this into a gigantic scare campaign, effectively inciting depositors to take their money out of the banks. There is nothing easier in the world than a Central Bank starting a bank run – the very bank run that Central Banks were created to prevent.

Days after we were elected, I dashed to London to talk to City financiers in order to calm their nerves and convince them that our government was pro-business, while also being determined to safeguard the interest of our suffering population. It worked. The next morning the Greek stock exchange rose by 12% and bank shares by 20% plus. The day after that, the ECB announced that it was to limit our banks' access to liquidity. The stock exchange crashed again. Why would the ECB do this to our new government?

The official answer was because Greece's 'program' would expire at the end of February "raising questions about the Greek banks' collateral". In reality, the ECB was putting the squeeze on our government to stop dreaming of reigniting hope and accept the Troika's failed program as it was - possibly with a few cosmetic changes.

It is interesting to compare what the ECB did to us with what it had done in the summer of 2012 when another new government was elected and, again, the Greek program was in limbo: Then, the ECB increased the banks' liquidity to huge levels in one go and increased the Greek state's limit from 15 billion to 18.3 billion. In our case, the ECB increased the banks' liquidity little by little, day by day, creating fear in depositors that maybe tomorrow the limit would not be raised and the banks would run dry. Naturally the bank run got worse. As for the government's credit card limit, instead of pushing it up from 15 billion to 18.3 billion, the ECB pushed it down, using an unprecedented legal trick, from 15 to 9 billion. And all this at a time when I had to find 7 billion to make payments to the IMF, originally meant to be made from fresh loans that were never given to us.

Their strategy was very, very simple: Delay any agreement with us, blame the delay on us and on our proposals' lack of 'credibility', until our government, the state, ran out of liquidity. Then hit us an ultimatum under threat of immediate bank closure. This was nothing but a coup.

As I said, in 1967 there were the tanks and in 2015 there were the banks. But the result is the same in the sense of having overthrown the Government or having forced it to overthrow itself – as Prime Minister Tsipras unfortunately decided to on the night of our magnificent referendum, the night I resigned my ministry, and then again on 12th July.

## ***Bigger fish to fry***

Going back to February, I could see the writing on the wall. I could see that the Troika was not interested in reforms that touched the oligarchy, partly because they were in a cosy relationship with the oligarchs (whose press supported to the hilt the Troika in its struggle against us) and partly because they had bigger fish to fry, France being the largest.

What could I do to make it harder for them to ignore our proposals? I did two things. I suggested what I thought was a sensible compromise regarding the process of negotiations. I told them: let us settle on three or four important reforms that we agree upon, like the tax system, VAT, a system to counter corruption in procurement, and let's implement them immediately while the ECB relaxes



restrictions on our liquidity. You want a comprehensive agreement? Let's carry on negotiating – but in the meantime let us introduce these reforms in parliament by agreement.

Their answer? “No, no, no, this has to be a comprehensive review. Nothing will be implemented if you dare introduce any legislation. It will be considered unilateral action inimical to the process of reaching an agreement.”

In response, I tried something that was recommended to me by a person high up in the IMF. Using a team of talented experts, I set out to create a 60 page Plan for Greece's Recovery, a Reform Agenda, a Blueprint for Ending the Crisis. In that effort I enlisted the advice of non-Greek experts of note. Larry Summers, the former US Treasury Secretary, Lord Lamont, Thomas Mayer, formerly Deutsche Bank's chief economist, Jamie Galbraith, of the University of Texas, and Mariana Mazzucato, of Sussex University. Then Jeff Sachs, of Columbia University, who has helped put together many national reform agendas on behalf of the IMF, helped me edit the document.

I handed that document to other finance ministers, sent it to governments and functionaries of the institutions. Did anyone pay any attention to it? Of course not. Even my Prime Minister was too coy to submit it to other heads of government, afraid that the Troika would consider our own comprehensive document to be a challenge to its authority, to its “comprehensive review process”.

Meanwhile the Troika, various people from the Commission, from the German finance ministry and other sources of power, accelerated their leaks to the media that we were refusing to reform the country, that we were wasting time, that we had nothing credible to offer!

I urge you to look at my website where I have uploaded that document and, if you have time and energy, compare it to the 'agreement' that was ultimately imposed upon Prime Minister Tsipras. A quick look will convince you that our plan, the one no one discussed, the one even the Greek government failed to publicise, would end the Greek crisis, unlike the terms of surrender dictated on 12th July, and which our Parliament passed recently, that will fuel the crisis further, with calamitous effects on the weakest Greek citizens.

## ***End Game***

So the never-ending negotiation continued until our liquidity ran out completely. At the 11th hour, on 25th June, four days before the Greek banks were to be closed by the ECB, the Troika gave us their proposal. It was an ultimatum. Take it or your banks will never open their doors again.

We read their proposals. They were absolutely poisonous... totally non-viable and toxic. They wanted us to promise a ridiculous amount of fresh austerity, to increase VAT on our Aegean islands' hotels from 6% to 23%, when in Turkey it is 7%, to cut the pensions of the poorest pensioners by one third. The list of horrors they insisted upon was endless.

For months they were asphyxiating our government and economy with a simultaneous bank run and a liquidity squeeze, and were insisting that our stressed state kept repaying the Intentional Monetary Fund out its own decaying fibre, and they delayed the negotiations till we reached the edge of the cliff. And at that point they made the kind of proposal one makes when one does not want an agreement. The question is: Why would they want to do this?

Did they do it to get us to agree to reforms? Of course not. We were desperate to introduce reforms. When they spoke of reforms they never meant it. It is not a reform to cut the pensions of a pensioner on 300 euros to 200 euros per month. Our pension system reform proposals were genuine reforms – we had a plan on how to lever up public assets in order to create investments that would pay dividends that would, in turn, support the pension funds. We proposed a restructure of the pension funds and drastic restrictions on early retirement. But they were not interested.

Let me now turn to the question of debt. The point of restructuring debt is to reduce the new loans necessary for salvaging a bankrupt debtor. Creditors offer debt relief to get more value back and to extend as little new finance to the stressed entity as possible. Greece's creditors did the opposite. They refused to restructure debt and insisted that we should take on more and more of it under conditions that guaranteed it could not be paid back.

I never stopped suggesting to our creditors a series of smart debt swaps that would aim at two objectives: to minimise the new loans. And to ensure that Greece qualifies for the type of ECB support that the rest of the Eurozone member-states receive, as the best way to stop borrowing from European taxpayers. They rejected my proposals and have now imposed a new loan that is double the size of what was necessary.

Our proposals were not in fact rejected. This is what really matters: our proposals were never discussed! Even though we had it on good authority that they were technically rigorous and legally sound, the political will of the Eurogroup was to ignore our proposals, let the negotiations fail, close our banks, and force the Greek government to surrender on everything – including a massive new loan

much greater than what we proposed. Why?

So, back to the terrible question: Why do Greece's creditors prefer a much larger loan package than necessary? Why did they ignore our proposals? Why did they waste the great opportunity we presented them as the government that had the support of the vast majority of the Greek people? Did they not 'get it' that we were uniquely placed to ask Greeks to take bitter, though not toxic, reformist medicine? Why did they insist that the medicine should be poisonous and not therapeutic?

There is no economic answer here. The only answer is one that resides firmly in the realm of power politics. The Troika's greatest fear was that our government might succeed. That its own superior wisdom and authority would then be questioned by the people of Europe. The Troika does not mind Greece as a permanently festering wound. The German finance minister is not even that concerned about getting German taxpayers' money back. Those who run Europe are prepared to pour a lot more of their taxpayers' money into a bottomless Greek pit, while the people of Greece suffer, if this the only way they can perpetuate their control over their own people.

- Debt is creditor power and unsustainable debt gives creditors even more power.
- They did not want your money back.
- They wanted to overthrow our government at your expense.
- Even better, they wanted us to lay a bed of nails voluntarily, thanking them for letting us do it.
- They wanted to humiliate the only government that dared question the logic of an illogical economic policy.

Our five month long negotiation was a contest between the right of creditors to govern a debtor nation and the democratic right of that nation's citizens to be self-governed. There was never a negotiation between the EU and Greece as a member state of the EU. I am here because what happened to us is beginning to happen to you. Greece is a battleground on which a war against European democracy, against French democracy is tried and tested.

Back in May, in yet another Eurogroup meeting, I had a fascinating conversation with Dr Schäuble. We talked extensively both about Greece and the future of the Eurozone. Later that day, the Eurogroup agenda included an item on future institutional changes to bolster the Eurozone. In those conversations, it became abundantly clear what Dr Schäuble was planning for Europe. It was also clear that a large majority of finance ministers were in agreement. Michel Sapin was not one of them but I cannot remember him protesting openly. France is clearly not what it used to be...

And what is the plan? Francois Mitterrand knew that the Eurozone was badly constructed. He believed that the first large euro crisis would force his successors to introduce the political union necessary to save Europe from a 1930s-like fragmentation. He was wrong.

Large-scale crisis is of course inevitable when control over different nations' money is deferred to "technocrats" unchecked by a parliamentary process to keep them in check or to back them up when necessary. Once the inevitable crisis hits, national interests resurface with a vengeance. History proved Mitterrand wrong: The crisis set one proud nation against another and pushed a federal solution further away into a distant future.

Which left us with Dr Schäuble's plan: A Eurozonal budget overlord (possibly a glorified version of the Eurogroup's President) equipped only with negative, or veto, powers over national budgets. Over France's budget to be precise. A Eurogroup that gets more and more powerful as the European Commission fades into the background, looking after matters of minor importance.

To those who speak of 'more Europe' and in favour of a 'political union', I say: Beware! The Soviet Union was also a political union. The question is: What kind of political union? A democratic realm of shared prosperity? Or an iron cage for Europe's peoples?

A federal democracy like Germany, the US or Australia, is founded on the sovereignty of its citizens as reflected in the positive power of their federal representatives to legislate what must be done on the sovereign people's behalf. In sharp contrast, the Schäuble Plan envisages only negative powers: A budget overlord that can only say 'No' but has very limited capacity to recycle surpluses from the surplus to the deficit regions of Europe – which is what a federal system would do.

The problem with this plan is twofold. First, it would not help to safeguard and to manage the Eurozone's macro-economy. Secondly, it would violate basic principles of Western democracy.

So, why is Greece relevant? Because it is part of the plan to use Greece as a morality tale, a demonstration of what awaits if you resist this disciplinarian version of political union. Grexit is meant as a threat that forces the people of France to accept as lesser evils permanent austerity, permanent crisis and direct control over your destiny by unaccountable, faceless, economically illiterate people pseudo-technocrats.

Make no mistake: Our government was crushed because we dared say no to the Troika at a time when there were plans afoot for the Troika to come to Paris. Don't say you have not been warned. "We are all Greeks now" not because there is something superior about the Greeks but because the Athens

Spring lit up a small candle emitting hope to all Europeans. A candle that the Troika had to extinguish at all cost, lest its authority be challenged by the spectre of democracy.

### ***Loss of sovereignty over key departments of state***

One of the shocking realisations after assuming the Ministry of Finance was the manner in which five years of Troika rule had turned the Greek state into Swiss cheese. Whole chunks of our government had been gobbled up by the Troika, answering directly to them, unaccountable to the ministers or, indeed, to Parliament.

And it was not just the Bank of Greece, which had become incorporated in the European Central Bank – the same central bank that, instead of helping our government ... was asphyxiating us. No, I am referring to other crucial institutions like the Hellenic Financial Stability Facility – HFSF (that owns on behalf of the state all the banks), the outfit that handles all privatisations, the Statistical Office and, of course, my own ministry's public revenues secretariat.

When I decided to reduce the enormous salaries of the HFSF managers, appointed largely by the Troika, I received a letter from Mr Thomas Wieser, the Euro Working Group president, a key Troika functionary, who told me I could not do that without his outfit's approval. In a country where the Troika demands constant wage and pension cuts, the minister could not reduce the exorbitant salaries of the Troika's favourite boys and girls – salaries paid for by our bankrupt nation.

On another occasion I tried to interrogate my own ministry's public revenues secretariat on which it delayed by four months the opening of the web application with which companies submit tax returns – the same period when our state was being asphyxiated and in dire need of tax revenues. I was told that I had no authority over the Secretariat which was, effectively, directly wired into the Troika. Soon, during the negotiations, the Troika told me to legislate greater autonomy for the general secretary who was assisting in our state's asphyxiation! And when, after my resignation, I told a group of financiers of my plan to re-establish national sovereignty over that particular secretariat, I suddenly faced a campaign, from the Troika-friendly Greek media, to have me indicted for... high treason.

I am telling you all this so that you are warned. When the Troika comes to Paris, in person or in spirit, know this: a hideous dearth of national sovereignty will be imposed upon French ministers too – if it has not been imposed already.

### ***Democratic deficit***

Let me now take you back to the end of June. Prime Minister Tsipras had announced the referendum ... to ... put the Troika's ultimatum to the Greek people.

I was lambasted by several ministers of finance for having dared put to common folk complex financial questions. What? Is this not the point of democracy? To put complex questions to common folk, on the basis of one person one vote? Was I hearing this properly? The Eurogroup – the organ of the world's largest economy where all the decisions shaping our social economies are made – was rejecting democracy in my face?

In that meeting, President Dijsselbloem announced that he was about to convene a second meeting later that evening without me. I protested that he cannot, of his own accord, exclude the finance minister of a Eurozone member-state and I asked for legal advice on the matter. After a break, the advice came from the Eurogroup's Secretariat: "The Eurogroup does not exist in European law. It is an informal group and there are no written rules to constrain its President." No written rules, no minutes taken (so that citizens can see what was said on their behalf), no respect for democracy. This is the institution that decides for you and me. Is this the Europe that Adenauer, De Gaulle, Brandt, Giscard, Schmidt, Kohl, Mitterrand etc. had worked towards? Or is it the epitaph of the Europe that we had always thought of as our point of reference, our compass?

A week or so later, the people of Greece, despite the closed banks and the scare mongering of the corrupt Greek media, delivered a resounding NO. The following day the Euro Summit responded by imposing an agreement that can only be described as our terms of surrender. And the Euro Summit's weapon of choice? The illegal threat of amputating Greece from the Eurozone. Whatever one thinks of our government, and despite the divisions between us occasioned by that surrender, this episode will go down in European history as the moment when official Europe declared war on European democracy. Greece capitulated but it is Europe that was defeated.

### ***Our discontent***

On that night I disagreed with PM Tsipras and resigned. We had been disagreeing on a number of issues before. Conceding to the Troika in late April ridiculously high primary surpluses, without my

consent, was always going to embolden our creditors. Once you acquiesce on high primary surpluses, that is you accept new austerity, you signal that you are not really serious about debt restructuring. And once you give up on austerity and the debt, the Troika knows you are beaten. All they had to do was to wait for our capitulation.

The reason I did not resign then, in late April or at the beginning of May, was that I was sure that the Troika would not give my Prime Minister any half-decent deal even after he granted them almost everything they had asked for. For their aim was our humiliation, rather than a hard, austere deal. So I waited for Alexis to stiffen his tone. The referendum gave him that chance.

When the Eurogroup signalled the ECB to shut our banks in retaliation to our referendum – the same banks the ECB had repeatedly declared solvent – I recommended two or three acts of retaliation of our own. When I was outvoted within our war cabinet, I knew it was game over.

But then the brave, fearless people of Greece, despite the propaganda waged by the oligarchs' TV and radio stations, ignoring the closed down banks, voted a resounding 'No' to surrender. That night I felt that we had another chance. Or that, at the very least, we should resign if we thought our weapons were all spent, taking to the streets with our courageous people. 'Not in our name', should have been our defiant answer to the Troika's demand that we sign up to its catastrophic, 'new' plan.

These disagreements between Alexis Tsipras and I are now water under the bridge. It saddens me that our paths have diverged. In particular it saddens me to hear my comrade struggle for words in support for a program that he knows cannot be made to work.

Can we move forward united in difference? The Left has not been good at this in the past. It better improve now. We need to leave the door open for those who have the urge and the capacity to join us in the Struggle for Recovering Europe's Integrity and Soul. For democratising the Eurozone.

### ***A false, but entertaining, history of the euro***

Why did we create the euro? An analytically wrong but entertaining answer goes like this:

The French feared the Germans

The Irish wanted to escape Britain

Greeks were terrified of Turkey

The Spanish wanted to become more like the French

Southern Italians craved migratory rights to... Germany

Northern Italians wanted to become German

The Dutch and the Austrians had all but become German

The Belgians sought to heal their sharp divisions by joining into both Holland and France under the auspices of a reconfigured Deutsch mark

The Baltics shivered at the thought of a resurgent Russia

Slovakians had nowhere else to go after separation from their Czech brethren

Slovenia was escaping the Balkans

Finland had to do something Sweden wouldn't

And, finally, the Germans feared the... Germans!

Like all big lies, this account contains important small truths. The French did fear the Germans. And the Germans had reason to fear that fear, as well as their own nation's capacity to self-destruct. At this point I beg to differ from those who put the blame for Europe's crisis on Germany and "the" Germans. I have always opposed this tendency for two reasons.

First, there is no such thing as "the" Germans. Or "the" Greeks. Or "the" French for that matter. Anyone who knows German, Greek, French society will also know that there is a great deal more divergence in character, virtue and opinion within the Greeks, within the French, and within the Germans than there are differences between Germans, French and Greeks.

The second reason I oppose the censure of Germany is that Paris bears greater responsibility than Berlin for our present mess. Let me take you back to September 1992. Two days before the French people were to vote in the referendum on the Maastricht Treaty, Le Figaro had this to say:

*The opponents of Maastricht fear that the common currency and the new Central Bank will fortify the superiority of the Deutsche Mark and the Bundesbank. But the exact opposite will happen. If it comes to Maastricht, Germany will have to share its financial might with others.*

"Germany will pay", they said in the 1920s. Today Germany does pay. Maastricht is the Treaty of Versailles without a war. No German could forgive such callousness. It was no excuse that the French establishment was struggling to persuade a skeptical French electorate to vote 'Yes'.

The 1919 Versailles Treaty condemned Germans to unspeakable misery, humiliated the proud

German nation, and prepared it to be taken over by Nazi thugs. The Nazis would have remained a historical footnote if it were not for the impossible reparations of the Versailles Treaty.

This was not just a wayward editorial of some French newspaper. De Gaulle had also envisaged monetary union with Germany as “war by other means” precisely in the spirit of Le Figaro’s leader. In 1983, when Mitterrand decided to ditch the socialist government’s anti-austerity policies to placate the markets and the Bundesbank. Delors argued that he was embracing austerity because austerity could only be defeated at the European level. Delors’ plan was to capture an institution cherished by the German people, the Bundesbank, subsume it in a French-dominated central bank, and extend into Germany and the rest of Europe policies close to Paris’ heart.

It is true that I have had enough of hearing German politicians, like Wolfgang Schäuble, go on and on about the sanctity of unenforceable rules. But we must be honest: France’s elites are responsible for putting Germany’s elites on the defensive. Grand Ecoles graduates talk the good talk about Europe’s Common Good but in reality were keen to sacrifice the interests of the majority of the French people on the altar of their narrow self-interest. They constantly demanded that their own people and the rest of Europe should make sacrifices so that France’s ruling class would prosper, with Deutsch marks or euros in their pockets.

The euro changed all that. Locked into its steel embrace, France’s sophisticated administrators are now realizing that monetary union will not deliver Germany on a plate. Indeed, they are realizing that not only are they not winning over Germany that they were losing France. This offers us, committed European humanists, no solace. Our people in France, in Germany, in Greece, in Finland are suffering from our so-called elites’ inane handling of the euro’s inevitable crisis.

### ***Ants and grasshoppers***

Turning back to that old manifesto with which I began, it remains true that the humanity’s history is the history of class struggle. The only political force that forgot this is the... Left. The Right have never budged from pursuing a class war in practice while using any crisis to turn one proud nation against another.

The notion that the ants all live in the North and the grasshoppers all in the South, plus in Ireland, is absurd. There are ants and there are grasshoppers in each of our nations. During the ‘good’ times of the Eurozone, the grasshoppers of the North and the grasshoppers of the South went on a feeding frenzy. And when their sins led to the crisis, it was the ants of the North and the ants of the South that were made to foot the bill. The Troika and the Eurogroup represents official Europe’s espousal of the grasshoppers’ agenda, turning the ants of the North against the ants of the South in a Europe that is losing its soul because of stereotyping, denial and because of the ironclad determination of grubby so-called elites not to let go of the levers of ill-gotten power.

In 1929 a crash in Wall Street began the process that dismantled the common currency of that era – the Gold Standard. In 2008 another crash in Wall Street began the process of fragmentation of the Eurozone. On both occasions, the French turned against the Germans, the Germans against the French, before the French turned against the French, the Greeks against the Greeks and the Germans against the Germans. In the 1930s and now, the only beneficiaries were the bigots, the nationalists, the xenophobes, the misanthropes. The serpent’s egg did not take long to hatch in the resulting circumstances.

### ***Anti-nationalist, anti-Nazi***

This is why it is so important that we avoid beginning sentences with “The Germans this” or “The French that” or “The Greeks the other”. This is why it is imperative that we understand there is no such thing as “the” Germans, “the” Greeks or “the” French. That we are all Europeans facing a very European crisis. In my first visit to Berlin, at the press conference I gave with Dr Wolfgang Schäuble, I had this to say, in his presence:

As finance minister in a government facing emergency circumstances caused by a savage debt-deflationary crisis, I feel that the German nation is the one that can understand us better than anyone else. No one understands better than the people of this land how a severely depressed economy combined with ritual national humiliation and unending hopelessness can hatch the serpent’s egg within one’s society. When I return home tonight, I shall find myself in a Parliament in which the third largest party is a Nazi one.

Germany can be proud of the fact that Nazism has been eradicated here. But it is one of history’s cruel ironies that Nazism is rearing its ugly head in Greece, a country, which put up such a fine struggle against it. We need the people of Germany to help us in the struggle against misanthropy. We need our

German friends to remain steadfast in Europe's post-war project; that is, never again to allow a 1930s like depression to divide proud European nations.

## **CONCLUSION**

France is the laboratory of Europe. By bringing into France the spirit of the Athens Spring, hope can be given another chance. Diversity and difference was never Europe's problem. Our continent began uniting under many different languages and cultures but ended up divided by a common currency.

Why? Because we let our rulers try to do something that cannot be done: to de-politicise money, to turn Brussels, the Eurogroup, the ECB, into politics-free zones. When politics and money are de-politicised what happens is that democracy dies. And when democracy dies, prosperity is confined to the very few who cannot even enjoy it behind the fences they need to protect themselves from their victims.

To counter this dystopia the people of Europe must believe again that democracy is not a luxury afforded to creditors and declined to debtors. Perhaps it is time for a European network with the explicit purpose of democratising the euro. Not another political party but a Pan-European inclusive coalition from Helsinki to Lisbon from Dublin to Athens committed to moving from the Europe of "We the governments" to "We the people". Committed to ending the blame game. Committed to the dictum that there is no such thing as "the" Germans, "the" French or "the" Greeks.

The model of national parties which form flimsy alliances in the European Parliament is obsolete. European democrats must come together first, form a network, forge a common agenda, and find ways of connecting with local communities and at the national level. Realism demands that our new European Network seeks ways of adapting existing European institutions to our people's needs. To be modest and to use existing institutions in creative ways. To forget, at least for now, about Treaty changes and federal steps that can only follow after we and the spectre of democracy have ended the crisis.

Let's Europeanise them! Let existing institutions manage part of the debt of member-states, place banks that fail under a common European jurisdiction,

I call this overarching program Decentralised Europeanisation because it Europeanises our common problems but proposes no federal treasury, no loss of sovereignty, no fiscal transfers, no German or French guarantees for Irish or Greek debt, no need for Treaty changes, no new institutions. It gives more freedom to elected governments. It limits their impotence. It restores the democratic functioning of our Parliaments.

Let us make a start with an agreement that the Eurozone needs to be democratised.

*If asked what we think of our European Union today, we should say: "What a splendid idea! If only we could pull it off!"*

# **THE GREEK ELECTIONS AND THE EU BAILOUT: FROM HOPE TO FEAR AND DESPAIR. GREECE'S NATIONAL WEALTH FOR SALE**

*Prof. James Petras; Global Research*

## **Introduction**

Eight months will have passed since the election of Syriza on January 25 up to the snap elections in September. During that time Syriza's leaders play-acted their 'opposition to austerity' and then knelt down in submission to the 'Troika'.

The contrast between January and now is dramatic: Syriza's leader, Prime Minister Alexi Tsipras, aroused joy and great hope among the Greek voters with his promises to end Greece's subjugation to the European oligarchs (the "Troika") but now convokes snap elections exploiting the pervasive fear and misery among the population. Greeks confront a future of even greater impoverishment and

despair with an entire generation bound up and delivered to forty years of debt slavery and colonial subjugation by their elected Syriza leaders.

In January, Syriza swept into office on its promise of 'change' without specifics. 'Change' turned out to be an empty slogan. Changes did take place: Changes for the worse! Since his election, Tsipras emptied the Greek Treasury to pay the EU bankers; stripped pension and municipal funds to meet IMF obligations and, worse yet, he allowed the flight of over 40 billion Euros to be transferred from Greek banks to overseas accounts – essentially de-capitalizing the financial system.

The linguistic perversion of "change" was not the worst of Syriza's contribution to the corruption and discredit of the European left. Its slavish pillage of the economy shocked and confused the impoverished Greek majority. The voters had expected Syriza and its radical phrasemongers to do the opposite – to save the national economy and lead the country!

For a while Tsipras's submission and betrayal was disguised by his theatrical poses of the 'tough negotiator' with the German bankers. His perpetual boyish grin, frozen on his face, as if to reassure his followers: "You can trust me. I will make sure Madame Merkel and company do not shove another bristly cucumber up your backsides!" Tsipras feigned resistance before the bankers, setting a stylistic template for other Syriza legislators, who likewise 'protested and submitted'. They too came to believe that 'their efforts' (and not their results) deserved public approval!

Between February and April, Tsipras endured stern lectures from his overlords in the EU, returning to Greece with his silly grin and empty pockets. Tsipras did everything possible to distract, to entertain, to bluster and deceive Syriza's befuddled supporters. Tsipras resorted to radical rhetoric, empty gestures and verbal defiance.

His emotional outburst were just 'hollow farts' (kfes pourdes in demotic Greek) in the poetic language of an insightful, indignant grandmother whose pension had been cut by 40%!

Syriza bent and broke before the predictable intransigence of their German overlords and their 28 rubber-stamping, vassal states. Syriza got nothing and worse. The more they talked, the less they achieved. Tsipras broke the Greek financial system and then declared defeat, but not before mounting one more grand electoral fraud. Syriza announced a popular 'referendum' on the EU dictates and 61% of the Greek voters said 'no' to the EU demands. But Tsipras immediately said yes!

Tsipras accepted the complete sell-off --'privatization'-- of all the strategic, lucrative, major and minor public enterprises, properties and sources of Greek national wealth.

There were no popular uprisings in the street on Tsipras' capitulation: just a little 'tempest in the teapot' in the Greek Parliament when the "Left Platform" voted no, showed their backsides to their now ex-leader, defected and formed a new party – Popular Unity. With no mass organization and not supporting mass action, the 'Left Platform' just rose up on their hind legs . . . to bray out a manifesto calling for 'popular unity'....within the confines of the Parliamentary cesspool of knaves and scoundrels. Meanwhile, Syntagma (Constitution) Square was full of pigeons and homeless vagabonds... Is this another hollow fart?

These armchair rebels, who sat in the Cabinet and slavishly followed Tsipras for seven months, engaging in sterile internal party debates and giving interviews to the dwindling bands of leftist academic tourists, while ignoring the street fighting youth, will face a new election in one month. They have the insurmountable task of convincing a cowed, confused and fearful electorate that they should unite, organize and reject Tsipras, Syriza and infinite regression.

Tsipras, for his part, will take the EU 'bailout funds', pay the banks and finance his own campaign. He will get free publicity from the domestic and foreign press (the Financial Times editorializes in praise of 'his courage and good sense') and employ an army of campaign workers with bail-out funds to obliterate the 'Left Platform'. He will thus gain support from the Greek oligarchs and having adopted the platform of the right opposition, he has little to fear electorally from the boring old kleptocrats of Pasok and New Democracy, who cannot match his giveaways, theatrics and demagoguery at the ballot box.

Disillusion and direct action—strikes, marches and fiery barricades— will set in after the September elections when Tsipras has further slashed pensions and shredded labor rights, when privatizations lead to massive layoffs at the docks, airports, power companies and oil refineries. Tsipras' call for rapid elections was designed to secure votes from a shocked electorate before the pain of his massive sell-out is fully felt.

With time, there will be tempestuous protests, but the EU will have pillaged Greece of its present and future wealth. Tsipras' electoral support will dwindle and tear gas will once again perfume the streets of Athens. Then, the old political whores and kleptocrats from the Right will trot out to center

stage once more. And who knows, Tsipras may even form a new 'inclusive' coalition regime with the sluts of the right. Bankers, oligarchs and kleptocrats are not fussy about their bed-partners, even played-out traitors with boyish grins are worth a 'romp in the sack' if it gets them back in power...

## **Conclusion**

The financial press and the mass media concocted an image of Syriza as "far left" or "hard left". In fact, Syriza did everything possible to destroy the hopes of the majority of downwardly mobile Greeks desperate for a reversal of the shock austerity policies imposed by the EU. From the very first day in office, Syriza leaders embraced the oligarchical structure of the EU, retaining the Euro currency and recognizing the illicit foreign debt. Caged from the outset, Syriza just made a big racket, rattling the bars and pleading for a long leash and more time.

The trained eyes of the EU autocrats recognized Syriza leaders as captives, given to inconsequential political ejaculations and 'outraged protestations'. They made no concessions: Indeed bankers decided to really punish the Greek voters for electing the clowns...

The Germans immediately sized Tsipras up as a marshmallow leftist - organically incapable of breaking out of the EU cage, of renouncing the Euro and the debt. With their long historical experience, Euro-imperialists know how to treat 'socialist' and 'nationalist' subjects, who negotiate on bended knee: "The more you kick them, the less they ask"

Tsipras begged for money to pay the European and US banks! He agreed to sell twenty-nine Greek airports to German capitalists in order to pay the German bankers. In other words, Syriza and Tsipras have impoverished millions of Greeks and sold off all of Greece's lucrative enterprises so that German, French and English holders of Greek bonds will not miss a single interest payment!

Was Tsipras just posing as a Prime Minister while serving as a pimp for gang rape?

According to the latest polls, the Greek people will re-elect him! The victims have gone mad!...God bless Greece -the cradle of democracy has become a roiling nest of vipers!

# **THE WEST SPREADS INTELLECTUAL IDIOCY**

*Andre Vltchek; Counterpunch; via Critical Thinking*

Could any dictator desire more? Almost the entire population of the Empire is now thinking the same way!

The populace is "educated" at schools and the universities staffed with submissive, and cowardly teachers and professors. The populace is "informed" by hundreds of thousands of servile journalists and "analysts". There is almost no deviation from the official narrative.

Congratulations, Western Empire! You have succeeded where others tried but failed. You have achieved almost absolute obedience and discipline, a total servility.

And more than that most of the people actually think that they are free, that they are in control. They believe that they can choose, that they can decide. They are confident that theirs is the greatest civilization ever built on Earth!

Tens of millions are lining up, voluntarily, asking to get "educated", and eventually to get one of those official Imperial degrees. They want to be accepted, certified and praised by the rulers.

People are offering their own bowed heads to a complex and protracted act of lobotomy. In exchange for stamped pieces of papers called diplomas, men and women lose, forever, their ability to think independently, to analyze and to see the world with their own individual set of eyes. As a reward for their submissiveness, their chances to get prestigious positions in the regime's elite corporate, academic, and other battalions, dramatically increase.

The extreme degree of compliance of the majority of men and women living in our societies makes old books like "Fahrenheit 451" and "1984" only moderately disturbing. Our reality of "2015" is much more psychedelic, bizarre and appalling... as well as shameful!

Most of the citizens are now even willing to pay for those "educational" and propaganda brain



surgeries from their own (or from their family's) pocket; they are keen to get into deep debts in order to get thoroughly programmed and indoctrinated. Several years later, when it's all over and nothing is left of their individuality, their chests swell with pride, and they frequently cry when they receive that stamped piece of paper, which in fact means only one thing: "Passed, accepted and certified – ready to serve and to be used by the Empire and its fascist regime".

Millions of foreigners are lining up for this lobotomy too. Those coming from the colonized and destroyed countries are often the most eager. Children of the elites are excited to receive the stamp of approval from the Empire, to be molded, to blend with the masses in Europe or North America. After "graduating" and after returning "home", they hang their diplomas on the walls, add titles all over their name cards, increase their fees, and demand respect for their Western ways and their intellectual collaboration with the Empire. Then many of them get busy robbing and further indoctrinating their fellow-citizens on behalf of the West.

In many countries there is no reason to even leave home. Western brainwashing is readily available through countless private Christian and "international" schools, through churches, "cultural institutions", and of course, through the "entertainment".

Even such countries like China that can count on much greater and older cultures than that of the West, are now being dreadfully influenced by its own sons and daughters who have been programmed to believe in the greatness of the Western civilization. They were either indoctrinated at the Western "educational" facilities abroad, or by the armies of Western "educators", "scholars" and preachers who are increasingly busy travelling and spreading their toxic gospel all over the World.

Instead of being given multifaceted and multicultural knowledge, pupils and students have been receiving precisely calculated indoctrination doses, well tested during the centuries of imperialism and colonialism. By now, the Empire knows extremely well how to manipulate human minds. Those who are raped are forced into believing that they are being made love to. Those indiscriminately robbed are taught to praise the colonial powers for building their administrative buildings and railroads and people "at home" are instructed to feel no shame for their past and present.

Instead of being encouraged to think independently, instead of being asked to revolutionize their thinking itself, the people are being tied, restrained by austere intellectual straightjackets. Courage and independent-mindedness are systematically vilified and belittled. Rebellious souls are marked as "unemployable", almost as antisocial.

Cowardice, submissiveness and mediocrity are promoted and marketed by the extremely complex and multi-faceted system of propaganda, advertising, "cultural and entertainment events" and media.

In a fully uniform world where even "culture" and media are serving the Empire and its neoliberal business interests, the New Men and the New Women are being shaped from intellectual clay, then put on massive pedestals: all of them tall and slim, all articulately and loudly regurgitating clichés, carefully avoiding real issues, intensively communicating with each other about nothing, while remaining shockingly ignorant about the world.

The New Humans – they are all smiling, all very cool looking. They drive the latest cars and hold modern gadgets in their hands. They are self-confident and endlessly selfish. Their buttocks are increasingly and stereotypically "perfect". Many of them are on sedatives, on anti-depressants or on drugs, most of them are miserable, unsure of themselves, unhappy with their jobs, miserable with their families, unable to find or keep their second halves. All this, of course, does not show! On the surface, countless Western men and women look ravishing!

The Italian and German fascists tried, desperately to create this sort of confident looking but obedient breed of super-humans. They failed.

But this Empire is succeeding! For the first time in human history there is a chance that the Robots will actually replace human beings. Not Robots manufactured from plastic and metals, but humans re-conditioned, recycled into Robots.

Italian Fascism, German Nazism, the corporatism of the United States, imperialism, racism,

colonialism, exceptionalism, propaganda, advertising, “education” – they have all been expertly intertwined. Congratulations, Empire! You are the first one who managed to standardize human beings and their thinking!

It is not easy to fight such an Empire, intellectually. It is not just logic or philosophy that have to be confronted, to be challenged. There are also thousands of perceptions, dogmas, codes, all of them serving the same purpose – to keep people away from reality, and from independent thinking and analyses.

Most citizens of the Western Empire are actually much more indoctrinated than the members of such groups as the Taliban or ISIL because the Empire works very hard and employs millions of professionals who create extremely effective concepts designed to control human minds: from ideologues to psychologists, propagandists, educators, artists, journalists and other highly specialized beings. From social media to soap operas, Hollywood films, pop music and television networks, almost everything leads to the same direction – dragging people away from the basic principles of humanism. Forcing them not to think as a group of rational, caring, compassionate beings.

Reality is either trivialized, or brought to some phantasmagorical levels from where no logic can be effectively applied.

The most important course of human thought – the thinking of, the dreaming of and the designing of new, and much better and more gentle forms of human society – is totally missing from the narrative with which the men, women and children of the Empire and its colonies, are confronted on a daily basis.

The citizens of the Empire are being prevented from thinking and acting in a natural way. As a result, they are frustrated, depressed, and confused. But instead of rebelling (most of them are not capable of it, anymore), they become increasingly aggressive. While the victims of the Empire, all over the world, are being murdered, exploited and humiliated, the arrangement of the world brings actually very little joy (although many material benefits) to the citizens of the Empire – the Europeans and North Americans.

At the other “extreme”: billions of people in former colonies and in neo-colonies are also bombarded, constantly, by the same twisted, recycled and modified messages. They face a perpetual avalanche of propaganda (slightly modified for each particular region), streaming day and night from the Empire’s indoctrination outlets: be the soap operas, the lowest grade of movies and video games (the same thing, really), pop music with repetitive brain-dead lyrics, toothless decorative “art”, or the “news” broadcasts and reports carried by the mainstream press agencies. These messages are disseminated via local mass media outlets that are in turn mainly controlled by the business interests, which are determinedly collaborative with the global, Western regime.

The Empire and its arrangement of the world are outrageously racist and brutal, but most of its citizens, even its subjects in looted lands, are forced to believe that it is actually the most “tolerant” and “progressive” system on Earth.

Is there any hope that humanity will survive this mass-produced idiocy?

Yes, of course there is! The fight is on.

It is not only Russian, Chinese and Iranian NAVY maneuvers that are now challenging Western imperialism. It is not only the Latin Americans and South Africans who have made determined efforts to rewrite history and to arm people with knowledge, instead of diplomas.

Perhaps the greatest living European filmmaker, Emir Kusturica, recently wrote, sarcastically, that: “World War III will start with Pentagon bombing of RT”, referring to the powerful television network “Russia Today”. RT commented: “RT is a real threat to US state propaganda as it reaches Americans “in their own homes, in perfect English, better than they use on CNN.” And that is why, according to the director, Washington could get fed up and seek to silence RT by force – much like NATO did to Serbian state TV in April 1999.

In turn, Kusturica predicts, Moscow would destroy CNN, which he considers the flag-bearer of pro-American propaganda: “CNN in direct transmissions assures that since the 1990s America has been leading humanitarian actions, and not wars, and that its military planes rain angels, not

bombs!””

Although some of the greatest thinkers confronting the Empire – Saramago, Galeano and Pinter – have recently passed away, there are still many of those who are managing to escape indoctrination. Some are regrouping around new non-Western television networks like TeleSUR, RT and PressTV. It is like Ray Bradbury’s “Fahrenheit 451”, all over again. Some people, stubbornly, refuse to burn their books.

Even in the West, some powerful media outlets – CounterPunch, Dissident Voice, ICH, VNN, Global Research, and others – are holding the line. They are not yet winning, far from it, but they are not dying, either!

As long as the independent thought is alive, not everything is lost. “I rebel; therefore we exist”, wrote French philosopher Albert Camus. He also added: “The feeling of rebellion is born in oppression”.

The Empire denies that it oppresses the world. It indoctrinates both oppressors and the oppressed, re-defining, in fact “re-branding” oppression as freedom. Those of us, who are managing to escape its indoctrination, are now rebelling. Therefore – humanity still exists. The battlefield is becoming very well defined: it is now mainly about information, and about knowledge.

The deeds, the tricks, performed by the Empire are dirty, horrendous, but very transparent. They can be accepted or tolerated by billions only because of the constant repetition of the lies, and because of the twisted concepts hammered into the people’s brains through the “mainstream education”.

The war for survival of humanity is already being fought. It is “The Great Humanistic War” – the war over people’s brains and hearts, not over the territory. It can be also called the “information war”, a “detox” war, or a war to bring human beings back to life from their intellectual intoxication, from their slumber and servility, a war for much better world, a war that would put knowledge above diplomas and stamps, human warmth and kindness above violence and aggression, and human beings above profits and money. The victory can only arrive accompanied with knowledge, with independent thought, with rational humanism, with compassion and solidarity, and human warmth.

*Andre Vltchek is a philosopher, novelist, filmmaker and investigative journalist. He covered wars and conflicts in dozens of countries. His latest books are: “Exposing Lies Of The Empire” and “Fighting Against Western Imperialism”. Discussion with Noam Chomsky: On Western Terrorism. Point of No Return is his critically acclaimed political novel. Oceania – a book on Western imperialism in the South Pacific. His provocative book about Indonesia: “Indonesia – The Archipelago of Fear”. Andre is making films for teleSUR and Press TV. After living for many years in Latin America and Oceania, Vltchek presently resides and works in East Asia and the Middle East. He can be reached through his website or his Twitter.*

## **MEET THE MOST POWERFUL COURT YOU’VE NEVER HEARD OF**

***Solomon Hughes; BuzzFeed News; via Tim Flitcroft; Occupy***

***The London Court of International Arbitration is a private enterprise with increasing influence over the public sector. BuzzFeed News explains how a new transatlantic trade treaty, TTIP, could give this secretive body huge powers over government spending.***

In August 2014, a court forced the UK government to pay more than £224 million in compensation to the manufacturer of an IT system intended to monitor Britain’s borders that, ministers said, simply didn’t work. In July 2014, the same court made the government pay more than £700 million to the firm behind another IT system, this time for the NHS – even though it, too, was a “costly failure”.

The twist is that the organisation that made the ruling isn’t actually a court at all – nor are its decisions made public. It’s a low-profile, privately owned body, set up by the City of London, whose rulings are made in secret. It already has extraordinary sway over how the government conducts its

business. And soon, it could have a great deal more.

The London Court of International Arbitration (LCIA) sits in an anonymous-looking office in Fleet Street, London.

It is not part of Britain's legal system: a Q&A on its website confirms that "there is no connection between the LCIA and any state court". Instead, the LCIA is "independent", meaning it is run by the City lawyers who act as its judges.

The LCIA was set up by the City of London because, according to its own history, "commercial interests" wanted business disputes settled "by their own". Unlike normal law courts, it works in secret, claiming confidentiality is more important than transparency. As its website says, "nobody who is not a proper party to an arbitration... may obtain information about pending or completed arbitrations from the LCIA".

Yet the LCIA does not just rule on disputes between private companies. When government departments hire private companies, they generally use a "model contract" drawn up by the Cabinet Office, whose mission statement is to ensure "the effective running of government". This contract, BuzzFeed News can reveal, contains a clause saying that in the event of a disagreement, the two parties will go to the LCIA instead of the regular courts.

After months of inquiries, the Cabinet Office admitted to BuzzFeed News that it did not know when this clause first appeared in such contracts, but said it dated back at least as far as the business-friendly reforms made by Tony Blair's government in 2000.

The consequences of this approach have been dramatic.

In 2007, the Home Office hired the US tech and weapons giant Raytheon to make an electronic border system called "e-Borders", monitoring movement in and out of the UK. In 2010 the Home Office sacked Raytheon. Ministers said that "key milestones had been missed and parts of the programme were running at least a year late". They found Raytheon's work "extremely disappointing" and had "no confidence" in the firm.

Raytheon countered that the Home Office was to blame for delays and claimed it had "delivered substantial capabilities". In August 2014, the LCIA backed its claim, ruling that the firm should get more than £224 million for the breach of its contract. Normally, the LCIA's judgments are completely secret. But Theresa May's Home Office actually challenged the Raytheon ruling – and won. In a highly unusual, difficult and expensive move, May had the award to Raytheon "set aside" by the High Court.

In hearings in December 2014 and January 2015, Mr Justice Akenhead said there was "serious irregularity" in how the LCIA judged Raytheon's claim, leading to "substantial injustice". He cancelled the compensation, ordering a new hearing by a different tribunal.

Raytheon said it would appeal, arguing that it is "a fundamental principle of international business that awards of arbitral tribunals are respected and enforced by national courts": in other words, Raytheon argued that the British courts should not question the LCIA's judgments.

Rather than face an appeal or a new tribunal, May agreed a £150 million settlement on 27 March. Her actions exposed the LCIA's shortcomings and saved roughly £75 million, but still resulted in a big loss for the taxpayer.

BuzzFeed News can also reveal that another, much bigger award to a corporation for a failed public sector contract was overseen by the LCIA, without being challenged. It relates to the National Programme for Information Technology (NPfIT), a huge scheme launched in 2003 to create electronic patient records that could be transferred between NHS hospitals, GPs and private health contractors. It launched with a budget of £6.2 billion; by the time the plug was pulled in 2011, it had turned into a £12.7 billion catastrophe.

Fujitsu was one of the main private contractors running the programme, digitising patient records in the South East. According to the National Audit Office, by 2008, only nine of 41 acute hospitals were running the IT systems Fujitsu was meant to have installed – and it wasn't even working properly in those. That year, the Department of Health sacked Fujitsu from the scheme. Fujitsu said it would fight the decision, and won an arbitration ruling giving it more than £700 million – almost all of the £896 million Fujitsu would have been paid if its part of the contract had been completed.

Yet exactly how, why or when the ruling was made is clouded in secrecy. The Cabinet Office told BuzzFeed News that "protocol is that we don't comment at all". Fujitsu also would not talk about LCIA's role. Its spokesperson said: "We do not comment on our contracts with government."

The only confirmation that BuzzFeed News could find that the case was even heard by the LCIA comes from the online CV of a lawyer at the City firm DLA Piper that includes "Acting on behalf of a UK

public authority in a £750 million dispute involving the provision of a defective IT system for public service use in the UK. Advising the client in relation to an LCIA arbitration seated in London.” Again, DLA Piper would not respond to any requests for comment.

The LCIA’s president, an American called William W Park, has admitted that such secrecy can be a problem. Writing in an academic publication in 2013, he said: “The right way to do things from the arbitrator’s perspective may be the wrong way to do things from the viewpoint of the society at large.” He added: “The general community often has a stake not only in the outcome of arbitration, but also in the way proceedings have been conducted.” Park said there is usually an “accommodation” where “sanitised versions” of such cases do become public .

However, when BuzzFeed News approached the LCIA for details of the Fujitsu case, it did not offer any “accommodation”. Instead it said: “Please be informed that the LCIA does not give any information about individual cases.” It also refused to answer any questions about the LCIA itself; its relation to City law firms, or any other matter. Like Fight Club, the first rule of the LCIA is that nobody talks about the LCIA.

This position may not be sustainable, however – because the LCIA is set for a huge expansion of its powers, which could encompass much of the NHS budget.

America and the European Union are currently negotiating the “Transatlantic Trade and Investment Partnership” (TTIP) – a massive transatlantic free trade treaty. The negotiations are being carried out in secret, but the EU admit that TTIP includes clauses on “Investor-State Dispute Settlement” (ISDS) which will allow corporations to sue governments if they feel cheated in public service deals. Under the treaty, these “investor-state” disputes will be heard by “arbitrators” including the LCIA instead of normal courts. Campaigners such as War on Want claim that such provisions will be used to push the privatisation of public services, especially the NHS: Corporations will be able to sue under “ISDS” for the right to bid to run services formerly carried out by public sector organisations such as the NHS or schools. Such claims would be decided by arbitrators like the LCIA.

The government’s position on giving power to the LCIA looks contradictory. On the one hand, Theresa May led one of the only public challenges to an LCIA ruling in the Raytheon case, a challenge that uncovered “serious injustice” in its secretive workings. On the other hand, the Cabinet Office says it has “no plans” to change the clause in its “model contract” that gives the LCIA power over existing public contracts.

David Cameron has also promised to put “rocket boosters” under efforts to sign the TTIP trade treaty: While the German and French governments have expressed concern over the power the “ISDS” clause will give to LCIA and other arbitrators in the treaty, last November Cameron said objectors just “want to spread some fear about this thing”.

Last September his business minister, Matthew Hancock said the ISDS clause was needed to “provide an independent process for foreign investors to seek compensation where they believe they have suffered a loss as a result of action by the host state” – even though his own “host state” has lost almost a billion pounds thanks to the same independent process.

Whatever happens, demands for the LCIA to come into the open are only set to increase

## **NORTH TYNESIDE MAGISTRATE RESIGNS OVER NEW COURT FEE THAT FORCES INNOCENT TO PLEAD GUILTY’**

***Michael Brown; The Truth Seeker; via Richard Colborne***

Scales of justiceA North East magistrate has resigned over new court fees that “force the innocent to plead guilty” and means “justice is only going to be for those who can afford it.” Since April criminal defendants have had to pay an “outrageous” new levy of up to £1,200 for standing trial – with fees potentially quadrupling if someone pleads not guilty and are then convicted.

Now George Lyons, a member of the bench in North Tyneside for 15 years, has turned his back on the role, and written to the Magistrates Association’s Magistrate magazine claiming the fees put pressure on

people to admit crimes they did not commit in order to avoid a bigger bill. “This is a terrible piece of legislation introduced through the back door,” wrote Mr Lyons, who fears the rules – which courts have no discretion over – could “criminalise many people because that is the option” for them, “Justice is only going to be for those who can afford it.”

He is among 20 magistrates across the country to have told the Magistrates’ Association they were resigning amid fears that the system is now both convicting the innocent, and seeing many “uncollectable” fines issued – as many defendants are serial offenders on low incomes who will be unable to pay.

“I can fully understand magistrates resigning over this,” said Magistrates’ Association chairman Richard Monkhouse. “When courts impose fines, they take account of an offender’s ability to pay, “Yet this charge offers neither judicial discretion nor means-testing at the point it is imposed and seeks to undo any attempts to be fair and proportionate.” He added: “There are already reports of people under pressure to plead guilty, particularly as they increasingly find themselves acting for themselves.”

The Association has told justice secretary Michael Gove of their concerns and want the charge – which comes on top of any fines, compensation for victims, the “victim surcharge, which funds victims’ services, or prosecution costs – to be reviewed after it has been in force for six months.

The fee starts at £150 for a guilty plea for a summary offence, rising to £180 for a guilty plea for a more serious, either way offence, where defendants have a choice whether to have their case heard at magistrates’ or crown court. The surcharge increases to £520 for a conviction after a not guilty plea and trial for a summary offence and £1,000 for a conviction after a not guilty plea for an either way offence.

In the crown court, the charges are £900 for a guilty plea and £1,200 for conviction after a not guilty plea.

The charges have also been condemned by the Law Society, which represents 150,000 solicitors in England and Wales. “We think that this charge is counterproductive and against the interest of natural justice,” said the organisation’s president Jonathan Smither, “It is a huge incentive for people to plead guilty when they may not be because these are significant amounts of money.”

The Government said it had introduced the charges because it “considers that convicted adult offenders who use our criminal courts should pay towards the cost of running them” – reducing the “burden” on the taxpayers.

## **HERE’S THE NEWEST TOOL TO HELP YOU FIGHT THE SURVEILLANCE STATE**

***Derrick Broze; Activist Post***

Earlier this month, the Electronic Frontier Foundation launched a new project designed to help educate communities about the growing list of surveillance tools deployed against the unsuspecting public. The EFF calls the new project the Street-Level Surveillance Project (SLS), which it describes as “a Web portal loaded with comprehensive, easy-to-access information on police spying tools like license plate readers, biometric collection devices, and ‘Stingrays.’”

The EFF has been involved in the fight against surveillance for 25 years, but with a massive influx of military equipment and surveillance tools to local police departments, it has never been more important to be aware of the growing Surveillance State. EFF Senior Staff Attorney Jennifer Lynch says the project “provides a simple but in-depth look at how these surveillance technologies work, who makes and uses them, and what kind of data they are collecting. We hope that community groups, advocacy organizations, defense attorneys, and individuals all take advantage of the information we’ve gathered.”

The SLS project hopes to educate users about the dangers of spying from law enforcement agencies at the federal, state, and local level. The privacy invasions include tracking cell phone calls, photographing our vehicles and following our driving patterns, taking our pictures in public places, and collecting our fingerprints and DNA. “The public has heard or read so much about NSA spying, but there’s a real need for information and resources about surveillance tools being used by local law enforcement on our home turf. These technologies are often adopted in a shroud of secrecy, but communities deserve to understand these technologies and how they may be violating our rights,” said

EFF activist Nadia Kayyali.

The Anti-Media works diligently to keep readers aware of the looming Surveillance State and any possible solutions. The Street Level Surveillance Project is one of those solutions. The website currently includes information on biometric technologies, which collect fingerprints, DNA, and face prints. It also details the use of automated license plate readers (ALPRs) — cameras mounted on patrol cars and on city streets that scan and record the plates of millions of cars across the country. In the coming months, more information will be added regarding cell site simulators, also known as “Stingrays.”

The website also includes explainers, FAQs, infographics, and links to EFF’s legal work in courts and legislatures. Under the “Resources” tab, there is also information for defense attorneys fighting surveillance cases, information on how to file a Freedom of Information (FOIA) request, and resources for community members fighting surveillance.

In the fight against oppression it is paramount that each individual find a method to contribute to the global awakening. Organizations like the EFF help fight the legal battles and provide resources such as the Street Level Surveillance project. At the same time, journalists at The Anti-Media and other organizations help spread the word. Now it is your turn, brothers and sisters. If you want to join the resistance to tyranny, the tools are available. The only thing left to do is to shake off the chains of bondage and take your first steps towards liberation.

*Derrick Broze writes for TheAntiMedia.org*

## QUANTITATIVE EASING FOR PEOPLE

*Ellen Brown via MaxKeiser.com*

***Jeremy Corbyn has proposed a “People’s QE” that has critics crying hyperinflation and supporters saying it’s about time.***

Jeremy Corbyn has included in his platform “quantitative easing for people.” He said in a July 22nd presentation:

*“The ‘rebalancing’ I have talked about here today means rebalancing away from finance towards the high-growth, sustainable sectors of the future. How do we do this? One option would be for the Bank of England to be given a new mandate to upgrade our economy to invest in new large scale housing, energy, transport and digital projects: Quantitative easing for people instead of banks.”*

As his economic advisor Richard Murphy further explains it:

*“People’s quantitative easing is . . . a highly directed process where the debt that is . . . repurchased has been deliberately created and issued either by a green investment bank or by local authorities, health trusts and other such agencies for the specific purpose of funding new investment in the economy at the time when big business and financial markets are completely failing to deliver the scale of investment that is needed to get the UK working again and to restore our financial prosperity.”*

According to the Positive Money group:

*“Ideas in a similar vein have been advocated or at least suggested by notable economists including J M Keynes (1), Milton Friedman (2), Ben Bernanke (3), William Buiter (4) and Martin Wolf (5). Most recently, Lord Adair Turner (6) has proposed similar ideas, highlighting that ‘there are no technical reasons to reject this option’.”*

Perhaps, but critics have found plenty to criticize. Peter Spence writes in the UK Telegraph:

*“A victory for Jeremy Corbyn in the next general election would put Britain on a collision course with Brussels and condemn the UK to “Zimbabwe-style ruin”, experts have warned . . . Tony Yates, a former Bank economist and now a professor at the University of Birmingham, said: “Down that road leads monetary*

*policy ruin. . . . That's what Zimbabwe was doing, where they ended up paying all their bills by printing new money."*

Spence also quoted Bank of England Governor Mark Carney, who said, "The reason why one doesn't even start on this conversation is the removal of any discipline on fiscal policy that comes from that."

### ***The Bogus Hyperinflation Threat***

Dire warnings of Zimbabwe-style hyperinflation have been leveled against quantitative easing (QE) ever since the Federal Reserve embarked on it in 2008. When the European Central Bank announced in January 2015 that it, too, would be engaging in QE – along with the US, the UK and Japan – alarmed commentators warned of currency wars, competitive beggar-thy-neighbor devaluations and hyperinflation. But QE has been going on since the late 1990s, and it hasn't happened yet. As Bernard Hickey observed in the New Zealand Herald on August 30th:

The US Federal Reserve cut its Official Cash Rate to almost 0 per cent in 2008 and has left it there. It launched three rounds of so-called quantitative easing and has only just stopped printing money to buy Government bonds. The Bank of Japan has been printing for years and only recently ramped that up to try to lift its economy out of decades of perma-recession. The European Central Bank has cut its deposit rate to minus 0.2 per cent to try to force savers to invest. That means savers have to pay the bank to mind their money. . . .

China has blown \$310 billion propping up a stock market that has fallen at least 43 per cent from its peak. It pushed the Chinese yuan lower and spent another US\$200b to stop further falls. This week the People's Bank of China cut its main lending rate to 4.6 per cent and loosened lending rules for banks. Yet there is no sign of the threatened hyperinflation:

All this rate-cutting and money printing has made it attractive to buy stocks, property and bonds that produce a regular income greater than the near-zero interest rates. . . .

But, curiously, all this money printing and 0 per cent interest rates have yet to unleash the inflation dragon, at least for goods and services. Asset prices are pumped up and juicy, but goods manufactured in factories and in cloud services are firmly in deflationary mode.

Why? According to conventional economic theory, increasing the money in circulation has only one effect: when the quantity of money goes up, more money will be chasing fewer goods, driving prices up. Why hasn't that happened with the massive rounds of QE now gone global?

### ***A Flawed Theory***

Conventional monetarist theory was endorsed until the Great Depression, when John Maynard Keynes and other economists noticed that massive bank failures had led to a substantial reduction in the money supply. Contradicting the classical theory, the shortage of money was affecting more than just prices. It appeared to be directly linked to a massive wave of unemployment, while resources sat idle. Produce was rotting on the ground while people were starving, because there was no money to pay workers to pick it or for consumers to buy it with.

Conventional theory then gave way to Keynesian theory. In a March 2015 article in The International New York Times called "Keynes Versus the IMF," economist Dr. Asad Zaman writes of this transition:

*Keynesian theory is based on a very simple idea that conduct of the ordinary business of an economy requires a certain amount of money. If the amount of money is less than this amount, then businesses cannot function — they cannot buy inputs, pay labourers or rent shops. This was the fundamental cause of the Great Depression. The solution was simple: increase the supply of money. Keynes suggested that we could print money and bury it in coal mines to have unemployed workers dig it up. If money was available in sufficient quantities, businesses would revive and the unemployed labourers would find work. By now, there is nearly universal consensus on this idea. Even Milton Friedman, the leader of the Monetarist School of Economics and an arch-enemy of Keynesian ideas, agreed that the reduction in money supply was the cause of the Great Depression. Instead of burying it in mines, he suggested that money could be dropped from helicopters to solve the problem of unemployment.*



And that is where we are now: despite repeated rounds of QE, there is still too little money chasing too many goods. The current form of QE is merely an asset swap: dollars for existing financial assets (federal securities or mortgage-backed securities). The rich are getting richer from bank bailouts and very low interest rates, but the money is not going into the real economy, which remains starved of the funds necessary to create the demand that would create jobs. To be effective for that purpose, a helicopter drop of money would need to fall directly into the wallets of consumers. Far from being “undisciplined fiscal policy,” getting some new money into the real economy is imperative for getting it moving again.

According to Social Credit theory, even creating more jobs won't solve the problem of too little money in workers' pockets to clear the shelves of the products they produce. Sellers set their prices to cover their costs, which include more than just workers' salaries. Chief among these non-wage costs is the interest on money borrowed to pay for labor and materials before there is a product to sell. The vast majority of the money supply comes into circulation in the form of bank loans, as the Bank of England recently acknowledged. Banks create the principal but not the interest necessary to repay their loans, leaving a “debt overhang” that requires the creation of ever more debt in an attempt to close the gap. The gap can only be closed in a sustainable way with some sort of debt-free, interest-free money dropped directly into consumers's wallets, ideally in the form of a national dividend paid by the Treasury.

As Keynes pointed out, price inflation will occur only when the economy reaches full productive capacity. Before that, increased demand prompts an increase in supply. More workers are hired to produce more goods and services, so that demand and supply rise together. And in today's global markets, inflationary pressures have an outlet in the excess capacity of China and the increased use of robots, computers and machines. Global economies have a long way to go before reaching full productive capacity.

### ***Running Afoul of the EU***

A more challenging roadblock to Corbyn's proposal may simply be that there are rules against it. Peter Spence writes:

*Key parts of the Labour leadership frontrunner's plans would fall foul of EU laws intended to avoid runaway inflation, and consign the UK to a three-year legal battle with the European Court of Justice (ECJ). . . . Mr Corbyn's proposals would clash with Article 123 of the Lisbon Treaty, which forbids central banks from printing money to finance government spending.*

Perhaps; but the ECB has already embarked on a QE program involving the purchase of government securities. What are government securities but government debt used to finance government spending? The rule has already been bent. Why not bend it in a way that actually benefits the economy, the people, and the nation's infrastructure? Corbyn's proposal is needed, it will work, and it is an idea whose time has come.

Read more at <http://www.maxkeiser.com/2015/09/quantitative-easing-for-people-the-uk-labour-frontrunners-controversial-proposal/#OSAkXkQfCF2ZF57T.99>

## **FATHER OF THE EURO FEARS EU SUPERSTATE BY THE BACK DOOR**

***Ambrose Evans-Pritchard; Daily Telegraph; via Sonya Porter***

***Professor Otmar Issing has warned against handing over control of tax and spending before a democratic political union has been established***

The euro's founding father has warned that Europe's latest plan for an EMU-wide finance ministry is a dangerous attempt to smuggle through political union, and breaches the basic tenets of modern democracy. Professor Otmar Issing, the chief architect of monetary union through its early years, said it would be “dangerous” to transfer control over tax and spending to the EU federal level before full political union has been established first on democratic foundations.

Such a quantum leap in the constitutional structure of Europe – effectively the creation of an EU superstate, with a parliament comparable in power to the US Congress – is unthinkable in the current political atmosphere. It would require referenda across Europe, and a two-thirds majority in both houses of the German parliament. “The chances of political union are close to zero,” he said, speaking at the Ambrosetti forum of world policymakers on Lake Como.

If Europe were to jump the gun and force the pace of integration, this would lead to a rogue plenipotentiary with unbridled powers over sensitive issues of national life. “It is hard to see how it could be given democratic accountability,” he said.

Prof Issing, a towering figure in the pre-EMU Bundesbank and the European Central Bank’s first chief economist, said control of budgets must for now be left to national government and sovereign parliaments that are genuinely answerable to their own peoples. “Political union cannot be obtained in the European Union by the back door. It is a violation of the principle of no taxation without representation, and represents a wrong and dangerous approach,” he said.

[He] was making a clear allusion to the American Revolution and the events that led up to the English Civil War in the 1640s, two great struggles triggered by a monarchical assault on the parliamentary power of the purse. The early democracies of Europe were all rooted in legislative control over spending.

The proposals for an EMU finance ministry emerged in a paper by the heads of the Commission, Council, Parliament, Eurogroup, and ECB in June, a document known as the “Five Presidents Report”. It will start with an advisory European fiscal board and a strategic investment fund with enhanced powers, clearly a finance ministry in embryo. It will graduate towards a “euro area Treasury” from 2017 onwards, anchored in the EU treaties. The report says that the new machinery will be established on a “lasting, fair and democratically legitimate basis”, and is in many ways a soul-searching admission that the EMU project has gone badly wrong, leading to bitter divisions.

Yet critics warn that the EU is once again putting the cart before the horse. They point to the same fundamental errors that have led to perma-crisis in monetary union and spawned populist revolts across much of the EU.

Prof Issing has always been open to an authentic United States of Europe similar to the US federal democracy. What he objects to is a deformed halfway house where supra-national bodies take decisions behind closed doors. The euro may survive “for a period” under its current structure, but it will break apart if the principles of monetary union are permanently violated. “Pacta sunt servanda (Agreements must be kept),” said Prof Issing

## **THE THREAT POSED BY A CASHLESS SOCIETY**

*Robert Henderson; Libertarian Alliance Blog*

We are in danger of sleepwalking into a cashless society. More and more purchases are made by electronic means, through standing orders, direct debits, debit cards or credit cards. Debit and credit card purchases already account for over a third of UK GDP and more than three quarters of retail purchases (up from 46% in 2003), while card and computer purchases have just overtaken UK cash sales.

The next logical step towards a cashless society is to have laws which allow private businesses and any public body which charges for its services to refuse cash payment. Denmark is seemingly taking the first tentative steps along that road. The Danish Government has proposed legislation which if passed will remove the obligation to take cash from retail outlets such as petrol stations, clothes shops and restaurants next year.

With the combination of more and more people using methods of payment other than cash and the willingness of technologists to feed the trend with ever more sophisticated and comprehensive systems of cashless payments, there is no reason to think that this trend towards making cash dysfunctional will stop unless governments take a hand and prevent cash from becoming defunct by law. This development is alarming because the abolition of physical money would carry tremendous

dangers in terms of the opportunities for state authoritarianism and simple practicality.

The dangers from state authoritarianism are:

1. There would be no money which could be held which was not potentially known to the state, because with only electronic money available it would have to be stored electronically and be accessible via the Internet if it was to be usable.

But what about using virtual currencies such as Bitcoin? Apart from the dangers of such a means of exchange – the great volatility in value, the frauds which are occurring where Bitcoin is stolen, the lack of a lender of last resort and a restricted range of goods and services which can be bought – Bitcoin still needs to be stored electronically and hence is potentially identifiable and accessible to governments. There would also be an audit trail from an individual's source of electronic money to the purchase point of a virtual currency like Bitcoin. The only exception would be if someone sold something or did paid work for someone and was paid in a virtual currency like Bitcoin.

If Britain went cashless and others did not the likelihood is that a black market in foreign cash such as dollars would arise in Britain. There would also be the possibility of exchanges made by barter or a product such as cigarettes becoming a de fact currency.

2. A cashless system would allow the state to have all electronic money stored in a central government controlled place. This would leave the individual at the mercy of the state which could deny electronic money to anyone within their jurisdiction by cancelling or blocking their means of payment.

3. The state could more readily control the money supply if all bank accounts were under the control of the state and physical cash did not exist. The state would be able to manipulate public economic behaviour by imposing a negative interest rate when increased spending is deemed desirable – people save less because it costs them money – and a transaction tax every time a purchase is made – people spend less if because it will cost them to make a purchase – if it is thought an economy is over heating.

4. The state could remove money from your account at will.

5. The opportunities for general surveillance of the individual both by the state and by private corporations or individuals would be greatly increased.

The problems of practicality are:

1. The idea assumes that everyone can afford a computer of some sort, whether that be a mobile phone, tablet or desktop, and can afford to replace their means of getting access to the Internet every few years at best. The reality is that millions of people are too poor to be able to meet such costs. The taxpayer would have pay for access to electronic money for those too poor to buy their own.

2. Many people cannot use the digital technology. Huge numbers of people are still not using this technology. The latest figures from the Office for National Statistics (ONS) estimates that 11% of the UK population (approximately 6 million) has never used the Internet. Moreover, the ONS did not ask for frequency of use merely whether someone had used the Internet When the ONS asked whether people had used the Internet in the three months prior to the question being asked, only 86% answered yes. Thus 14% of the population had either not used the Internet for more than three months or had never used it and, importantly, only 68% of disabled people had used the Internet in the previous 3 months. Clearly there will be large numbers of people, including the most vulnerable in society, who will seriously struggle to use digital technology for the foreseeable future. If cash becomes illegal many of these people will literally not be able to live if they cannot understand the technology or have no one to operate it for them.

3. The computer systems which support a cashless society will inevitably be subject to regular disruption, whether from hacking or simple failure because, as we all know, digital technology frequently goes wrong and the system downtime can be considerable. Imagine being unable to

access the only means you have of paying for something. It would probably be necessary to have more than one electronic payment device because of this, although that would not help if the fault was not with your payment device but with that of those from whom you wished to make a purchase.

4. Many people will have their means of accessing electronic money stolen or lose it themselves. They would then need to replace their equipment which allowed them to access their electronic money. Many would not be able to afford to do so and those most likely to lose or have their electronic money access equipment stolen would be the old and the disabled.

A cashless society would have considerable attractions for a government. It would greatly extend the power of the state over the individual. Crime generally might be reduced without physical cash to oil the felonious wheels, although cybercrime would become more tempting in the absence of banks to rob and people to mug. Tax evasion would become very difficult for most people (the rich would simply move their money to other jurisdictions). There would also be the saving on the abolition of the need to maintain a physical money supply. Banks and other financial institutions would also welcome the abolition of cash as it would remove the considerable cost of physically handling cash and maintaining a branch network.

The danger is that cash will become defunct by default, because the Government shows no interest in protecting cash and arguably is surreptitiously encouraging its demise by making it either impossible or very difficult to access public services in any way other than through the Internet. We could reach a point where, say, 90% of the population use electronic money and a government simply says it is time to go cashless ignoring the fact that millions of people who cannot use electronic money will be left in the soup. Politicians need to be lobbied now to ensure that the maintenance of cash remains a legal requirement.

But it is not just a case of ensuring that cash remains a legal requirement. Even a widespread refusal to accept cash by businesses and other corporate bodies which charge for their services would be seriously socially disruptive. That idea also needs to be knocked on the head by making it illegal to refuse cash in payment for anything.

Get writing to your MP.

## **THE QUADRILLION DOLLAR DERIVATIVE DEBT AND THE “BAIL-IN”: WHEN YOU DEPOSIT FUNDS IN A BANK, IT BECOMES “THEIR MONEY”**

*Bill Holter; Global Research*

Url of this article: <http://www.globalresearch.ca/the-quadrillion-dollar-derivative-debt-and-the-bail-in-when-you-deposit-funds-in-a-bank-it-becomes-their-money/5466586>

The world is awash with “promises”. Nearly everything we think of as having “value” is because of a promise behind it. A few examples; your bank accounts, retirement funds, bonds and even the dollar bills in your pocket. Your bank account for example, once you deposit the money it is no longer yours. You can argue this if you wish but we now know this is true for sure after recent “bail in” legislations passed throughout the west. When you deposit funds into a bank, it then becomes “their money” held for you ...they “owe” it to you.

Do not take this lightly, lawmakers around the world have made this the new reality. A little known fact, in 1845 Britain passed banking law that made depositors (unsecured creditors), this is still precedent to this day. When you deposit money you “accept a liability” from your bank and are classified as an unsecured creditor. In other words, “get in line with everyone else”!

Same thing with many retirement accounts. Think about Social Security. When you get your

annual statement form, it comes with an asterisk. This is to inform you they “might need to reduce benefits”. With any retirement account you are relying on the custodian to make payments to you upon retirement. Think about state and municipal retirement accounts promising the good life, they are nearly ALL underfunded. Meaning there is not enough money in there to make (promised) future payments unless some sort of magically higher returns are realized. These are underfunded by the TRILLIONS of dollars!

Bonds are an obvious asset class where a “promise” is relied on. Dollars on the other hand seem the most misunderstood by the public while being the biggest leap of faith in all asset classes. Dollars rely on the “full faith and credit” of the government (a bankrupt entity) yet the populace sleeps through the night secure knowing they own dollars. ALL non backed, fiat currencies in the past have failed. The dollar is the widest spread and widely owned fiat the world has ever known, its failure will be spectacular upon arrival!

I wanted to point out the above “promises” as a basis to speak about trust or confidence. The financial world turns on the axis of “trust”. This trust was nearly broken in 2008 and is the reason the Federal Reserve needed to secretly lend \$16 trillion all over the world. If the Fed had not come up with these funds, failures would have spread and trust would have been broken amongst the banks/other financial institutions and even between the central banks themselves! The Fed’s largesse worked and trust was maintained.

Now, I believe we are set for another “test” of trust. We have gone five+ years with QE this and QE that, the reality being outright monetization. In fact, central banks today are buying more sovereign bonds than are even being issued. The public and even the professional funds have backed away from the debt markets, you can’t blame them because the interest received does not even cover inflation not to mention a risk premium. Globally the pace of trade and business activity is slowing or even declining which will bring to a head the difficulties in meeting debt service and other “promises”.

I ask, what will happen when inevitably “trust” begins to wane? Or even fully break? It is at this point the system goes into “The Great Call”. Margin call? Of course, because nearly everything financial has leverage behind it but there is more to it than this. The “call” I am speaking of is for contracts of all sorts to “perform”. In particular I am thinking “derivatives” contracts will be called on to perform their contractual duties.

All in all, there are over \$1 quadrillion worth of derivatives outstanding. The problem with this is the “tail” is bigger than the dog. In other words, the amount of derivatives outstanding dwarfs the total amount of money outstanding and thus the ability to “pay” and make good on the contracts. The other side of this coin are contracts promising to deliver something. Here I am thinking both gold and silver. There are far more (100-1 or more) obligations outstanding than there are ounces or kilos available to deliver. This is a default just waiting to happen.

If you listen to the Harry Dents of the world, the dollar will be the safe haven and where all fear capital will go. In a world based on nothing but trust and promises, will fear capital really pile INTO a currency based ONLY on trust and promises ...when “trust” is exactly what is come into question. Actually, it can be said the dollar was originally set up in 1971 on a “never pay” model. The dollar (and bonds) only promise to pay “more dollars” and nothing else. This game worked for many years, now it looks like the Saudis after doing many deals with both Russia and China may be set to transact in currency other than dollars. Are they displaying confidence?

The Chinese are now net sellers of U.S. Treasuries. Ask yourself this question, if China could sell all of their Treasuries and turn it all into gold, silver, oil, copper and other real tangible assets (without destroying the Treasury market or making gold and silver go no offer), would they? I say yes, they absolutely would love to be out from under their Treasury position. Apologetic others might say China is comfortable, we will soon see.

Because confidence is the only thing at this point holding the game together ...and its fickle nature, it is important for you to think this through. What will be standing when confidence breaks? Can banks globally survive “runs” when depositors come calling? Can commodity exchanges deliver all they promise? Can borrowers “borrow more” if they cannot redeem past issues with new debt? This is where we are headed both systemically and globally!

Before finishing I want to tie two connected thoughts together. First, the great Paul Craig Roberts said last week he feared precious metals could be suppressed forever. I received MANY fearful e-mails regarding this thought process. Mr. Roberts would be entirely correct if it were not for one small detail, REAL gold and REAL silver must be available to deliver. Otherwise the game comes to an end and the fraud is exposed. He is entirely correct, “price” can be jammed or rammed with enough “margin” posted. Dan Norcini once upon a time had it correct when he said, nothing will unnerve the shorts more than the longs standing for delivery ...and making a call for the product. I would like to remind you, COMEX currently has only 11.7 tons of gold for delivery. This is roughly \$400 million. If I were short, this paltry

sum would not add to my confidence.

Another thought going hand in hand with this is where we are now versus 2008. Back then we were within overnight hours of the entire system coming down, this is fact. What has changed since then? “Nothing”, but in reality quite a bit. Nothing has changed from the standpoint of “tools used”. We have not altered or changed anything that “got us to the brink”... only done more of it! We have far more debt and more derivatives outstanding now. In fact, central banks and sovereign nations have even sacrificed their balance sheets to prolong the game. It has worked ...so far. The only problem is the entire arsenal of the central banks have already been tried and failed to provide the real economy with any stimulus. The result has been capital pushed into financial markets and blowing the bubble(s) far larger than they were. Now, we have far larger markets with far more leverage than 2008. These will need to be met with central banks and sovereign treasuries with weaker balance sheets and almost no ability to borrow in an effort to reflate. It is a recipe for disaster.

We already know the sovereign debt markets are very thin on the bid side as liquidity has dried up. We also know equity markets are displaying horrible internal breadth. China is actually nearing a 1929 scenario and will be there shortly if they cannot steady. Confidence is a fickle girl, if it breaks, then we go back to the 2008 scenario and we'll find out just how powerful the central banks really are. I believe the coming “Great Call” cannot nor will be met and only then will we see what is left standing. It is imperative here and now to position yourself in assets that do stand on their own, everything else will be a broken promise!

## **FORMER GORDON BROWN ADVISER TWEETS ADVICE FOR COMING COLLAPSE**

### ***Heather Callaghan; Activist Post***

It started with a few Tweets about collapse and then turned into a blossoming preparedness discussion... Yesterday was a bleak day for the Dow – the first time in ages a day of the week was referred to as a “Black Monday” and not referring to the day after Thanksgiving where everyone shows their gratitude for provision by trampling pregnant women with shopping carts and charging cheap electronics on plastic cards. True story.

Damian McBride, former special adviser to Prime Minister Gordon Brown, is predicting a harrowing crash at some point and people are paying attention. Not only was he Brown's right-hand man, but he apparently predicted the crash of 2008 in his book, *Power Trip: A Decade of Policy, Plots and Spin*.

The Mirror reported:

*The fear of a new financial crisis was sparked when the Shanghai Composite Index fell 8.45%, wiping out a year's gain in a single day's trading.*

*Hundreds of billions were wiped off share prices worldwide yesterday meaning over \$5trillion have been wiped off global stocks since August 11. You can find out more about how this could affect you [here](#).*

Mirror also surmised that McBride predicted civil chaos because he hinted that banks would be unreliable in the event of impending collapse. Do you think that's true given yesterday's dismal market activity? At the same time, he acknowledges the Fed's typical moves in placing band-aids on hemorrhaging. Today is called “Turnaround Tuesday” as people breathe a sigh of relief, but McBride is not convinced.

Here's what he said – people's responses to him are found on this Twitter account:

*Advice on the looming crash, No.1: get hard cash in a safe place now; don't assume banks & cashpoints will be open, or bank cards will work. 1:24 PM - 24 Aug 2015*

*Crash advice No.2: do you have enough bottled water, tinned goods & other essentials at home to live a month indoors? If not, get shopping. 1:25 PM - 24 Aug 2015*

*Crash advice No.3: agree a rally point with your loved ones in case transport and communication gets cut off; somewhere you can all head to. 1:25 PM - 24 Aug 2015*

*Today is just the stock market catching up with the terror over defaults that's been gripping the bond market for months. 4:43 PM - 24 Aug 2015*

*The real problem will be when all the bad loans fuelled by cheap borrowing (and in China, shadow banking) start to default.. 4:37 PM - 24 Aug 2015*

*Just like mid-October last year, the market howls; the Fed panics & puts the dummy back in; and we all pretend it's OK again. It's madness. 11:28 AM - 25 Aug 2015*

*I'm presuming the Central Banks will intervene to stop this market slide but that will just make the eventual, inescapable crash even worse. 2:48 PM - 24 Aug 2015*

*Every day the era of easy borrowing persists just means even more loans that won't be repaid when the real crash finally comes. 11:31 AM - 25 Aug 2015*

You don't have to have a Twitter account to peek in on the developing discussion – visit Damian McBride's Twitter account and click the links that say "view conversation" to see the volley. He has been very friendly in answering people's curiosity. Imagine getting prepping and economy tips from a former adviser to a British Prime Minister...

*Heather Callaghan is a natural health blogger and food freedom activist. You can see her work at [NaturalBlaze.com](http://NaturalBlaze.com) and [ActivistPost.com](http://ActivistPost.com)*

# **“THE BANKSTERS DID IT”: THE CENTRAL BANKS HAVE ENGINEERED THIS FINANCIAL COLLAPSE**

***James Corbett; Global Research***

Good news, everybody! The markets are rebounding! Yes, we just a hit a minor bump in the road there, but don't worry, everything is back to normal now. Let's forget about the tail end of last week and this week's Black Monday, shall we? Pay no mind to the uncomfortable low lights of the global stock rout:

- The staggering \$5 trillion wipeout of funny money paper promise “wealth” since the yuan deflation began (\$2.7 trillion on Monday alone).
- The all-time record spike on the volatility index (aka the “Fear Index”).
- The 1000 point Dow plunge off the opening bell on Monday morning.
- The halting of every major US index during the market mayhem.
- The 4500 mini crash events that forced indices worldwide to halt and unhalt at a dizzying pace.
- The amazing magic levitating act courtesy of our friends at the Plunge Protection Team that brought about the largest intraday point swing in Dow history.

Nope, nothing to see here. And now that this dead cat bounce is underway, surely there will be no more commodity deflation or global economic slowdown or worldwide currency war or historically unprecedented bond bubbles to worry about, right?

OK, enough sarcasm. Readers of this column will know by now that the phony baloney stock markets, manipulated as they are from top to bottom and juiced as they are on the Fed's QE heroin, are no longer reflective of economic reality. The only question is how far this particular dead cat market will bounce, and whether it will be helped along with more heroin from the Fed.

But there is already one vitally important take away from these events that the independent media must articulate now, before it's too late. Namely: This crisis was engineered by the central banks. It is their fault. Let me repeat that again in case you missed it: This crisis was engineered by the central banks.

This point is not even controversial. It has been the universal consensus of institutions ranging from the Bank for International Settlements to the Official Monetary and Financial Institutions Forum,

and from OECD officials to former Fed Governors and even Alan “Bubbles” Greenspan himself. In fact, analyst after analyst and pundit after pundit—including the most mainstream of mainstream publications—have been sounding the alarm on the stock market bubble for much of the past year.

This tells us two things: the current market mayhem was perfectly predictable (and predicted), and the central banks not only stayed the course but actually doubled down with more and more QE injections.

It is the central banks that have created this mess, and what’s more they have created this mess in the full knowledge that their actions would lead to disaster. And now, one can be sure, the same central bankers and their political puppet mouthpieces will use this crisis to continue the construction of the “New World Order” that they called for in the wake of the 2008 collapse.

Anyone who can’t see the endgame now—global government by the bankers, of the bankers and for the bankers—is either blind or wilfully ignorant.

It is especially important to state these obvious truths now, because we can already see a false narrative underway. This narrative has two main thrusts: one is to paint China as the culprit for the global downturn and the other is to assume that only central banks can save the day (with even greater liquidity injections and even deeper rate cuts).

The China-as-economic-villain narrative ranges from the subdued (“China’s ‘Black Monday’ sends markets reeling across the globe”) to the blatant (“Chinese Economy Causes Markets to Fall”) to the silly (“Don Yuan Causes Heartbreak”), but they all convey the same message: China has brought this on the world all by itself. It’s not that China is reacting to a global monetary environment created by the Fed and fostered by other central banks, or a global economic slowdown that is biting into a heavily export-driven economy, or the conflicting pressures on the country as it tries to navigate its way toward global reserve currency status. Nope, it’s just a bull in a china shop (or is that a China in a bull market?) knocking things over and causing mayhem (Trump was right!).

The only-central-banks-can-save-us narrative is even more infantile, but also more dangerous. We are told that the crash came because China’s central bank failed to act. We are told that it’s now up to Turkey’s central bank to bolster the flagging lira. We are told that the Lehman collapse occurred because of too little central bank intervention. We are told that only the European Central Bank is capable of “riding to the rescue” and preventing a market rout. In other words the very same institutions that engineered this crisis are the only ones that can save us.

It is the height of insanity that anyone would believe this nonsense, but then again the world fell for it after Lehman, and they’re likely to fall for it again. Unless we spread the word.

The banksters did it. And unless we derail their agenda, they’re going to do it again.

***‘People of the same trade seldom meet together, even for merriment and diversion, but the conversation ends in a conspiracy against the public, or in some contrivance to raise prices.’***

***— Adam Smith***

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