

RUNNYMEDE GAZETTE

A Journal of the Democratic Resistance

OCTOBER 2015

EDITORIAL

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EDITORIAL

DOOM, BUT WHEN?

The figure of a scruffy man of advancing years, bearing a sandwich board telling us that Doom is Nigh, was once a favourite cartoon character. It is easy to mock reports of the imminent collapse of the world economic system as such a brand of cartoon doom-mongering. And, in truth, over recent years we have seen large numbers of such reports.

Part of the reason for these many false warnings has lain both in the size and complexity of the world economy and the ability of those in charge of it to concoct ever cleverer wheezes ... including QE for banks ... to mask the truth. There were many in the monetary reform movement who were surprised by the length of time it took for the 2007/8 collapse to erupt.

Equally many of us in the monetary reform movement took the view, at an early stage in these events, that the collapse would be complex, messy and episodic and very protracted ... perhaps extending over a couple of decades or more.

But in recent weeks there has been a marked quickening of reports across a range of media, both mainstream and alternative, that the wolf really is now baring his teeth. Indeed it is difficult to ignore the tremors in the tectonic plates beneath our feet ... events in China, instability in stock markets elsewhere, commodity price volatility, continuing labour cost compression in virtually every mature economy, manifestly and massively overpriced assets, to mention but a number of those factors. Above all is the sheer scale of the debt which now saturates the world.

News of long anticipated trouble at Deutsche Bank ... and if that giant is in trouble then surely many others will be also adds to the gathering storm clouds.

All that said, no one can be certain when this storm will finally erupt. For sure

autumn has traditionally been the time for crashes. Perhaps that has given rise to a superstition. But, can the final reckoning be that long in coming?

MUDDLING THE MESSAGE

All this has to collide with the fact that we cannot continue to run economies and currencies by piling debt upon debt upon debt ad infinitum. We are fast approaching the time when either economic collapse and catastrophe will overwhelm all of us or monetary reform ... not just here, but over much of the world ... becomes inevitable.

In addition no single measure would be more likely to halt and reverse the trend towards ever greater economic inequality, whilst also establishing a basis of democratic control over the economy.

Whatever people might think of Jeremy Corbyn and his cohorts, those of us who have struggled for quite a few years to get the issue of monetary reform onto the public agenda, were heartened by his and John McDonnell's call for 'public QE'. But since the Labour Party conference the silence has been deafening.

We have seen similar behaviour from the Green Party, which had gone even further in incorporating monetary reform into its formal policy. Yet, although a co-sponsor of the motion, Caroline Lucas absented herself from the parliamentary debate on money reform in September 2014, and during the election campaign her party scuttled away from the issue like a mouse into the wainscoting.

The truth is that these ideas have not been well presented. As the argument has developed so far the banksters' stooges have been allowed to get away with murder.. especially with the hoary old canards about 'printed money' causing 'inflation'.

We have heard nothing of the obvious retorts that most money is not 'printed' but created electronically; that all money has to be created somehow; and that the real issues are not *how*, but *how much* money is created, by whom, and to whose benefit, and how that process is controlled.

The overall impression is that politicians, like the majority of people, still do not have any deep understanding of these basic questions. Unless the message is to get impossibly muddled and lost (to the eternal relief of the banksters!), some urgent application of the midnight oil in some intense concentration and study is required.

HUSH ... JUSTICE IN PROGRESS

Two items focus on secret justice. Most people reading this would rightly think such an idea and oxymoron. But it has become a fact.

One part of the problem has been (yet again) highly successful spin and propaganda. As a result, too many people have been brainwashed into believing that the so-called European Convention on Human Rights is some formidable bulwark standing between us and tyranny. That, quite apart from the preposterous notion that liberties arrived in this country out of a clear blue sky in 1950.

Such a view does not stand close scrutiny.

Over the past two decades we have seen a whole raft of legislation on 'terrorism', 'criminal justice', 'civil contingencies' and related matters. This has invaded our privacy, limited habeous corpus, abridged liberties and due process, permitted penalties to be enforced without a finding of guilt ... the list goes on.

It has also permitted a ghastly system of secret star chambers in the 'family courts', where people may be forbidden from discussing their case not merely with the media but even with their own close family and legal representatives.

Identity cards were another case in point. Many think we had a near miss! But an ID system is being introduced by stealth through the back door. Examples of how this is being done can be found in 'money laundering' regulations, the new system for electoral registration, the new benefits system, and the profoundly totalitarian 'named person' proposal in Scotland.

Rights versus Liberties?

Yet all of this is deemed perfectly consistent with the ECHR!

The problem ... setting aside qualifying caveats in the ECHR by which it can be bent to mean almost anything is essentially one of Roman Law versus Common Law. There is much talk of 'rights' without understanding this difference. Whereas Common Law might view law as a derogation from a general state of liberty ... viewing human beings as freeborn ... a 'right' under Roman Law might be viewed as a derogation from a general state of unfreedom under the aegis of a dominant state. Roman Law will aver that 'what is not permitted is forbidden', whilst a central tenet of Common Law is the precise reverse ... 'what is not forbidden is permitted'. On the one hand Roman Law might declare that the '*law is the King/President/Fuhrer/Prince or State speaking*', whilst our Common Law tradition tells us that all such entities are subject to, and not above, law.

The word 'Right' can be tricky, possessing a number of nuances. In this case it can stand in the stead of 'permission' or 'seeking permission'. Yet why should freeborn beings need to 'seek permission' from any state to live their lives?

Thus the Continental, Roman Law, experience of law and public administration is very different. Those who have run businesses and purchased property in many European jurisdictions will know of the endless permits which have to be obtained. ID cards ... essentially a permission to exist ... are the rule not the exception. In many jurisdictions domicile, even staying at a hotel, must be reported to the police. In many jurisdictions ... including, importantly who rafts of EU nomenklatura, politicians, officials and judges have immunity from prosecution.

Nor does the ECHR contain any protection for jury trial, the principle of innocence, criminal intent (*mens rea*), or habeous corpus. These principles are unknown in many EU states.

The EHCR was conceived as an attempt to bridge across both systems within the ambit of a single document. Arguably that is both impossible, and has accelerated the ingress of Roman Law into our own system.

So amongst other features which have crept by stealth onto our law books, we now have secret justice. A top priority for any citizen's convention ... if that gets off the ground ... will be firstly to understand, and second to grapple with issues such as this.

Frank Taylor

****We hang the petty thieves and appoint the great ones to public office.****

Aesop; with thanks to Sonya Porter

BARCELONA THREATENS TO PRINT PARALLEL CURRENCY, MADRID SEETHES

Tyler Durden; Zero Hedge; via Critical Thinking

(Here we see the way in which a very laudable and useful principle is being captured, co-opted and corrupted. This is because it is in cashless form. Items on the 'cashless society', one of the ultimate tools of mass surveillance and control appeared in the last edition.

As a paper currency, like all the UK's local currencies, there is no such problem. A further advantage of a paper local currencies is that, so far, the speculators have not found a way of profiting from them.

As a slight correction, the Swiss WIR system, established in the 1930's, is not a public currency in the normal sense. It operates by enabling SME's to trade by monetising invoices. There are around 70,000 SME's in the WIR system. Thus it is a parallel currency, and has been a valuable cushion against recession on a number of occasions. Strange there is no interest in a similar system for the UK and elsewhere? - Ed)

Socialist mayor to fulfil campaign promises by “printing” money.

Over the next six months, Barcelona’s left-wing city council plans to roll out a cash-less local currency that has the potential to become the largest of its kind in the world. The main goal of the project, according to a council spokesperson, is to boost economic opportunities for local businesses and traders.

The idea is for local stores and residents to be able to exchange euros for the new currency at a one-to-one parity, and use it to purchase products and services at a discount or with other kinds of incentives. But it doesn’t end there: the new parallel currency may also be used to pay certain subsidies, taxes and local services such as public transport, reports El País. Municipal workers could also receive part of their salary in the new money.

Barcelona will not be the first European city to launch such a scheme. Local currencies are all the rage these days. There could be as many as 3,000 forms of local money in use around the globe, says Community Currencies in Action, a global partnership promoting such schemes that is part-funded by the European Union’s Regional Development Fund. Which begs the question...

Why is the EU promoting parallel local currencies around the world?

According to the official blurb, it is to support local small and medium-size enterprises (SME) as well as offer new tools for social inclusion and environmental protection. This comes from an organization that has so far shown scant regard for SMEs [read... Small Businesses Dread the Wrath of US-EU “Free Trade” Deal], social inclusion and environmental protection (read this and this).

Perhaps there are somewhat less altruistic motives behind the EU’s agenda — motives such as encouraging people to embrace cashless currencies. As I warned in The War on Cash in 10 Spine-Chilling Quotes, the war on cash has moved from one of words to actions. As such, is it pure coincidence that most of the local community currencies that have been launched so far are in purely digital format, as would Barcelona’s?

Perhaps that explains why local currencies have captured the interest and support of organizations like the Long Finance Group, whose sponsors include the City of London Corporation, and which recently echoed the Bank of England’s calls for the UK government to adopt a purely digital currency in order to save the national economy (no, seriously).

The EU could also have another hidden motive in promoting community currencies: strengthening regional identity, at the obvious expense of national identity. Strong regional identity certainly helps with uptake, which is why you often find the most successful community currencies taking root in regions with a proud traditional heritage. Europe's biggest experiments with local currency to date include the Chiemgauer in the German state of Bavaria (total amount in circulation: €521,000), the Eusko in France's Basque region (€370,000 euros), the WIR in Switzerland, and the Brixton Pound in South London (€150,000).

The Chiemgauer, like many local parallel currencies, has a built-in "value loss" of 8% per year – a sort of automatic inflation – to induce people to spend this money as fast as possible before it corrodes away. That's why it's sometimes called the "rusting money." It's a heck of a lot worse than the negative deposit rates at some German banks (the hated "punishment interest"). Convert this money into euros to avoid this loss? No problem, just pay a penalty fee of 5%. So users – consumers and SMEs – get screwed, but they're submitting to it voluntarily and can't bitch about it.

"Direct Assault on Global Trade"

The biggest inspiration for Barcelona's community currency is an experiment launched three years ago in Bristol, a medium-sized city in the South West of England. Under the scheme, people can purchase Bristol Pounds, either in cash or digital format, at a one-to-one rate with sterling and spend it with one of roughly 800 businesses. After three years in operation, the currency is now the UK's largest alternative to sterling.

At the time of its launch in 2012, the BBC called it a "direct assault on global trade," a statement so loaded with hyperbole as to be risible. Since its inception only £1 million has been issued in the Bristol Pound. Not one to be outdone in the hyperbole department the UK Guardian recently ran a piece headlined (I kid you not), "The Bristol Pound Gives Sterling a Run for Its Money" – all £1 million of it.

But the Bristol Pound has survived for three years, which is a heck of a lot longer than most of these schemes. Indeed, so popular has the Bristol Pound become that a large supermarket chain, a number of high street retailers and a budget airline have asked to be included in the scheme, according to the currency's co-founder, Ciaran Mundy. They were turned down on the grounds that they were either not based in the area or were quoted on the stock exchange.

A Whole Different Magnitude

While the Bristol Pound experiment has been a big success on a tiny scale, Barcelona's move toward adopting its own currency is a proposition of a whole different magnitude. With a metropolitan population of 3.2 million people, Barcelona would be far and away the largest city council in the West to trial such a scheme. The council is also proposing using the currency to pay some salaries, social benefits and public services, which could propel the amount in circulation well into the millions, if not billions of euros.

Predictably, the opposition to the scheme in Madrid is fierce. In June, the Bank of Spain's deputy governor Fernando Restoy delivered a shot across the bow by warning that the scheme proposed by Barcelona's activist mayor, Ada Colau, was "impossible" as well as "undesirable."

To launch its own currency Barcelona City Council would have to go directly against the wishes of both national regulators and the central government. It would hardly be the first time in history that it had. Indeed, many of the leading figures of Catalonia's pro-independence movement, including the region's premier, Artur Mas, have already called for mass civil disobedience of Madrid. And there are few more potent acts of disobedience than the creation of one's own currency.

Which begs the question: could Barcelona's local city currency serve as a springboard to a region-wide parallel currency? After all, if Catalonia's leaders are genuinely serious about breaking away from Madrid and creating a new nation-state (still a sizeable "IF"), they will need to dramatically reduce Catalonia's financial dependence on the central government's treasury, the Bank of Spain and by extension, the European Central Bank. The only way to do that is to launch

its own currency. As Greece's Syriza party learnt the hard way, it's no good threatening to go your own way without first having a parallel currency in place.

Granted, this is the grand-daddy of all nuclear options. It is far more likely that Colau's primary motive in launching a community currency on this scale is somewhat more mundane: i.e. increase local government spending. It's what she pledged to do before the municipal elections. And there's no easier way of increasing government spending than printing your own money and then using it to pay salaries, benefits and public services!

The big challenge will be getting local people and local businesses to trust the new form of money, as well as finding a local financial institution willing to back it up with euros. Without that, the currency could lose credibility. Without credibility and trust, fiat money loses value very quickly. And that's when seemingly easy solutions give way to excruciating pain.

QUANTITATIVE EASING FOR PEOPLE: LABOUR'S CONTROVERSIAL PROPOSAL

Ellen Brown; Web of Debt; via Global Table

Jeremy Corbyn has proposed a "People's QE" that has critics crying hyperinflation and supporters saying it's about time.

(Although Ellen Brown says that QE has been inflation-free, there is virtually unanimity in the view that awarding this money to the banks, where it can be ... and is ... used for speculation has been the main global driver in asset price inflation -Ed)

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 Buitter (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 levelled 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-neighbour 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 labour 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 consumer'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.

Ellen Brown is an attorney, founder of the Public Banking Institute, and author of twelve books including the best-selling Web of Debt. Her latest book, The Public Bank Solution, explores successful public banking models historically and globally. Her 300+ blog articles are at EllenBrown.com. Listen to “It's Our Money with Ellen Brown” on PRN.FM.

THE WORST PART IS CENTRAL BANKERS KNOW EXACTLY WHAT THEY ARE DOING

Brandon Smith; Activist Post

The best position for a tyrant or tyrants to be in, at least while consolidating power, is tyranny by proxy. That is to say, the most dangerous tyrants are those the people do not recognize: the tyrants who hide behind scarecrows and puppets and faceless organizations. The worst position for the common citizen to be in is a false sense of security and understanding, operating on the assumption that tyrants do not exist or that potential tyrants are really just greedy fools acting independently from one another.

Sadly, there are a great many people today who hold naïve notions that our sociopolitical dynamic is driven by random chaos, greed and fear. I'm sorry to say that this is simply not so, and anyone who believes such nonsense is doomed to be victimized by the tides of history over and over again.

There is nothing random or coincidental about our political systems or economic structures. There are no isolated tyrants and high-level criminals functioning solely on greed and ignorance. And while there is certainly chaos, this chaos is invariably engineered, not accidental. These crisis events are created by people who often refer to themselves as "globalists" or "internationalists," and their goals are rather obvious and sometimes openly admitted: at the top of their list is the complete centralization of government and economic power that is then ACCEPTED by the people as preferable. They hope to attain this goal primarily through the exploitation of puppet politicians around the world as well as the use of pervasive banking institutions as weapons of mass fiscal destruction.

Their strategic history is awash in wars and financial disasters, and not because they are incompetent. They are evil, not stupid.

By extension, perhaps the most dangerous lie circulating today is that central banks are chaotic operations run by intellectual idiots who have no clue what they are doing. This is nonsense. While the ideological cultism of elitism and globalism is ignorant and monstrous at its core, these people function rather successfully through highly organized collusion. Their principles are subhuman, but their strategies are invasive and intelligent.

That's right; there is a conspiracy afoot, and this conspiracy requires created destruction as cover and concealment. Central banks and the private bankers who run them work together regardless of national affiliations to achieve certain objectives, and they all serve a greater agenda. If you would like to learn more about the details behind what motivates globalists, at least in the financial sense, read my article "The Economic Endgame Explained."

Many people, including insiders, have written extensively about central banks and their true intentions to centralize and rule the masses through manipulation, if not direct political domination. I think Carroll Quigley, Council on Foreign Relations insider and mentor to Bill Clinton, presents the reality of our situation quite clearly in his book *Tragedy And Hope*:

The powers of financial capitalism had another far-reaching aim, nothing less than to create a world system of financial control in private hands able to dominate the political system of each country and the economy of the world as a whole. This system was to be controlled in a feudalist fashion by the central banks of the world acting in concert, by secret agreements arrived at in frequent private meetings and conferences. The apex of the system was to be the Bank for International Settlements in Basel, Switzerland, a private bank owned and controlled by the world's central banks which were themselves private corporations. Each central bank ... sought to dominate its government by its ability to control Treasury loans, to manipulate foreign exchanges, to influence the level of economic activity in the country, and to influence cooperative politicians by subsequent economic rewards in the business world.

This "world system of financial control" that Quigley speaks of has not yet been achieved, but the globalists have been working tirelessly towards such a goal. The plan for a single global currency system and a single global economic authority is outlined rather blatantly in an article published in the Rothschild owned *The Economist* entitled "Get Ready For A Global Currency By 2018." This article was written in 1988, and much of the process of globalization it describes is already well underway. It is a plan that is at least decades in the making. Again, it is foolhardy to assume central banks and international bankers are a bunch of clumsy Mr. Magoo's unwittingly driving our economy off a cliff; they know EXACTLY what they are doing.

Being the clever tyrants that they are, the members of the central banking cult hope you are too stupid or too biased to grasp the concept of conspiracy. They prefer that you see them as bumbling idiots, as children who found their father's shotgun or who like to play with matches because in your assumptions and underestimations they find safety. If you cannot identify the agenda, you can do nothing to interfere with the agenda.

I have found that the false notion of central bank impotence is growing in popularity lately, certainly in light of the recent Fed decision to delay an interest rate hike in September. With that particular event in mind, let's explore what is really going on and why the central banks are far more dangerous and deliberate than people are giving them credit for.

The argument that the Federal Reserve is now “between a rock and a hard place” keeps popping up in alternative media circles lately, but I find this depiction to be inaccurate. It presumes that the Federal Reserve “wants” to save the U.S. economy or at least wants to maintain our status quo as the “golden goose.” This is not the case. America is not the golden goose. In truth, the Fed is exactly where it wants to be; and it is the people who are trapped economically rather than the bankers.

Take, for instance, the original Fed push for the taper of quantitative easing; why did the Fed pursue this in the first place? QE and zero interest rate policy (ZIRP) are the two pillars holding up U.S. equities markets and U.S. bonds. No one in the mainstream was demanding that the Fed enact taper measures. And when the Fed more publicly introduced the potential for such measures in the fall of 2013, no one believed it would actually follow through. Why? Because removing a primary support pillar from under the “golden goose” seemed incomprehensible to them.

In September of that year, I argued that the Fed would indeed taper QE. And, in my article “Is The Fed Ready To cut America’s Fiat Life Support?” I gave my reasons why. In short, I felt the Fed was preparing for the final collapse of our economic system and the taper acted as a kind of control valve, making a path for the next leg down without immediate destabilization. I also argued that all stimulus measures have a shelf life, and the shelf life for all QE and ZIRP is quickly coming to an end. They no longer serve a purpose except to marginally slow the collapse of certain sectors, so the Fed is systematically dismantling them.

I received numerous emails, some civil and some hostile, as to why I was crazy to think the Fed would ever end QE. I knew the taper would be instituted because I was willing to accept the real motivation of central banks, which is to undermine and destroy economies within a particular time frame, not secure economies or kick the can indefinitely. In light of this, the taper made sense. One great pillar is gone, and now only ZIRP remains.

After a couple of meetings and preplanned delays, the Fed did indeed follow through with the taper in December of that year. In response, energy markets essentially imploded and stocks became steadily more volatile over the course of 2014, leading to a near 10% drop in early fall followed by foreign QE efforts and false hints of QE4 by Fed officials as central banks slowed the crisis to an easier to manage pace while easing the investment world into the idea of reduced stimulus policies and reduced living standards; what some call the “new normal”.

I have held that the Fed is likely following the same exact model with ZIRP, delaying through the fall only to remove the final pillar in December.

For now, the Fed is being portrayed as incompetent with markets behaving erratically as investors lose faith in their high priests. This is exactly what the bankers that control the Fed prefer. Better to be seen as incompetent than to be seen as deliberately insidious. And who knows, maybe a convenient disaster event in the meantime such as a terrorist attack or war (Syria) could be used to draw attention away from the bankers completely.

Strangely, Bloomberg seems to agree (at least in part) with my view that the taper model is being copied for use in the rate hike theater and that a hike is coming in December. Meanwhile, some Federal Reserve officials once again insinuate that a hike will be implemented by the end of the year while others hint at the opposite.

Other mainstream sources are stating the contrary, with Pimco arguing that there will be no Fed rate hike until 2016. Of course, Pimco made a similar claim back in 2013 against any chance of a QE taper. They were wrong, or, they were deliberately misleading investors.

Goldman Sachs is also redrafting their predictions and indicating that a Fed rate hike will not come until mid-2016. With evidence indicating that Goldman Sachs holds considerable influence over Fed policy (such as exposed private meetings on policy between Fed officials and banking CEO’s), one might argue that whatever they “predict” for the rate hike will ultimately happen. However, I would point out that if Goldman Sachs is indeed on the inside of Fed policy making, then they are often prone to lying about it or hiding it.

During the taper fiasco in 2013, Goldman Sachs first claimed that the Fed would taper in September. They lost billions of dollars on bad currency bets as the Fed delayed. Then, Goldman Sachs argued that there would be no taper in December of that year; and they were proven to be wrong (or disingenuous) once again.

Today, with the interest rate fiasco, Goldman Sachs claimed a Fed rate hike would likely take place in September. They were wrong. Now, once again, they are claiming no rate hike until next year.

Are we beginning to see a pattern here?

How could an elitist-run bank with proven inside connections to the Federal Reserve be so wrong so often about Fed policy changes? Well, losing a billion dollars here and there is not a very big deal to Goldman Sachs. I believe they are far more interested in misleading investors and keeping the public off guard, and are willing to sacrifice some nominal profits in the process. Remember, these are the same guys who conned nations like Greece into buying toxic derivatives that Goldman was simultaneously betting against!

The relationship between international banks like Goldman Sachs and central banks like the Federal Reserve is best summed up in yet another Carroll Quigley quote from *Tragedy And Hope*:

It must not be felt that these heads of the world's chief central banks were themselves substantive powers in world finance. They were not. Rather, they were the technicians and agents of the dominant investment bankers of their own countries, who had raised them up and were perfectly capable of throwing them down. The substantive financial powers of the world were in the hands of these investment bankers (also called "international" or "merchant" bankers) who remained largely behind the scenes in their own unincorporated private banks. These formed a system of international cooperation and national dominance which was more private, more powerful, and more secret than that of their agents in the central banks.

Goldman Sachs and other major banks act in concert with the Fed (or even dictate Fed actions) in conditioning public psychology as much as they manipulate finance. First and foremost, globalists require confusion. Confusion is power. What better way to confuse and mislead the investment world than to place bad bets on Fed policy changes?

Heading into the end of 2015, we are only going to be faced with ever mounting mixed messages and confusion from the mainstream media, international banks and central banks. It is important to always remember, though, that this is by design. A common motto of the elite is "order out of chaos," or "never let a good crisis go to waste." Think critically about why the Fed has chosen to push forward with earth-shaking policy changes this year that no one asked for. What does it have to gain? And realize that if the real goal of the Fed is instability, then it has much to gain through its recent and seemingly insane actions.

You can read more from Brandon Smith at his site Alt-Market.com.

THERE ARE INDICATIONS THAT A MAJOR FINANCIAL EVENT IN GERMANY COULD BE IMMINENT

Michael Snyder; Activist Post

Is something about to happen in Germany that will shake the entire world? According to disturbing new intel that I have received, a major financial event in Germany could be imminent. Now when I say imminent, I do not mean to suggest that it will happen tomorrow. But I do believe that we have entered a season of time when another "Lehman Brothers moment" may occur. Most observers tend to regard Germany as the strong hub that is holding the rest of Europe together economically, but the truth is that serious trouble is brewing under the surface. As I write this, the German DAX stock index is down close to 20 percent from the all-time high that was set back in April, and there are lots of signs of turmoil at Germany's largest bank. There are very few banks in the world that are more prestigious or more influential than Deutsche Bank, and it has been making headlines for all of the wrong reasons recently.

Just like we saw with Lehman Brothers, banks that are "too big to fail" don't suddenly collapse overnight. The truth is that there are always warning signs in advance if you look closely enough.

In early 2014, shares of Deutsche Bank were trading above 50 dollars a share. Since that time, they have fallen by more than 40 percent, and they are now trading below 29 dollars a share.

It is common knowledge that the corporate culture at Deutsche Bank is deeply corrupt, and the bank has been exceedingly reckless in recent years.

If you are exceedingly reckless and you win all the time, that is okay. Unfortunately for Deutsche

Bank, they have increasingly been on the losing end of things.

Prior to the “sudden collapse” of Lehman Brothers on September 15th, 2008, there had been media reports of mass layoffs at the firm. To give you just a couple of examples, CNBC reported on this on March 10th, 2008 and the New York Times reported on this on August 28th, 2008. When big banks start getting into serious trouble, this is what they do. They start getting rid of staff. That is why the massive job cuts that Deutsche Bank just announced are so troubling...

Deutsche Bank aims to cut roughly 23,000 jobs, or about one quarter of total staff, through layoffs mainly in technology activities and by spinning off its PostBank division, financial sources said on Monday.

That would bring the group’s workforce down to around 75,000 full-time positions under a reorganization being finalised by new Chief Executive John Cryan, who took control of Germany’s biggest bank in July with the promise to cut costs.

Cryan presented preliminary details of the plan to members of the supervisory board at the weekend. A spokesman for the bank declined comment.

Deutsche Bank has also been facing mounting legal troubles. The following is a brief excerpt from a recent Zero Hedge article...

The bank, which has paid out more than \$9 billion over the past three years alone to settle legacy litigation, has become something of a poster child for corrupt corporate culture.

In April, Deutsche settled rate rigging charges with the DoJ for \$2.5 billion (or about \$25,474 per employee) and subsequently paid \$55 million to the SEC (an agency that’s been run by former Deutsche Bank employees and their close associates for years) in connection with allegations it deliberately mismarked its crisis-era LSS book to the tune of at least \$5 billion.

But it was out of the frying pan and into the fire so to speak, because early last month, the DoJ announced it would seek to extract a fresh round of MBS-related settlements from banks that knowingly packaged and sold shoddy CDOs in the lead up to the crisis. JP Morgan, Bank of America, and Citi settled MBS probes when the DoJ was operating under the incomparable (and we mean that in a derisive way) Eric Holder but now, emboldened by her pyrrhic victory over Wall Street’s FX manipulators, new Attorney General Loretta Lynch is set to go after Barclays PLC, Credit Suisse Group AG, Deutsche Bank AG, HSBC Holdings PLC, Royal Bank of Scotland Group PLC, UBS AG and Wells Fargo & Co.

Of course the legal troubles are just the tip of the iceberg of what has been going on over at Deutsche Bank over the past couple of years. The following is a pretty good timeline of some of the major events that have hit Deutsche Bank since the beginning of last year. It comes from a NotQuant article that was published back in June entitled “Is Deutsche Bank the next Lehman?”...

■ In April of 2014, Deutsche Bank was forced to raise an additional 1.5 Billion of Tier 1 capital to support its capital structure. Why?

■ 1 month later in May of 2014, the scramble for liquidity continued as DB announced the selling of 8 billion euros worth of stock – at up to a 30% discount. Why again? It was a move which raised eyebrows across the financial media. The calm outward image of Deutsche Bank did not seem to reflect their rushed efforts to raise liquidity. Something was decidedly rotten behind the curtain.

■ Fast forwarding to March of this year: Deutsche Bank fails the banking industry’s “stress tests” and is given a stern warning to shore up its capital structure.

■ In April, Deutsche Bank confirms its agreement to a joint settlement with the US and UK regarding the manipulation of LIBOR. The bank is saddled with a massive \$2.1 billion payment to the DOJ. (Still, a small fraction of their winnings from the crime).

■ In May, one of Deutsche Bank’s CEOs, Anshu Jain is given an enormous amount of new authority by the board of directors. We guess that this is a “crisis move”. In times of crisis the power of the executive is often increased.

■ June 5: Greece misses its payment to the IMF. The risk of default across all of its debt is now considered acute. This has massive implications for Deutsche Bank.

■ June 6/7: (A Saturday/Sunday, and immediately following Greece’s missed payment to the IMF) Deutsche Bank’s two CEO’s announce their surprise departure from the company. (Just one month after Jain is given his new expanded powers). Anshu Jain will step down first at the end of June. Jürgen Fitschen will step down next May.

■ June 9: S&P lowers the rating of Deutsche Bank to BBB+ Just three notches above “junk”.

(Incidentally, BBB+ is even lower than Lehman’s downgrade – which preceded its collapse by just 3

months)

Are you starting to get the picture? These are not signs of a healthy bank.

What makes things even worse is how recklessly Deutsche Bank has been behaving. At one point, it was estimated that Deutsche Bank had a staggering 75 trillion dollars worth of exposure to derivatives. Keep in mind that German GDP for an entire year is only about 4 trillion dollars. So when Deutsche Bank finally collapses, there won't be enough money in Europe (or anywhere else for that matter) to clean up the mess. This is a perfect example of why I am constantly hammering on the danger of these "weapons of financial mass destruction".

If Deutsche Bank were to totally collapse, it would be a financial disaster far worse than Lehman Brothers. It would literally take down the entire European financial system and cause global financial panic on a scale that none of us have ever seen before.

There has been a bit of a lull in the action over the past couple of weeks, but I expect that to end very shortly. I believe that the rest of 2015 is going to be incredibly chaotic, and we are going to see some things happen that most people could not even conceive of right now.

In the days that are directly ahead, I encourage people to keep a close eye on both Germany and Japan. Big things are about to happen, and millions are about to be totally shaken out of their complacency.

Michael Snyder is a writer, speaker and activist who writes and edits his own blogs The American Dream and Economic Collapse Blog.

HOW THE BANKSTERS PLAY "GOOD COP, BAD COP"

The Corbett Report

As all eyes turn to this week's Federal Open Market Committee meeting for an answer to the will they / won't they Fed rate hike question, we face another stark reminder of how the global economy is increasingly at the whim of the central bankers with their hands on the money spigot. The would-be "Masters of the (Phoney, Manipulated) Universe" known as the Federal Reserve board have the power to send the global economy into a tailspin by hiking rates, causing a giant unwind of the almost-never-mentioned dollar carry trade in emerging economies. Or they can waffle again, delay the decision, and keep markets in the precarious limbo they've been since the end of the QE3 party and the removal of the punch bowl. They could even, as some suggest, concede their utter failure to even understand let alone implement an easing-based "recovery" and try again with QE4.

But wait, there's a bold new truth-teller on the horizon. One that's willing to talk about the insanity of this central bank-manipulated economy: "Financial markets have worryingly come to depend on central banks' every word and deed," says the oracle. Is it a bird? Is it a plane? No, it's Claudio Borio, chief economist of the Bank for International Settlements!

And the plainspoken, obvious truths about the global economy's precarious position don't stop there. We live, Borio noted in a press conference late last week, in "a world in which debt levels are too high, productivity growth too weak and financial risks too threatening." The market mayhem of August ("remarkable" gyrations of oil price, "sharp price moves with little trading" in FX markets, "dislocations" of equities markets) "were not "isolated tremors, but the release of pressure that has gradually accumulated over the years along major fault lines."

You would be forgiven for thinking that such a screed came from some alternative market commentator, someone far outside the mainstream and likely to be branded as a fearmongering conspiraloon by the economic cheerleaders at CNBC. But the fact that it came from the Bank for International Settlements should actually not be surprising. As Ambrose Evans-Pritchard noted in his article on the BIS' latest report: "The venerable BIS – the so-called 'bank of central bankers' – was the only global body to warn repeatedly and loudly before the Lehman crisis that the system was becoming dangerously unstable."

The crash course for those who don't know about the BIS: It was founded in 1930 as an outgrowth of Rockefeller Trustee Owen D. Young's so-called "Young Plan" to chain German payments for the unpayable WWI reparations scam to a consortium of financiers led by J.P. Morgan. It is located in Basel, Switzerland but is above Swiss law by terms of a treaty that makes the bank "inviolable" and free from search, seizure or interference in any way by Swiss authorities. And it was identified as the apex of a global system of oligarchical control in a shockingly frank passage by Georgetown historian (and Clinton mentor) Carrol Quigley in "Tragedy and Hope:

"The Power of financial capitalism had a far reaching plan, nothing less than to create a world system of financial control in private hands able to dominate the political system of each country and the economy of the world as a whole. This system was to be controlled in a feudalistic fashion by the central banks of the world acting in concert, by secret agreements arrived at in frequent meetings and conferences. The apex of the system was to be the Bank for International Settlements in Basel, Switzerland, a private bank owned and controlled by the world's central banks, which were themselves private corporations."

It may at first be confusing as to why the BIS is now seemingly spreading the word about the coming collapse that those in the mainstream have been pooh-pooing for so long. But in fact, this should not be confusing at all. The BIS is playing the "good cop" in this global charade, the champion of economic wisdom and monetary caution in a land of central bankers who are out of control. The BIS is currently building up its credibility, acting as the sage voice of wisdom that you only find out afterward you should have been listening to all along. And why? So they can spend that credibility in the crisis. It is only by being the "only global body to warn repeatedly and loudly" of the coming collapse that they can expect people to listen to them about the "solutions" for this crisis.

The phoney nature of this charade is not difficult to see. The BIS is comprised of the heads of the central banks of most of the nations of the world. It IS, in a key sense, those central bankers. They actually wrote the paper exposing the dollar carry trade that they are now warning may unwind catastrophically when monetary policy stops working and the real credit crunch begins. Do you think the Fed really "doesn't understand" what quantitative easing has done or how it works, as Bill Dudley would have you believe, or do they understand perfectly well because the plan is in fact to pop the bubble and create the chaos that is necessary for their economic "New World Order"?

Note how when the Cyprus crisis unfolded before our eyes and we witnessed the birth of the banking bail-in it was revealed that the BIS had been there in the background all along, quietly creating the regulatory framework for just such an event through their even more shadowy "Financial Stability Board" spinoff.

The BIS knows what's coming as a result of these central banking manipulations. They know what results when you combine the biggest bond bubble in history with an eight-year bull run in stocks that defies all economic reality. It isn't pretty. It isn't meant to be. Order from chaos never is.

But rest assured, the BIS will be there in the midst of the crisis, the ones who saw it all coming and tried to warn you about it, but you just didn't listen. The good cop who is going to be there for you and restore order to global markets. The ones who provide the petrified masses the New World Order they're clamoring for. Just as those who profit from false flag events always do. And when they do, don't you believe them for one second. There's no good cops or bad cops, only banksters, and they are all in on it. And the way out of this mess isn't going to come from them.

'They (land laws) are founded upon the most absurd of all suppositions, the supposition that every successive generation of men have not an equal right to the earth, and to all that it possesses, but that the property of the present generation should be restrained and regulated according to the fancy of those who died perhaps five hundred years ago'

Adam Smith; with thanks to Dave Dewhurst

AUSTERITY OR HYPERINFLATION. WHICH IS THE PRECURSOR TO REVOLUTION?

Martin Armstrong; Investment Watch; via Nathan Allonby

The French hyperinflation came after the French Revolution for they defaulted on their national debts accumulated by the crown and then confiscated the property of the Catholic Church to try to back their post-revolutionary currency. The nation went into hyperinflation because the revolution defaulted on all prior debt and they were then hunting the rich, taking everything they had, and beheaded them. This was not an atmosphere that promotes confidence.

These people try to claim the hyperinflation is caused by paper money rather than revolution which results in hunting the rich. The German hyperinflation was the same sequence. It was a communist revolution in 1918 which also defaulted on the national debt of the prior government. It is not the paper money, it is the default that distinguishes both hyperinflation events for confidence simply collapses and the economy implodes. By attributing this to “fiat” paper they then assume that we must go into hyperinflation simply because we too have paper money. That is just an unsupported analysis which distorts the entire sequence of events. This analysis is highly dangerous and amounts to consumer fraud.

The French Revolution erupted not because of fiat money, but because of the debt default and hunting the rich which destroys the economy just as does communism. The hyperinflation began instantaneously. We have had a paper money system in the USA federally since 1863. There is no comparison. This is like saying do not eat a carrot since everyone who has ever eaten one has eventually died.

The Royal French debt rose due to war, that is true. It was Louis XIV who on his deathbed said he feared he loved war too much. We have the same problem today with the bureaucrats deeply involved in the military establishment who are bred with a single focus of war. All they do is see war behind everything. Every word is analysed within the frame work of war.

What is typically overlooked has been the event of 1720 was the French Mississippi Bubble. It was this event that really sets the debt in motion that accumulates and leads to the French Revolution. This financial crisis of 1720 was one of the first major banking bailouts in history. A few months later, that financial crisis was a contagion and spreads to London unfolding there as the South Sea Bubble. The collapse of the Mississippi Bubble became a political event because it had attracted capital from around Europe. When the bank failed, the French government guaranteed all the losses. That set in motion the austerity that followed. It had nothing to do with fiat; it was a debt crisis that raised taxes to support the debt creating austerity and collapsing the French economy. The Mississippi Bubble led to raising taxes to cover the cost of the bailout since the experiment that was set in motion by John Law was usurped by government and distorted by corrupt government officials necessitating the bailout.

The French Revolution was caused by austerity and tax increases that created a shrinking economy. Raising taxes to pay debts had always led to revolution. This is why the American Revolution prohibited direct taxation and Jefferson stood against a national debt.

The French hyperinflation was not the cause, but the result of the revolution. The hyperinflation unfolds because of the collapse in confidence in government. Unable to tax, unable to borrow, governments irresponsibly just printed money but it was the lack of confidence (trust) that creates the hyperinflation. The rich hoard, do not invest, and withdraw all funds from banks sending unemployment soaring and the economy collapses. It is the collapse in confidence that leads to the hyperinflation, not the mere fact that it is fiat money since all money is fiat.

In China and Japan, money was always fiat. There was no tangible value. The value was simply

declared by the Emperor who was considered to be the hand of God. Chichinapap issued the first formal paper money and even when the Mongols conquered China, they retained the paper money in circulation so it did not depreciate nor did it move into hyperinflation. Because the emperor was assumed to be God's representative on Earth, that meant that God must have sanctioned the conquest by the Mongols and thus confidence was not destroyed.

If it is fiat alone that causes the hyperinflation, then China as well as our own current monetary system should have collapsed in 1971 and the world should not function at all. So there is something more to this simple one to one relationship.

Even ancient Egypt never used coins and money was effectively receipts for grain. They never issued coins until they were conquered by Alexander the Great. They had the longest paper money type system in history for more than a thousand years. It is unfortunate, but these people draw erroneous conclusions simple because of the existence of paper money which prevents them from understanding what really is money to begin with.

It seems that society cannot handle complexity and always tries to reduce it to a single cause and effect. Therein lies the confusion since nothing is a single cause but always complexity.

It is always austerity which has been the precursor to revolution. Hyperinflation is the effect of revolution, not paper money. In America, King George III imposed taxation to pay for wars and demanded gold and silver in payment but whatever trade flows from Britain to America were paid in copper. The King knew that Americans could get silver and gold from trading with the Spanish. This extraction of taxation depleted the money supply and that led to the introduction of paper money – the shortage of coinage. During the 1930s, the austerity then nearly led to revolution for more than 200 cities began issuing their own paper money due to the lack of coinage. This did not lead to hyperinflation.

There is more to this than just blaming paper money and concluding that we will see hyperinflation without comprehending the real causes. It is the lack of in-depth research that produces this nonsense all because someone is trying to sell something who is biased and has a self-interest.

THE PROBLEM EXPLAINED IN 110 WORDS

Tyler Durden; Zero Hedge; via Nathan Allonby

It took the Fed 7 years, countless white papers, Congressional testimonies, economist reports, and goalseeked narratives explaining why QE should work, before the St. Louis Fed finally realized and admitted one month ago that QE, in fact, does not work (which is almost as ironic as the Davos World Economic folks explaining "Why we shouldn't borrow money from the future"... which is great if only it hadn't come some \$200 trillion too late). It took the Fed only \$4.5 trillion in balance sheet assets, and making the rich richer beyond their wildest dreams, to admit what we said all along.

And yet, there are still those who say keep kicking the can: if QE3 didn't work and a rate hike is now off the table, just do QE4, or NIRP, or both, or even better: just paradrop the money in - someone has to inflate the above mentioned \$200 trillion in debt. Surely that will work, even if it means the beginning of the end of the "status quo" financial system and the cargo cult of neo-Keynesian economics.

Well, here is the biggest problem - or the central bankers' paradox if one wishes to call it that - and it is explained so simply even a 5 year old, aka the intellectual equivalent of a tenured economist, will get it.

... the challenge is that ongoing flow of QEs prevents rationalization of excess capacity (in turn

created through the process of preceding three decades of leveraging) whilst also precluding acceleration of demand (both household and corporate), as private sector visibility declines. Hence declining velocity of money requires an ever rising level of monetary stimulus, which further depresses velocity of money, and requiring even further QEs. Also as countries compete in a diminishing pool by discounting currencies, global demand compresses, as current account surpluses in these countries rise not because of exports growing faster than imports but because imports decline faster than exports. This implies less demand for the global economy.

ONE BANK TO RULE THEM ALL: THE BANK FOR INTERNATIONAL SETTLEMENTS

Devon Douglas-Bowers; Global Research

Please note that this article is being published as a three-part series on Occupy.com.

The Bank for International Settlements (BIS) is an organization that is shrouded in mystery, mainly due to the fact that the majority of people don't even know of its existence. According to the BIS itself, the main purpose of the Bank is to "to promote the cooperation of central banks and to provide additional facilities for international financial operations" and "act as trustee or agent in regard to international financial settlements entrusted to it under agreements of the parties concern." [1] This means that the BIS is to have the central banks work with one another to facilitate international operations and to oversee any international financial settlements.

The Bank has a Board of Directors, which "may have up to 21 members, including six ex officio directors, comprising the central bank Governors of Belgium, France, Germany, Italy, the United Kingdom and the United States. Each ex officio member may appoint another member of the same nationality. Nine Governors of other member central banks may be elected to the Board." [2] BIS also has a management wing in the form of a General and Deputy General Manager, both of whom are responsible to the board and supported by Executive, Finance, and Compliance and Operational Risk Committees. [3]

However, its purpose has changed and evolved over the decades, however, it has always been a club for central bankers, yet in many ways it can aid some countries more than others.

The origins of the BIS lie in the United States, specifically New York City. The individuals involved were international bankers who, despite past differences, "worked together to establish a world financial order that would incorporate the federal principle of the American central banking system." [4] Specifically among them were people such as "Owen D. Young, J. Pierpont Morgan, Thomas W. Lamont, S. Parker Gilbert, Gates W. McGarragh, and Jackson Reynolds, who, in conjunction with the Federal Reserve Bank of New York, sought to extend the principle of central bank cooperation to the international sphere." [5] Before delving any further into the creation of the Bank, it is necessary to examine some of the more notable of these individuals to better understand why they would be involved in the creation of an international bank.

Owen D. Young was already in good with the US government as he, "with the cooperation of the American government and the support of GE, organized and became chairman of the board of the Radio Corporation of America" and "in subsequent years he engineered a series of agreements with foreign companies that divided the world into radio zones and facilitated worldwide wireless communication" [6] Young had a strong belief that global radio service and broadcasting were important for the advancement of civilization. In 1922, Young became chairman of General Electric, and along with GE President Gerard Swope, "urged closer business-government cooperation and corporate self-regulation under government supervision." [7]

During the 1920s, Young became involved in international diplomacy as the foreign affairs spokesman for the Democratic Party. At the behest of then-Secretary of State, Charles Evan Hughes, Young and Charles Dawes, a banker, were recommended to the Allied Reparations Commission in order to deal with the breakdown in Germany's reparations payments following the First World War. The Commission resulted in the Dawes Plan which allowed for "Germany's annual reparation payments would be reduced, increasing over time as its economy improved; the full amount to be paid, however,

was left undetermined. Economic policy making in Berlin would be reorganized under foreign supervision and a new currency, the Reichsmark, adopted.”[8] Young viewed improving the world financial structure as important to “the very survival of capitalism” and furthermore he “sought rather the ‘economic integration’ of the world which would prepare the way for ‘political integration’ and lasting peace.”[9]

John Piermont Morgan, Jr. was already ensconced in the world of international banking, having inherited the JP Morgan Company from his father. During World War One, the House of Morgan worked hand-in-hand with the British and French governments, engaging in a number of tasks such as floating loans for the two countries, handling foreign exchange operations, and advising officials of each respective country.[10]

Both these individuals were heavily involved in politics and banking therefore had a personal interest in the creation of a global bank. It should be noted, this fits into the US government’s own policies as they wanted to “[keep] aloof from the political entanglements in Europe while safeguarding vital American interests by means of unofficial observers or participants.”[11] The Federal Reserve also was interested in the creation of the BIS as it would “[promote] both the ascendancy of New York City in world banking and the reconstruction of a stable and prosperous Europe able to absorb American exports.”[12]

This idea of an international bank didn’t occur in a vacuum. The creation of the bank “was inextricably tied to the problem of German reparations in the context of Germany’s overall debt burden during the 1920s.”[13] A slowdown in international lending to Germany began in 1928 as markets became extremely worried about the internal politics of the Weimar Republic. Due to the breakup of a center coalition government and the Social Democrats needing support from right-wing parties, the political situation began to fall apart with “government stability [being] threatened whenever budget debates exposed the basic social divide of unemployment insurance and increased industrial taxation on the one hand versus spending austerity and tax cuts on the other.”[14] The budget problems came on the heels of the Reparations Committee having determined that Germany’s total reparations came to \$33 billion, which was twice the size of the country’s total economy in 1925. As long as foreign capital kept coming into Germany, things were fine, however as was aforementioned, that situation changed in 1928.

Between February 1929 and January 1930, negotiations were made to reschedule Germany’s reparations payments. “These negotiations were initiated by central bankers and private actors, who were the first to link problems in the capital market with the need to reorganize Germany’s financial obligations.”[15] Thus, it should be no surprise that many of the main individuals involved in the creation of the BIS were central bankers or engaged in international affairs/finance to some extent.

The idea for an international bank had already been explored to some extent by people such as John Maynard Keynes[16], however the idea truly took off during the Young Conference in 1929 when the Allies were attempting to deal with Germany’s reparations debts for World War One. Belgian delegate Emile Franqui bought up the possibility of having a settlement organization to administer the reparations agreement and the very next day, Hjalmar Schacht, president of the Reichsbank and chief German representative at the conference, presented a proposal to establish such an organization to as a direct financier of global economic development and trade. The bank would act as a lender to the German central bank in case the Germany currency weakened and the government found itself unable to make the reparations payment. In addition, it would give steps for how to proceed in the case of German default as if “Germany did not resume payments within two years, the BIS would propose revisions collectively for the creditor governments (which would only go into effect with their approval)” and “the bank was responsible for surveillance and informing the creditor countries about economic and financial conditions in Germany.”[17]

While the US State Department was concerned with having a settlement as State Department “economic adviser Arthur N. Young observed, ‘a final reparations settlement’ would ‘promote both political and economic stability in Europe, and thus tend to be of advantage to the United States,” the US government as a whole didn’t want any type of linkage between reparations and war debts due to the fact that because each of the Allied nations was demanding reparations from Germany large enough to cover the debts it owed to the US, having such a linkage would mean that “Germany’s refusal or inability to pay that amount would put Washington in the position of having to agree to a debt reduction or bear the opprobrium and suffer the consequences of opening the door to financial chaos.”[18] However, several other countries had their own interests as well in the creation of the BIS. The French Prime Minister, Raymond Poincare, promised the French public that the reparations would cover the country’s debts to both the US and Britain as well as cover the war damages. France was also interested in reaching an agreement on German debts as they were developing trade interdependence with the Germans and stability was needed.[19]

The British wanted to use the BIS as a means to ensure that the Germans would pay on their debts as scheduled. The Bank of England itself supported the creation of the BIS "because of its potential role in stabilizing the position of the pound in the international monetary system. Britain's relatively small gold reserves made it difficult to defend the pound without international monetary cooperation and the willingness of smaller powers to hold foreign exchange as reserves instead of gold." [20] At the meeting in Baden, Germany in October 1929 to draw up the final plans for the BIS saw the heavy presence of US finance in the form of Melvin Traylor of the First National Bank of Chicago and Frederick Reynolds of the First National Bank of New York. There, the two nominated Gates W. McGarrah, chairman of the board of the New York Reserve Bank for the officer of President. Later, his assistant, "Leon Fraser, a legal counselor at Gilbert's reparations office, the Young conference, and Baden," [21] would become president of the Bank in 1935. When the Bank of England expressed anger and that the European public wouldn't find American domination of the Bank acceptable, they were effectively told that if they wanted American participation in the BIS it would have to be on American terms. However, they did agree to appoint Pierre Quesnay of the Bank of France as the general manager of the BIS. The Bank was officially founded on May 17, 1930.

The role of the BIS quickly changed as with the onset of the Great Depression, it was unable to "play the role of lender of last resort, notwithstanding noteworthy attempts at organizing support credits for both the Austrian and German central banks in 1931" and due to the Depression, the issue of reparations was off the table due to Germany's inability to pay. The problem was further compounded when countries such as Britain and the US began to devalue their currencies (i.e. print more money) and the BIS attempted numerous times to end the exchange rate instability by restoring the gold standard, "the BIS had little choice but to limit itself to undertaking banking transactions for the account of central banks and providing a forum for central bank governors to help them maintain contact." [22] During the Second World War, all operations were suspended for the duration of the conflict, yet the situation became rather dicey for the Bank once the guns stopped firing.

Immediately after World War Two, the global economic landscape had massively changed and thus a new system was needed. In July 1944 over 700 delegates from the Allied nation met in Mount Washington Hotel in Bretton Woods, NH for the United Nations Monetary and Financial Conference which "agreed on the creation of the International Monetary Fund (IMF) and an International Bank for Reconstruction and Development (BRD), which became part of the World Bank," [23] where the IMF would pay attention to exchange rates and lend reserve currencies to nations in debt. A new global currency exchange system was created in where all currencies were linked to the US dollar and in exchange the US agreed to fix the price of gold at \$35/ounce.

All of this meant that there would be no need for currency warfare or manipulation. This proved a threat to the BIS as if the IMF was to be the center of this new global financial order, what need would there be for the BIS? Wilhelm Keilhau, a member of the Norwegian delegation, even went so far as to propose a notion to eliminate the BIS. However, the Bank was to continue as several other European nations noted its importance to the financial matters of the European continent and soon the move to eliminate the Bank was rescinded. Matters were stable until the 1960s and '70s as while the Bretton Woods system of "free currency convertibility at fixed exchange rates" coincided with a massive increase of international trade and economic growth, cracks began to show as the British currency was weak and, more importantly, the gold parity on the US dollar was straining due to "an insufficient supply of gold and from the weakening of the US balance of payments." [24] However, the Bretton Woods system collapsed on August 1971; however the system of 'managed floating' was created in its place which allowed for flexibility of exchange rates within certain parameters.

Later in the 1970s, the situation became all the more dire due to the creation of OPEC and the subsequent rise in oil prices and the Herstatt Bank failure. The Herstatt Bank was central in processing foreign exchange orders (people exchange currencies, such as trading in dollars for yen) and when German regulators withdrew the bank's license forcing the bank to close up shop on June 26, 1974. Meanwhile, "it was still morning in New York, where Herstatt's counterparties were expecting to receive dollars in exchange for Deutsche marks they had delivered" [25] and when Herstatt's clearing bank Chase Manhattan refused to fulfil the orders by freezing the Herstatt account, it caused a chain of defaults. It was this problem that led to the creation, in conjunction with the G-10 countries and Switzerland, of the Basel Committee on Banking Supervision in which the goal was to set the global standard for bank regulation and to provide a forum for bank supervisory matters.

Yet, this newly created stability was short-lived as in the 1980s and '90s saw serious economic problems involving Latin America and Asia.

Oil prices quadrupled in November 1973, leading to stagflation, an increase in balance of payment imbalances, and major shocks in international banking. The Euro-currency markets were growing as they began to be utilized by OPEC countries more and more as the oil-producing nations invested in

European money markets, greatly increasing the money European banks had and thus could lend. Thus, the European Coal and Steel Community began loaning money to developing nations at a faster and faster pace and while this was largely beneficial to the world economy at the start, "it also implied that the international banking system was faced with an increase in country risk,"[26] as many of the countries that were being loaned to were getting more and more into debt. This concerned then-BIS Economic Advisor Alexandre Lamfalussy who warned of a threat of a crisis and was specifically focused on credit, saying in a 1976 speech that from "[looking at]... the continuous growth of credits, the spread of risks to a large number of countries, and the change in the nature of credits – I draw the conclusion that the problem of risks has become a very urgent one." [27]

While real interest rates (the difference between yearly interest rates on savings and inflation rates) were negative in the 1970s, meaning that borrowers lost a percentage of every dollar they loaned, allowed for an increase in credit, it quickly came to a halt in 1979 as the US Federal Reserve tightened US monetary policy which led to an increase in debts which many Latin American countries were unable to pay off.

The BIS was worried about debt that matured in less than a year as by early 1982, such debt would amount to half of Mexico's and Argentina's debt respectively. On August 12, 1982, Mexico alerted the US that its financial reserves were exhausted. This prompted the BIS to work to get financial assistance to Mexico in the form of loans, as the Mexican government negotiated with the IMF. Specifically, the BIS "offered a US\$ 925 million loan, backed by the G10 central banks and the Bank of Spain" and both the US Federal Reserve and Treasury "matched this with an equal amount, so that a total of US\$ 1.85 billion was made available for an initial period of three months." [28] While there were some last-minute problems, Mexico eventually accepted the loan and made a promise to pay it back, "[consisting] of a gold pledge by the Bank of Mexico and advance claims on future revenues of the Mexican state oil company Pemex." [29] The first loan was paid out on August 30, 1982.

However, the loans were tied to the Mexican government enacting austerity measures. [30] This had serious effects as the cutback in public spending "set back many development programs, including poverty alleviation programs" [31] and the overall economic effects harmed "especially the lower and middle classes. For Mexican workers, real wages in 1986 were at virtually the same level they had been at in 1967; for many, a generation of economic progress had been wiped out by the 'lost decade' of the 1980s." [32]

In the late 1990s in Asia, a new crisis would emerge. There were extremely robust GDP rates in the Asian markets, ranging from "more than 5 percent in Thailand to 8 percent in Indonesia. This achievement continued a pattern existing since the early 1980s. Rapid growth was fueled by high rates." [33] However, the growth began to slow down in 1996, which "[reflected] slower growth of demand in the region's principal export markets, a slowdown in the global electronics industry, and competition from Mainland China." [34] This slowdown led to an increase in deficit rates, especially with Thailand, whose deficits grew eight percent of GDP. In an attempt to prevent fluctuations in the Thai currency, the baht, the government tied the value of the baht to a basket of foreign currencies, heavily leaning on the US dollar. However, because the dollar was gaining strength, the strength of the baht also grew, making the export of goods more difficult.

Thailand, as well as Indonesia, the Philippines, and Malaysia devalued their currencies 25 to 33 percent in the middle of 1997 and when Taiwan began to devalue its currency, it led to a speculative currency attack on Hong Kong in which people sold off their Hong Kong dollars, expecting them to fall in value. This caused the Hong Kong stock market to crash in October 1997 while at the same time the South Korean won was weakening in value. From there the crisis grew to global proportions and spread to a number of countries such as Russia and Jakarta.

Thailand as well as South Korea and Indonesia went so far as to request assistance from the IMF, which the IMF granted of course, but only in exchange for brutal austerity measures. Much of this led to violence and even deaths in Indonesia and protests in South Korea. [35]

What is most interesting about the crisis is how the leaders of some of the affected countries spoke about it. Dr. Mahathir Bin Mohamad, the former Prime Minister of Malaysia, said in a speech on September 26, 2008 that "in 1997-98 American hedge funds destroyed the economies of poor countries by manipulating their national currencies." It should be noted that this isn't a simply 'blame America' attitude as Dr. Mohamad is "recognized as an authority on the role of hedge funds in financial crises, given his experience managing the Asian currency crisis as it engulfed his nation." [36] The Reserve Bank of Australia "produced two reports in 1999 on the potentially destructive role of highly leveraged institutions such as hedge funds." The reports claimed that "hedge funds contributed to the instability of its exchange rate in 1998, and it describe how hedge funds can have a destabilizing impact on not only the currencies of emerging economies but also on currencies such as the Australian dollar which has the eighth largest global trading volume." [37]

In a paper written in early 1999 after the crisis ended, William R. White, then-Economic Adviser and Head of the Monetary and Economic Department at the Bank for International Settlements, wrote that "Many Asian-Pacific authorities (including representatives from Australia, Hong Kong and Malaysia) feel strongly that hedge funds set out systematically to destabilize their currencies and their financial markets. However, other evidence is less compelling in support of this hypothesis and, even if accepted, would not necessarily lead to the conclusion that such funds should be regulated." [38]

So he is not only denying the evidence that not only have Dr. Mohamad produced, but also the Reserve Bank of Australia produced, but effectively saying that even if he did accept the information, so what? However, years later, in a turn of the ironic, White had warned of the global crisis as he and his team had been paying attention to the growing US real estate bubble and they "criticized the increasingly impenetrable securitization business, vehemently pointed out the perils of risky loans and provided evidence of the lack of credibility of the rating agencies." [39] He started warning people back in 2003, "[imploring] central bankers to rethink their strategies, noting that instability in the financial markets had triggered inflation, the 'villain' in the global economy." [40] White retired from the BIS on June 30, 2008 with his advice having been ignored.

This was due to the fact that the Federal Reserve was attempting to "artificially prop up those markets [of bad debt and worthless assets] and keep those assets trading at prices far in excess of their actual market value" [41] which led to them providing "\$16 trillion to domestic and foreign banks in the form of secret loans and bought mortgage-backed securities that were in reality, completely and totally worthless" [42] as well as the fact that many of the people on the board of directors at the Federal Reserve also had connections to corporations that received bailout money.

Even still, after the financial crisis seemed to be over, the BIS was sounding the alarm about debt, in June 2010 the organization "delivered a stern message to central banks and governments that keeping interest rates low for too long, or failing to act quickly to cut budget deficits, could sow the seeds for the next crisis." [43] Earlier that year, the organization was warning of a sovereign debt crisis and noted that "Drastic austerity measures will be needed to head off a compound interest spiral, if it is not already too late for some." [44] It seems that from the austerity measures that have been enacted in Europe and the US, the call has been heeded. The question is this: how much devastation will this have and will it result in a 'lost generation' such as in 1980s Mexico?

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SECRET COURTS: THE ESSENTIAL GUIDE

Owen Bowcott and Ian Cobain; Guardian; via Norman Scarth

Foreword from Norman Scarth

To the Human Rights Department at the UK Ministry of Justice.

We of The Article 6 Group are people, lawyers & others, who are greatly concerned at the rapidly declining standards of 'Justice' being delivered in British courts, civil & criminal.

The requirements of Article 6 (of the European Convention on Human Rights & of the UK Human Rights Act) are regularly flouted - by the very people who have sworn to uphold them!

In 1860 the eminent Chief Justice Cockburn said, "The courts of Britain are open to all, in every sense of the words, & I trust they will always remain so". Other eminent judges, including Haldane, Halsbury & Lord Justice Lawrence (later to preside at Nuremberg) said much the same.

Carrying even MORE weight than those revered authorities is the fact that millions of men fought & many gave their lives during two World Wars to ensure that that vital principal of British Law should remain forever.

Though it was already enshrined in British Law, it was re-affirmed in Article 6 of the ECHR, & confirmed EVEN FURTHER in the ECHR case 33745/96, which ruled that even hearings 'In Chambers' (previously held in secret) MUST be open to the public (other than in 'exceptional circumstances' - which must be stated).

We concede there may be cases (e.g. where the vital security of the country is involved), where a 'Closed Material Procedure' (CMP),(as under Section 6 of the 2013 Justice & Security Act) may be justified. That Application for CMP is made, means The Public & The Press know that SOMETHING is going on - even if they don't know what it is!

We are more concerned about cases where no such Application is made, the secrecy itself being kept secret!

Though secret hearings are supposedly banned in Britain, increasingly devious ways are being used to deny to the public in general, AND to those with an interest in a particular case, information about what IS to happen, & HAS happened in the courts.

Officious 'Security Staff' have been known to demand that a person going into a court building must state which case s/he intends to observe, the person being arrested when mildly objecting to such questioning, then held at a police station for several hours, to prevent the person attending any hearing.

Trials are adjourned at short notice, &/or moved to distant towns to frustrate intending observers.

At one time, 'Court Lists' were available on court websites for anyone who wished to know of hearings to take place. NOW, it appears that Big Brother allows only lawyers to access this information, & even they have to 'register', giving every last detail about themselves, their address, rank, etc. etc. etc. It comes almost as a surprise to find they are not asked for a three generation pedigree!

How on earth can 'hearings' be 'Open to the Public', if the public is not allowed to know when or if they are taking place?

Is the justice and security bill a threat to fundamental legal liberties or a necessary veil to protect state secrets? Here's what you need to know about the expansion of trials behind closed courtroom doors. The justice and security bill's critics believe that secret justice cannot constitute a fair trial.

THE ISSUE AT A GLANCE

The justice and security bill's most controversial element is the extension of secret courts, known as closed material procedures (CMPs), into the civil courts in England and Wales. Opponents believe the powers will enable ministers, rather than judges, to manipulate the way evidence is withheld or presented in the courts – depriving claimants of a fair trial. The government claims the reform will enable judges to hear a greater range of national security cases. The bill also alters parliamentary scrutiny of the intelligence services.

THE LEGAL ORIGINS

In May 2010, the government was forced to pay out millions of pounds in compensation to Binyam Mohamed and other former Guantánamo Bay detainees. Binyam Mohamed, the UK resident secretly rendered to Guantánamo Bay, whose case sparked the row over intelligence disclosed in court.

The settlement came after the court of appeal rejected requests by MI5 and MI6 that they be able to present security evidence in secret without disclosing it in full to the claimants. "Trials should be conducted in public and the judgments should be given in public," the judges ruled. Rather than reveal "sensitive" intelligence, the government settled out of court claims for wrongful imprisonment and complicity in torture.

The result, according to the former justice secretary Ken Clarke, has been a "UK justice system unable to pass judgment on these vital matters". Claimants, he argues, are denied any judicial findings while the intelligence agencies cannot clear their names. The government says the justice and security bill is designed to ensure such a predicament never recurs by extending the use of secret courts while preserving intelligence-sharing with the US and other allies.

Without transparent justice, critics counter, abuses of power will remain hidden.

WHY ARE SECRET TRIALS IN THE NEWS?

The legislation, introduced in the House of Lords, has provoked deep anxiety among civil liberties groups, senior lawyers and politicians who fear it is the thin end of a wedge, overturning long-established,

common law precedents about fair and open justice. The Labour party supports some elements but argues that the secret court developments are "too widely drawn" and create "damaging mistrust and a dangerous gulf between government and the citizens it is purporting to protect".

The bill is also sharpening divisions between Liberal Democrats and Conservatives within the coalition. The prime minister, David Cameron, justified secret hearings on the grounds that "... it isn't currently possible to use intelligence information in a court of law without sometimes endangering national security".

A SHORT HISTORY OF SECRET HEARINGS

Closed, or "in camera", hearings are not unprecedented. Cases in the family division of the high court relating to child custody and divorce issues are regularly held in private.

Public interest immunity (PII) certificates date back to the mid-20th century and empower courts to make an order, usually at the request of the government, preventing disclosure of secrets if their release is deemed damaging to the public interest. Neither side in such cases can rely on the withheld information.

So-called "closed material procedures" (CMPs) go one stage further, enabling authorities to introduce sensitive information in a trial that can only be seen by the judge and security-cleared "special advocates" who represent the interest of an individual claimant. The special advocate may not give his or her client precise details of the evidence and can only provide a "gist" or loose summary. The claimant may not therefore be aware of all the allegations being made. Critics say this results in parties to a legal dispute no longer being on an equal footing, tilting the advantage in the government's favour.

CMPs are used in employment tribunals, special immigration appeals commission (SIAC) hearings and the investigatory powers tribunal (IPT), which handles complaints about the intelligence services. The justice and security bill would extend closed material procedures into the main civil courts, allowing the government to exploit intelligence material to defend itself against allegations such as torture.

In April 2012, parliament's influential human rights committee, which draws members from both the Lords and Commons, condemned the government's justice and security green paper proposals for failing to make the case for extending CMPs into civil proceedings or inquests. "The rule of law requires that decisions about the disclosure of material in legal proceedings be taken by judges not ministers," it declared, "and the current legal framework of PII has not been shown to be inadequate."

Under pressure from the Royal British Legion and Nick Clegg, the Liberal Democrat leader, the government agreed in May to exempt coroners' courts from the newly introduced bill. The prospect of grieving parents of servicemen killed in Afghanistan being barred from security-sensitive sessions of an inquest into the death of their son or daughter and never discovering why they had died was judged to be politically indefensible.

In September, the Liberal Democrat party conference voted overwhelmingly to reject the bill.

The government's own watchdog, the Equalities and Human Rights Commission, warned in October that the bill could be incompatible with the Human Rights Act.

WHAT'S NEXT?

Peers opposed to the bill failed to remove secret court proposals entirely in the Lords but imposed a series of safeguards giving judges, rather than ministers, greater powers to decide when to hold a CMP. These amendments were altered again in the Commons. The legislation also contains clauses on changing the mechanism of parliamentary oversight of the intelligence services and is likely to provoke intense debate in the Commons.

Jack Straw, who faces legal action over claims that he personally permitted the illegal rendition of a Libyan dissident in 2004. In the meantime, a practical test of how courts handle security sensitive information came before a high court judge, Mr Justice Mitting. A case has been brought against the Foreign Office by Noor Khan, whose father, Malik Daud Khan, was killed in a CIA air strike in Pakistan by a drone in 2011. The UK is alleged to have been involved because it shared intelligence with US agencies. The preliminary hearing dealt with the question of whether the case can be heard without resorting to a closed material procedure.

Lawyers acting on behalf of two Libyan families who are bringing proceedings against the British government as well as Jack Straw and former MI6 counter-terrorism official Sir Mark Allen, following their rendition to Tripoli, are also moving quickly in the belief that the families will be denied justice once the bill

becomes law.

THE MAIN ARGUMENTS AGAINST THE BILL

Secret justice cannot constitute a fair trial and could damage public confidence

Critics point to a key passage in the supreme court's decision in 2011 on *Al Rawi v the security service* (pdf), in which Lord Kerr asserted: "Evidence which has been insulated from challenge may positively mislead ... the right to know the case that one's opponent makes and to have the opportunity to challenge it occupies ... a central place in the concept of a fair trial." Also, the bill is silent on the open justice principle. The joint committee on human rights described this silence as "a serious omission". The government's own impact assessment conceded that the proposed new law could undermine public confidence in the court system (pdf). There are concerns that the bill may have an adverse impact on the Northern Ireland peace process.

The existing system is not broken

Most damaging for the government's case is the opposition of special advocates who already operate CMPs in SIAC and other specialist courts. In their submission to the government's green paper proposals (pdf), they declared: "There is no fundamental difficulty with the existing principles of public interest immunity (PII), which have been developed by the courts over more than half a century and which enable the courts to strike an appropriate balance between the need to protect national security (and other important public interests) and the need to ensure fairness."

Judges, not politicians, should decide

In the face of criticism, the government agreed that a minister alone should not be able to order a CMP. That reassured few experts. David Anderson QC, the independent reviewer of terrorism legislation (pdf), pointed out residual problems when questioned in parliament in June. "Under the procedure devised in the bill, the judge does have the last word," he said. "The only difficulty is that that word is dictated to the judge by the secretary of state. First, the judge can make a decision only if the secretary of state makes an application and has no other jurisdiction to consider it. Secondly, when the judge does come to consider it, it is not for him to weigh up the relative merits of PII or CMP, or to decide what the fairest way would be to decide the case. The judge's hands are effectively tied."

Evidence of torture will be suppressed by the new generation of secret courts

The United Nations' special rapporteur on torture, Professor Juan Méndez, an Argentinian, has intervened in the UK debate, warning that wrongdoing by security and intelligence agencies if undisclosed will not be confronted. "If a country is in possession of information about human rights abuses, but isn't in a position to mention them, it hampers the ability to deal effectively with torture," he told an audience at Chatham House in London in September 2012. The fact that the government has applied for the use of closed material procedure in a court case in which it is a defendant could itself be kept secret.

THE MAIN ARGUMENTS FOR THE BILL

Cases that cannot now be tried will receive justice

Ken Clarke spelled out in the foreword to the green paper (pdf) his rationale for expanding the use of CMPs. "... the UK justice system [is now] unable to pass judgment on these vital matters: cases either collapse, or are settled without a judge reaching any conclusion on the facts before them.

"It leaves the public with questions unanswered about serious allegations, it leaves the security and intelligence agencies unable to clear their name, and it leaves the claimant without a clear legal judgment on their case.

"... The prize is improved executive accountability, a court system equipped to handle sensitive material, and security and intelligence agencies that are able to get on with their job: a safer Britain, a fairer Britain."

Not perfect but better than nothing

The former independent reviewer of terrorism legislation, the Liberal Democrat Lord Carlile, describes the debate as involving "finely balanced issues". He comes down on the side of extending closed material

procedures. "The puritans in this debate demand that 'open justice' must be protected, whatever the cost to the public and to the intelligence needs of our country," he wrote this summer. "Subject to some fine tuning, the government is on the right track with a responsible piece of legislation ... It should not be forgotten that claimants themselves have consented to closed hearings, realising that they were the only way in which their concerns would be properly scrutinised – one reason why I believe the government should ensure that both parties in a case can apply for a CMP."

The current independent reviewer, David Anderson QC, believes the proposals would be "tolerable" as a last resort. He said there is "a small but indeterminate category of national security-related claims, both for judicial review of executive decisions and for civil damages, in respect of which it is preferable that the option of a CMP – for all its inadequacies – should exist."

Intelligence services will become more accountable

The security services, who have lobbied for and publicly supported the bill, insist that nothing currently revealed will be hidden in future. In a speech at the Mansion House this summer, the director general of MI5, Jonathan Evans, declared: "At present our ability to account for our actions in the courts is constrained by the fact that sensitive national security related material relevant to civil proceedings can only be considered in open court. This means that such material cannot in practice go into court at all. This situation is bad for us, bad for the other party to proceedings and bad for the administration of justice.

"... No material that is currently considered in public will be made secret under the new arrangements and the effect will be that more, rather than less, material will go before the courts. But the sensitive material will be protected. This will mean better justice and better accountability."

Security co-operation with our closest allies is at risk without legal reform

Malcolm Rifkind, the former defence and foreign secretary, believes that "foreign intelligence material provided by another country on the strict promise of confidentiality" should remain behind closed doors. "Many of the most serious terrorist plots in the UK in the past decade have had significant links abroad, so foreign material is often vital for the protection of the UK. When other countries share material with us, they want to know that we will protect it. It still belongs to them and is controlled by them: it is not ours to do with as we wish. This 'control principle' is sacrosanct and we must not break it. If we do, foreign agencies will not trust us and will not share material with us in future."

What will disappear behind closed courtroom doors?

Critics of the bill fear that a host of security scandals unearthed with the help of court challenges, including allegations of torture and secret rendition, would never have been exposed under the bill's proposed system of closed material procedures. Even fundamental personal rights such as freedom from imprisonment, guaranteed by the ancient writ of habeas corpus, might be compromised by the new regime, peers have suggested. The fact that a court could sit in secret without giving notice to the public or the media of a forthcoming hearing has drawn comparisons with the excesses of privacy superinjunctions. The government dismisses such claims as alarmist.

While the government claims that the proposals are intended to protect the control principle that covers intelligence provided by foreign governments, the material sought in the Guantánamo case were mostly internal British government communications, and their disclosure caused grave embarrassment. The government says claimants will receive a summary of the closed material sufficient for them to instruct the special advocate representing their interests.

The US government made its first complaint that disclosure in the Binyam Mohamed case would damage the UK-US intelligence sharing relationship only after the foreign office asked it to do so.

KEY PLAYERS

Ken Clarke, now a cabinet minister without portfolio but with a place on the National Security Council, will continue to steer the legislation through parliament even though no longer justice secretary. The Cabinet Office is now in charge of the bill.

Jonathan Evans, director general of MI5 – said by opponents to be the moving force behind the secret courts bill.

David Anderson QC, the independent reviewer of terrorism legislation, occupies a pivotal position in the debate with government, intelligence agencies and civil liberty groups all trying to recruit him to their cause.

Lord Lester, the veteran Liberal Democrat peer and civil liberties campaigner, has been active in the Lords attempting to insert safeguards "for the principle of open justice" into the bill.

Sadiq Khan, Labour's justice spokesman, is influential in deciding where his party strikes the balance between civil liberties and national security. It is an issue on which, he admits, the party "still bears the scars" following Iraq, Afghanistan and the war on terror.

Shami Chakrabarti, director of the human rights group Liberty, is a determined opponent of the bill. She warns that the security services will be able to defend allegations of misbehaviour behind closed doors by hiding behind the mantra of "national security". Other groups such as Reprieve and Justice are active campaigners against the proposals.

Dinah Rose QC, a leading barrister who has appeared as a special advocate, is a prominent critic of the bill. Her Atkin Memorial lecture, *Beef and Liberty: Fundamental Rights and Common Law* (pdf), is an impassioned rejection of the proposals.

GLOSSARY

Closed material procedures (CMPs): secret court hearings where only the judge and security-cleared special advocates are given access to sensitive intelligence material.

Special advocates: the security-vetted lawyers who are permitted to participate in CMPs, representing claimants or the government.

Gisting: special advocates are permitted to disclose to clients a simplified summary or "gist" of intelligence material used in secret hearings while withholding specific details.

Norwich Pharmacal court orders: developed to identify alleged infringers of intellectual property rights such as patents, one was deployed in the Binyam Mohamed case to try and force the UK government to hand over sensitive security material obtained from the US.

FAQ

Is this the end of fair trials?

Critics claim that under a CMP, the legal playing fields are no longer even, entrenching the government's advantage in any secret court case. The government insists such measures will only be used in a very limited number of cases and that courts, including Strasbourg, have found that CMPs are capable of delivering fair trials.

Have UK courts ever exposed US military secrets?

No examples have ever been given of past "betrayals" of confidential intelligence material obtained from allies. However, the government argues that the overturning of the Foreign Secretary's PII certificate in Binyam Mohamed - and publication of seven paragraphs of advice - caused damage to the US-UK intelligence-sharing relationship and national security.

How large is the problem?

The number of civil cases affected is likely to be small but it is the expansion of the principle of closed material procedures that worries civil liberties groups. In the justice and security green paper, the Treasury solicitor's department claimed that "sensitive information was central" to 27 cases then before the courts.

A great many cases against the British government that arise from the Troubles in Northern Ireland are, however, now being prepared by lawyers in the province, and the disclosure that British special forces were involved in the mass detention of Iraqi civilians, possibly unlawfully, following the 2003 invasion, means that the government cannot be sure how many arguable claims it could face in the future as a result of that conflict.

THE FINAL WORD

"No country allows [spies] to give evidence in court. You'd have terrorists in the public gallery lining up making notes" – Ken Clarke, when justice secretary.

"This toolkit for cover-ups would mark the end of a fair trial tradition admired worldwide for centuries" – Shami Chakrabari, Liberty.

FURTHER READING

Justice and security green paper (pdf)

Responses to consultation on justice and security green paper

Justice and security bill

Parliament's joint committee on human rights' report on the justice and security green paper

Commons Library standard note on closed material procedures and special advocates

Justice and security House of Lords library note

Reprieve's take on the justice and security bill

Justice's take on the justice and security bill

Liberty's take on the justice and security bill (pdf)

EU COURT RULES UK SECRET COURT NOT A RIGHTS VIOLATION

Activist Post

Never known for its respect for human rights and civil liberties, the European Court of Human Rights has once again demonstrated that secret hearings, detentions without trial and other violations of individual rights are well within the scope of the European Union. On October 20th, the ECHR in Strasbourg dismissed a claim by three Pakistani students who were detained in the UK for nearly two weeks while the UK courts held closed sessions regarding their arrest warrants.

The UK courts argued for its secrecy on the grounds of national security. The three students: Sultan Sher, Mohammed Rizwan Sharif and Mohammed Umer Farooq were arrested and held by police after authorities launched a series of "anti-terror raids" across Northwest England in April 2009. All three men were on student visas were held for 13 days. All three were released without charge.

All three students were brought before a court two times during the process in which warrants for further detention were granted. The students claimed they were denied "any open adversarial process" and the ECHR apparently agreed with them. And the ECHR agreed that some evidence being presented against them had been withheld from them. The court also pointed out that one hearing was even held in closed session for a short time.

Still, the ECHR ruled that the UK courts did not violate the rights of these students to lawful detention or in the manner in which the searches took place.

On April 21, 2009, all three men were released without charge, though they were served with deportation orders. They returned voluntarily to Pakistan in September of that year.

One ECHR judge, Faris Vehabović, however, dissented from the majority when he said:

I find it unjustified to exclude the applicant and his representative from part of the hearing when this discussion took place, thus removing the possibility that the applicant might dispute the relevance of evidence which was decisive for that extension of detention.

At least one judge understands the concept of habeas corpus and the ability to respond to the charges made against an individual by its government. Unfortunately this judge was a voice crying in the wilderness; but what else could we expect from an institution that is part of a greater institution that is as democratic as the Soviet Union.

HOW THE CIA MADE GOOGLE

Nafeez Ahmed; opednews; via Critical Thinking

Throughout the 1990s, then, DARPA's funding to Stanford, including Google, was explicitly about developing technologies that could augment the Pentagon's military intelligence operations in war theatres.

The Joy report recommended more federal government funding from the Pentagon, NASA, and other agencies to the IT sector. Greg Papadopoulos, another of Bechtolsheim's colleagues as then Sun Microsystems chief technology officer, also attended a Pentagon Highlands' Forum meeting in September 2000.

In November, the Pentagon Highlands Forum hosted Sue Bostrom, who was vice president for the internet at Cisco, sitting on the company's board alongside Google co-investors Bechtolsheim and Cheriton. The Forum also hosted Lawrence Zuriff, then a managing partner of Granite, which Bechtolsheim and Cheriton had sold to Cisco. Zuriff had previously been an SAIC contractor from 1993 to 1994, working with the Pentagon on national security issues, specifically for Marshall's Office of Net Assessment. In 1994, both the SAIC and the ONA were, of course, involved in co-establishing the Pentagon Highlands Forum. Among Zuriff's output during his SAIC tenure was a paper titled 'Understanding Information War', delivered at a SAIC-sponsored US Army Roundtable on the Revolution in Military Affairs.

After Google's incorporation, the company received \$25 million in equity funding in 1999 led by Sequoia Capital and Kleiner Perkins Caufield & Byers. According to Homeland Security Today, "A number of Sequoia-bankrolled start-ups have contracted with the Department of Defense, especially after 9/11 when Sequoia's Mark Kvamme met with Defense Secretary Donald Rumsfeld to discuss the application of emerging technologies to warfighting and intelligence collection." Similarly, Kleiner Perkins had developed "a close relationship" with In-Q-Tel, the CIA venture capitalist firm that funds start-ups "to advance 'priority' technologies of value" to the intelligence community.

John Doerr, who led the Kleiner Perkins investment in Google obtaining a board position, was a major early investor in Bechtolsheim's Sun Microsystems at its launch. He and his wife Anne are the main funders behind Rice University's Center for Engineering Leadership (RCLE), which in 2009 received \$16 million from DARPA for its platform-aware-compilation-environment (PACE) ubiquitous computing R&D program. Doerr also has a close relationship with the Obama administration, which he advised shortly after it took power to ramp up Pentagon funding to the tech industry. In 2013, at the Fortune Brainstorm TECH conference, Doerr applauded "how the DoD's DARPA funded GPS, CAD, most of the major computer science departments, and of course, the Internet."

From inception, in other words, Google was incubated, nurtured and financed by interests that were directly affiliated or closely aligned with the US military intelligence community: many of whom were embedded in the Pentagon Highlands Forum.

Google captures the Pentagon

In 2003, Google began customizing its search engine under special contract with the CIA for its Intelink Management Office, "overseeing top-secret, secret and sensitive but unclassified intranets for CIA and other IC agencies," according to Homeland Security Today. That year, CIA funding was also being "quietly" funneled through the National Science Foundation to projects that might help create "new capabilities to combat terrorism through advanced technology."

The following year, Google bought the firm Keyhole, which had originally been funded by In-Q-Tel. Using Keyhole, Google began developing the advanced satellite mapping software behind Google Earth. Former DARPA director and Highlands Forum co-chair Anita Jones had been on the board of In-Q-Tel at this time, and remains so today.

Then in November 2005, In-Q-Tel issued notices to sell \$2.2 million of Google stocks. Google's relationship with US intelligence was further brought to light when an IT contractor told a closed Washington DC conference of intelligence professionals on a not-for-attribution basis that at least one US intelligence agency was working to "leverage Google's [user] data monitoring" capability as part of an effort to acquire data of "national security intelligence interest."

A photo on Flickr dated March 2007 reveals that Google research director and AI expert Peter Norvig attended a Pentagon Highlands Forum meeting that year in Carmel, California. Norvig's intimate connection

to the Forum as of that year is also corroborated by his role in guest editing the 2007 Forum reading list. The photo shows Norvig in conversation with Lewis Shepherd, who at that time was senior technology officer at the Defense Intelligence Agency, responsible for investigating, approving, and architecting "all new hardware/software systems and acquisitions for the Global Defense Intelligence IT Enterprise," including "big data technologies." Shepherd now works at Microsoft. Norvig was a computer research scientist at Stanford University in 1991 before joining Bechtolsheim's Sun Microsystems as senior scientist until 1994, and going on to head up NASA's computer science division.

Norvig shows up on O'Neill's Google Plus profile as one of his close connections. Scoping the rest of O'Neill's Google Plus connections illustrates that he is directly connected not just to a wide range of Google executives, but also to some of the biggest names in the US tech community.

Those connections include Michele Weslander Quaid, an ex-CIA contractor and former senior Pentagon intelligence official who is now Google's chief technology officer where she is developing programs to "best fit government agencies' needs"; Elizabeth Churchill, Google director of user experience; James Kuffner, a humanoid robotics expert who now heads up Google's robotics division and who introduced the term 'cloud robotics'; Mark Drapeau, director of innovation engagement for Microsoft's public sector business; Lili Cheng, general manager of Microsoft's Future Social Experiences (FUSE) Labs; Jon Udell, Microsoft 'evangelist'; Cory Ondrejka, vice president of engineering at Facebook; to name just a few.

In 2010, Google signed a multi-billion dollar no-bid contract with the NSA's sister agency, the National Geospatial-Intelligence Agency (NGA). The contract was to use Google Earth for visualization services for the NGA. Google had developed the software behind Google Earth by purchasing Keyhole from the CIA venture firm In-Q-Tel.

Then a year after, in 2011, another of O'Neill's Google Plus connections, Michele Quaid"--"who had served in executive positions at the NGA, National Reconnaissance Office and the Office of the Director of National Intelligence"--"left her government role to become Google 'innovation evangelist' and the point-person for seeking government contracts. Quaid's last role before her move to Google was as a senior representative of the Director of National Intelligence to the Intelligence, Surveillance, and Reconnaissance Task Force, and a senior advisor to the undersecretary of defense for intelligence's director of Joint and Coalition Warfighter Support (J&CWS). Both roles involved information operations at their core. Before her Google move, in other words, Quaid worked closely with the Office of the Undersecretary of Defense for Intelligence, to which the Pentagon's Highlands Forum is subordinate. Quaid has herself attended the Forum, though precisely when and how often I could not confirm.

In March 2012, then DARPA director Regina Dugan"--"who in that capacity was also co-chair of the Pentagon Highlands Forum"--"followed her colleague Quaid into Google to lead the company's new Advanced Technology and Projects Group. During her Pentagon tenure, Dugan led on strategic cyber security and social media, among other initiatives. She was responsible for focusing "an increasing portion" of DARPA's work "on the investigation of offensive capabilities to address military-specific needs," securing \$500 million of government funding for DARPA cyber research from 2012 to 2017.

Dr Nafeez Ahmed is an investigative journalist, bestselling author and international security scholar. A former Guardian writer, he writes the 'System Shift' column for VICE's Motherboard, and is also a columnist for Middle East Eye. He is the winner of a 2015 Project Censored Award for Outstanding Investigative Journalism for his Guardian work.

WELCOME TO THE MASS SURVEILLANCE STATE THROUGH MICROCHIPPED PILLS

Paul Philips; Activist Post

Ever since the 9/11 terrorist attacks the powers that be cannot get enough surveillance on us. The latest in their quest for wanting to watch our every move comes in the form of microchipped pills. Not happy enough with monitoring our phone calls, computers and having a camera on us everywhere we go outside... the recently FDA-approved microchip in a pill will be the perfect excuse to place surveillance inside our bodies. (Yes, it's science-fiction as in the example of the old George Lucas movie

THX 1138 now turned into science-fact. The scientific dictatorship is here care of the surveillance state folks.)

Of course, the idea will be presented to us as highly beneficial from a health point of view. People can be checked if they've taken their pills and not forgotten them or use real-time monitoring for maintaining the right prescribed dosage... and many people will buy into it while failing to see the dark hidden ulterior motive.

Could a remote-controlled digital-dosing monitoring system have the effect of making its pill-taking citizens temperate and docile if ever needed? Or could it be used to deliberately change our moods?

A clue in the hidden agenda comes from the fact that these microchipped pills have cost billions to develop... which comes to the point that big government wants to mandate our health. Without our consent big government has mandates on our medical insurance and vaccines as in the example of the recently passed SB 277 California vaccination Bill...

The want of surveillance on us through internal microchipping is nothing new. Regina Dugan, a former DARPA director turned Google Executive, has been known for some time for wanting us to swallow ID microchips. She has also been pushing for us to have an electronic tattoo capable of mindreading.

Those developing it claim that it will help people with mental problems such as soldiers wanting to have bad memories erased from being on the battlefield... But the consequences of this could also have dark and sinister ulterior motives when using it for mind control.

This in effect turns the person ingesting these microchips into a biological ID system. This enables them to use their computers, phones and open the doors to their car, etc. as part of the 'smart system,' but the idea of using these new technologies for the dark and sinister purpose of being tracked and monitored is a violation of our individual liberties and freedom.

The fact that the related authorities overseeing this technology has frequently lied telling us that they're not interested in snooping on our phone calls, etc. when the opposite has been found is enough to send a red flag warning on microchipping us through pills.

Microchipping technology has been years in the making. Geospatial intelligence metadata collection for over 15 years has been used to map out human behaviour for mass surveillance... It shouldn't come as a surprise to anyone that the powers that be have taken this very seriously knowing that they want to use surveillance on a global scale.

You can read more from Paul Philips at his site NewParadigm.www.

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